



Dave Yost • Auditor of State

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign County, Ohio (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit Notes 16 and 17, which disclose financial information for the County's component units Home Options Inc. and Lawnview Industries Inc. Notes 16 and 17 were audited by other auditors whose reports thereon have been furnished to us, and our opinion insofar as it relates to Notes 16 and 17 is based on the reports of other auditors.

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

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. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

The financial statements do not include financial data for Home Options Inc. and Lawnview Industries Inc., (component units). Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the County. The County has chosen to report the component unit's financial data in Notes 16 and 17 due to the fact that component units are reported on a basis in accordance with Generally Accepted Accounting Principles. As a result, the basic financial statements omit the assets, liabilities, net assets, revenues and expenditures.

In our opinion, because of the omission from the financial statements of the component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with the basis of accounting described in Note 2, the financial position of the component units as of December 31, 2011 and its changes in financial position for the year then ended.

In addition, in our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign County, Ohio, as of December 31, 2011, and the respective changes in cash financial position, thereof and the respective budgetary comparisons for the General, Job and Family Services, Motor Vehicle License Gas Tax, Lawnview 169 Board, and Children's Services Funds thereof for the year then ended in conformity with the accounting basis Note 2 describes.

As described in Note 3, during 2011 Champaign County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2013, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the County's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, and governmental activities. The federal awards expenditure schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the Schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. 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.



Dave Yost
Auditor of State

January 9, 2013

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

The discussion and analysis of Champaign County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2011, within the limitations of cash basis accounting. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

Using this Annual Report

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

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

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

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

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

Reporting the County as a Whole

The statement of net assets and the statement of activities reflect how the County did financially during 2011, within the limitations of cash basis accounting. The statement of net assets presents the cash balance of the governmental activities of the County at year end. The statement of activities compares cash disbursements with program receipts for each function or program of the County's governmental activities. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the County's general receipts.

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

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

Reporting the County's Most Significant Funds

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

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

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

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net assets for 2011 and 2010.

| Table 1 | | | |
|--------------------------------|---------------------|---------------------|------------------|
| Governmental Activities | | | |
| Net Assets | | | |
| | 2011 | 2010 | Change |
| Assets: | | | |
| Current and Other Assets | \$12,404,390 | \$12,147,655 | \$256,735 |
| Net Assets: | | | |
| Restricted | 10,439,256 | 11,045,837 | (606,581) |
| Unrestricted | 1,965,134 | 1,101,818 | 863,316 |
| Total Net Assets | \$12,404,390 | \$12,147,655 | \$256,735 |

The 2 percent change in net assets from the prior year was not significant.

Table 2 reflects the change in net assets for 2011 and 2010.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

**Table 2
Governmental Activities
Change in Net Assets**

| | 2011 | 2010 | Change |
|---|---------------------|---------------------|--------------------|
| Receipts: | | | |
| Program Receipts: | | | |
| Charges for Services | \$ 4,187,013 | \$ 6,029,977 | (\$1,842,964) |
| Operating Grants, Contributions, and Interest | 11,266,211 | 12,029,675 | (763,464) |
| Total Program Receipts | 15,453,224 | 18,059,652 | (2,606,428) |
| General Receipts: | | | |
| Property Taxes Levied for General Operating | 1,741,735 | 1,555,732 | 186,003 |
| Property Taxes Levied for Lawnview 169 Board | 2,517,383 | 2,276,931 | 240,452 |
| Property Taxes Levied for Children's Services | 534,296 | 484,179 | 50,117 |
| Sales Taxes | 4,347,526 | 4,082,731 | 264,795 |
| Other Local Taxes | | 148,386 | (148,386) |
| Grants and Entitlements | 1,062,564 | 1,181,762 | (119,198) |
| Interest | 473,931 | 437,853 | 36,078 |
| Other | 2,150,069 | 186,970 | 1,963,099 |
| Total General Receipts | 12,827,504 | 10,354,544 | 2,472,960 |
| Total Receipts | 28,280,728 | 28,414,196 | (133,468) |
| Program Disbursements: | | | |
| General Government: | | | |
| Legislative and Executive | 3,535,069 | 3,984,643 | 449,574 |
| Judicial | 2,151,827 | 2,036,836 | (114,991) |
| Public Safety | 4,249,254 | 4,311,670 | 62,416 |
| Public Works | 5,536,465 | 4,928,883 | (607,582) |
| Health | 5,228,230 | 5,521,194 | 292,964 |
| Human Services | 5,641,330 | 5,388,079 | (253,251) |
| Conservation and Recreation | 240,238 | 324,498 | 84,260 |
| Economic Development and Assistance | 591,245 | 427,173 | (164,072) |
| Capital Outlay | 478,916 | 263,325 | (215,591) |
| Debt Service: | | | |
| Principal Retirement | 298,119 | 298,119 | |
| Interest and Fiscal Charges | 73,300 | 85,950 | 12,650 |
| Total Disbursements | 28,023,993 | 27,570,370 | (453,623) |
| Increase in Net Assets | 256,735 | 843,826 | (587,091) |
| Net Assets at Beginning of Year | 12,147,655 | 11,303,829 | 843,826 |
| Net Assets at End of Year | \$12,404,390 | \$12,147,655 | \$ 256,735 |

In total, the change in revenues from the prior year was less than 1 percent. Some of the increases and decreases reflect a change in the way a number of items were classified from the prior year.

Although disbursements increased from the prior year, this change (less than 2 percent) was also not significant. The largest increase in reflected in the public works program and due to additional road improvement projects.

The programs which continue to account for the largest costs are legislative and executive (which are general government operations), public safety (sheriff), public works (engineer), health (primarily developmental disabilities), and human services (primarily job and family services). These programs accounted for 86 percent of governmental disbursements in 2011.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

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

**Table 3
Governmental Activities**

| | Total Cost of Services | | Net Cost of Services | |
|-------------------------------------|------------------------|---------------------|----------------------|--------------------|
| | 2011 | 2010 | 2011 | 2010 |
| General Government: | | | | |
| Legislative and Executive | \$ 3,535,069 | \$ 3,984,643 | \$ 1,903,879 | \$1,110,772 |
| Judicial | 2,151,827 | 2,036,836 | 791,581 | 1,354,900 |
| Public Safety | 4,249,254 | 4,311,670 | 3,492,166 | 3,650,884 |
| Public Works | 5,536,465 | 4,928,883 | 1,114,756 | (25,564) |
| Health | 5,228,230 | 5,521,194 | 2,316,139 | 2,369,945 |
| Human Services | 5,641,330 | 5,388,079 | 1,906,620 | 246,619 |
| Conservation and Recreation | 240,238 | 324,498 | 240,238 | 145,999 |
| Economic Development and Assistance | 591,245 | 427,173 | (44,945) | 200,937 |
| Capital Outlay | 478,916 | 263,325 | 478,916 | 241,350 |
| Debt Service: | | | | |
| Principal Retirement | 298,119 | 298,119 | 298,119 | 298,119 |
| Interest and Fiscal Charges | 73,300 | 85,950 | 73,300 | 85,950 |
| Total Disbursements | <u>\$28,023,993</u> | <u>\$27,570,370</u> | <u>\$12,570,769</u> | <u>\$9,679,911</u> |

For 2011, 45 percent of the services provided by the County were paid for through general receipts, compared to 35 percent in 2010. A review of the above table demonstrates that program receipts contributed significantly to several programs. Charges for services for the public works program primarily consist of work performed by the County Engineer for townships and villages within the County. The public works program also receives a significant amount of operating grants and contributions from state levied shared gas taxes and motor vehicle licenses. Grants and contributions provide for a significant portion of the costs of the health and human services programs. All of the economic development program costs were fully covered by federal grants.

Governmental Funds Financial Analysis

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

For 2011, the General Fund had a 68 percent increase in fund balance, due to receipts in excess of disbursements. Total receipts increased over \$1.6 million from the prior year as increases resulted in almost all revenue sources. Disbursements also increased, but only \$514,000.

Fund balance decreased over 1 percent for the Job and Family Services Fund, which was not significant. Fund balance decreased 17 percent for the Motor Vehicle License Gas Tax Fund primarily due to a larger amount road improvement work performed in 2011.

The change in fund balance for the Lawnview 169 Board Fund was not significant.

Fund balance increased 19 percent in the Children's Services Fund. Although total receipts decreased and disbursements increased from the prior year; receipts still exceeded disbursements for the year.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

Budgetary Highlights

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

The County's most significant budgeted fund is the General Fund. For receipts, the change from the original budget to the final budget was not significant. Actual receipts were almost 5 percent higher than budgeted amounts due to conservative estimates. For disbursements, the change from the original budget to the final budget was not significant. Actual disbursements were almost 7 percent less than amounts budgeted, again due to conservative budgeting.

Current Issues

The County will begin receiving its distribution of revenue from the State's new casinos in 2012.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's financial status. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Karen Bailey, County Auditor, 1512 South U.S. Highway 68, Suite B300 Urbana, Ohio 43078.

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**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2011**

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets: | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$12,404,390</u> |
| Net Assets: | |
| Restricted for: | |
| Debt Service | 2,500 |
| Capital Projects | 327,572 |
| Public Works | 3,835,045 |
| Health | 1,471,848 |
| Children's Services | 1,729,315 |
| Other Purposes | 3,072,976 |
| Unrestricted | <u>1,965,134</u> |
| Total Net Assets | <u>\$12,404,390</u> |

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | <u>Disbursements</u> | <u>Program Receipts</u> | | <u>Net (Disbursements) Receipts and Change in Net Assets</u> |
|--|----------------------|---------------------------------|--|--|
| | | <u>Charges for Services</u> | <u>Operating Grants, Contributions, and Interest</u> | <u>Governmental Activities</u> |
| Governmental Activities: | | | | |
| General Government: | | | | |
| Legislative and Executive | \$3,535,069 | \$1,629,359 | \$1,831 | (\$1,903,879) |
| Judicial | 2,151,827 | 939,237 | 421,009 | (791,581) |
| Public Safety | 4,249,254 | 558,846 | 198,242 | (3,492,166) |
| Public Works | 5,536,465 | 343,705 | 4,078,004 | (1,114,756) |
| Health | 5,228,230 | 443,521 | 2,468,570 | (2,316,139) |
| Human Services | 5,641,330 | 128,448 | 3,606,262 | (1,906,620) |
| Conservation and Recreation | 240,238 | | | (240,238) |
| Economic Development and Assistance | 591,245 | 143,897 | 492,293 | 44,945 |
| Capital Outlay | 478,916 | | | (478,916) |
| Debt Service: | | | | |
| Principal Retirement | 298,119 | | | (298,119) |
| Interest and Fiscal Charges | 73,300 | | | (73,300) |
| Total Governmental Activities | <u>\$28,023,993</u> | <u>\$4,187,013</u> | <u>\$11,266,211</u> | <u>(12,570,769)</u> |
| General Receipts: | | | | |
| Property Taxes Levied for: | | | | |
| General Operating | | | | 1,741,735 |
| Lawnview 169 Board | | | | 2,517,383 |
| Children's Services | | | | 534,296 |
| Sales Taxes | | | | 4,347,526 |
| Grants and Entitlements not Restricted to Other Programs | | | | 1,062,564 |
| Interest | | | | 473,931 |
| Other | | | | 2,150,069 |
| Total General Receipts | | | | <u>12,827,504</u> |
| Change in Net Assets | | | | 256,735 |
| Net Assets at Beginning of Year - Restated (Note 3) | | | | <u>12,147,655</u> |
| Net Assets at End of Year | | | | <u>\$12,404,390</u> |

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

| | <u>General</u> | <u>Job and Family Services</u> | <u>Motor Vehicle License Gas Tax</u> | <u>Lawnview 169 Board</u> | <u>Children's Services</u> | <u>Other Governmental</u> | <u>Total</u> |
|--|--------------------|--|--|-------------------------------|--------------------------------|-------------------------------|---------------------|
| Assets: | | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$2,126,686 | \$72,723 | \$3,835,045 | \$1,411,848 | \$1,729,315 | \$3,096,308 | \$12,271,925 |
| Restricted Assets: | | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | 72,465 | | | 60,000 | | | 132,465 |
| Total Assets | <u>2,199,151</u> | <u>72,723</u> | <u>3,835,045</u> | <u>1,471,848</u> | <u>1,729,315</u> | <u>3,096,308</u> | <u>12,404,390</u> |
| Fund Balances | | | | | | | |
| Non-spendable | 72,465 | | | 60,000 | | | 132,465 |
| Restricted | 161,552 | 72,723 | 3,835,045 | 1,411,848 | 1,729,315 | 3,096,308 | 10,306,791 |
| Committed | 320,749 | | | | | | 320,749 |
| Assigned | 801,962 | | | | | | 801,962 |
| Unassigned | 842,423 | | | | | | 842,423 |
| Total Fund Balances | <u>\$2,199,151</u> | <u>\$72,723</u> | <u>\$3,835,045</u> | <u>\$1,471,848</u> | <u>\$1,729,315</u> | <u>\$3,096,308</u> | <u>\$12,404,390</u> |

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | General | Job and Family Services | Motor Vehicle License Gas Tax | Lawnview 169 Board | Children's Services | Other Governmental | Total |
|---|--------------------|-------------------------------|-------------------------------------|-----------------------|------------------------|-----------------------|---------------------|
| Receipts: | | | | | | | |
| Property Taxes | \$1,741,735 | | | \$2,517,383 | \$534,296 | | \$4,793,414 |
| Sales Taxes | 4,347,526 | | | | | | 4,347,526 |
| Other Local Taxes | | | \$148,438 | | | | 148,438 |
| Special Assessments | | | | | | \$22,208 | 22,208 |
| Charges for Services | 2,151,143 | | 385 | 327,077 | | 978,819 | 3,457,424 |
| Licenses and Permits | 226,831 | | | | | 123,308 | 350,139 |
| Fines and Forfeitures | 94,034 | | | | | 114,770 | 208,804 |
| Intergovernmental | 1,492,140 | \$2,011,309 | 3,621,916 | 2,465,873 | 715,361 | 1,959,345 | 12,265,944 |
| Interest | 470,549 | | 62,121 | 697 | | 3,382 | 536,749 |
| Other | 575,235 | 1,146,346 | 248,458 | 102,594 | 61,576 | 15,873 | 2,150,082 |
| Total Receipts | <u>11,099,193</u> | <u>3,157,655</u> | <u>4,081,318</u> | <u>5,413,624</u> | <u>1,311,233</u> | <u>3,217,705</u> | <u>28,280,728</u> |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| General Government: | | | | | | | |
| Legislative and Executive | 2,787,346 | | | | | 747,723 | 3,535,069 |
| Judicial | 1,777,087 | | | | | 374,740 | 2,151,827 |
| Public Safety | 4,037,413 | | | | | 211,841 | 4,249,254 |
| Public Works | 615,677 | | 4,839,574 | | | 81,214 | 5,536,465 |
| Health | 74,105 | | | 4,988,073 | | 166,052 | 5,228,230 |
| Human Services | 264,614 | 3,158,667 | | | 1,033,720 | 1,184,329 | 5,641,330 |
| Conservation and Recreation | 240,238 | | | | | | 240,238 |
| Economic Development and Assistance | 99,822 | | | | | 491,423 | 591,245 |
| Capital Outlay | | | | | | 478,916 | 478,916 |
| Debt Service: | | | | | | | |
| Principal Retirement | | | | | | 298,119 | 298,119 |
| Interest and Fiscal Charges | | | | | | 73,300 | 73,300 |
| Total Disbursements | <u>9,896,302</u> | <u>3,158,667</u> | <u>4,839,574</u> | <u>4,988,073</u> | <u>1,033,720</u> | <u>4,107,657</u> | <u>28,023,993</u> |
| Excess of Receipts Over (Under) Disbursements | <u>1,202,891</u> | <u>(1,012)</u> | <u>(758,256)</u> | <u>425,551</u> | <u>277,513</u> | <u>(889,952)</u> | <u>256,735</u> |
| Other Financing Sources (Uses): | | | | | | | |
| Advances In | | | | | | 415,000 | 415,000 |
| Advances Out | | | | (415,000) | | | (415,000) |
| Transfers In | | | | | | 373,981 | 373,981 |
| Transfers Out | (315,862) | | | | | (58,119) | (373,981) |
| Total Other Financing Sources (Uses) | <u>(315,862)</u> | | | <u>(415,000)</u> | | <u>730,862</u> | |
| Changes in Fund Balances | 887,029 | (1,012) | (758,256) | 10,551 | 277,513 | (159,090) | 256,735 |
| Fund Balances at Beginning of Year - Restated (Note 3) | <u>1,312,122</u> | <u>73,735</u> | <u>4,593,301</u> | <u>1,461,297</u> | <u>1,451,802</u> | <u>3,255,398</u> | <u>12,147,655</u> |
| Fund Balances at End of Year | <u>\$2,199,151</u> | <u>\$72,723</u> | <u>\$3,835,045</u> | <u>\$1,471,848</u> | <u>\$1,729,315</u> | <u>\$3,096,308</u> | <u>\$12,404,390</u> |

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Over (Under) |
|--|-------------------------|-------------------|--------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts: | | | | |
| Property Taxes | \$1,555,000 | \$1,517,242 | \$1,651,928 | \$134,686 |
| Sales Taxes | 4,250,000 | 4,250,000 | 4,347,526 | 97,526 |
| Charges for Services | 1,665,412 | 1,995,351 | 2,151,143 | 155,792 |
| Licenses and Permits | 204,950 | 88,111 | 226,831 | 138,720 |
| Fines and Forfeitures | 92,800 | 92,800 | 94,034 | 1,234 |
| Intergovernmental | 1,589,762 | 1,536,238 | 1,492,140 | (44,098) |
| Interest | 423,040 | 423,040 | 427,742 | 4,702 |
| Other | 509,388 | 541,461 | 575,235 | 33,774 |
| Total Receipts | <u>10,290,352</u> | <u>10,444,243</u> | <u>10,966,579</u> | <u>522,336</u> |
| Disbursements: | | | | |
| Current: | | | | |
| General Government: | | | | |
| Legislative and Executive | 3,181,278 | 2,983,642 | 2,796,648 | 186,994 |
| Judicial | 1,799,428 | 1,907,054 | 1,800,871 | 106,183 |
| Public Safety | 3,769,628 | 4,298,844 | 4,117,271 | 181,573 |
| Public Works | 746,912 | 797,417 | 618,170 | 179,247 |
| Health | 76,461 | 76,461 | 74,105 | 2,356 |
| Human Services | 348,590 | 300,785 | 267,035 | 33,750 |
| Conservation and Recreation | 261,028 | 255,031 | 240,238 | 14,793 |
| Economic Development and Assistance | 116,152 | 116,152 | 99,822 | 16,330 |
| Total Disbursements | <u>10,299,477</u> | <u>10,735,386</u> | <u>10,014,160</u> | <u>721,226</u> |
| Excess of Receipts Over (Under) Disbursements | (9,125) | (291,143) | 952,419 | 1,243,562 |
| Other Financing Uses: | | | | |
| Transfers Out | <u>(315,862)</u> | <u>(315,862)</u> | <u>(315,862)</u> | |
| Changes in Fund Balance | (324,987) | (607,005) | 636,557 | 1,243,562 |
| Fund Balance at Beginning of Year | 1,184,889 | 1,184,889 | 1,184,889 | |
| Prior Year Encumbrances Appropriated | <u>127,233</u> | <u>127,233</u> | <u>127,233</u> | |
| Fund Balance at End of Year | <u>\$987,135</u> | <u>\$705,117</u> | <u>\$1,948,679</u> | <u>\$1,243,562</u> |

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
JOB AND FAMILY SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Over (Under)</u> |
|--------------------------------------|-------------------------|-----------------------|------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Intergovernmental | \$3,164,331 | \$2,553,937 | \$2,011,309 | (\$542,628) |
| Other | 756,800 | 754,408 | 1,146,346 | 391,938 |
| Total Receipts | <u>3,921,131</u> | <u>3,308,345</u> | <u>3,157,655</u> | <u>(150,690)</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Human Services | <u>3,940,109</u> | <u>3,377,747</u> | <u>3,158,667</u> | <u>219,080</u> |
| Changes in Fund Balance | (18,978) | (69,402) | (1,012) | 68,390 |
| Fund Balance at Beginning of Year | 50,850 | 50,850 | 50,850 | |
| Prior Year Encumbrances Appropriated | <u>22,885</u> | <u>22,885</u> | <u>22,885</u> | |
| Fund Balance at End of Year | <u><u>\$54,757</u></u> | <u><u>\$4,333</u></u> | <u><u>\$72,723</u></u> | <u><u>\$68,390</u></u> |

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
MOTOR VEHICLE LICENSE GAS TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Over (Under)</u> |
|--------------------------------------|-------------------------|--------------------|--------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Other Local Taxes | \$146,000 | \$146,000 | \$148,438 | \$2,438 |
| Charges for Services | 100 | 1,100 | 385 | (715) |
| Intergovernmental | 3,621,000 | 3,620,000 | 3,621,916 | 1,916 |
| Interest | 90,000 | 76,285 | 62,121 | (14,164) |
| Other | 411,550 | 237,933 | 248,458 | 10,525 |
| Total Receipts | <u>4,268,650</u> | <u>4,081,318</u> | <u>4,081,318</u> | |
| Disbursements: | | | | |
| Current: | | | | |
| Public Works | <u>6,241,177</u> | <u>7,223,661</u> | <u>4,985,737</u> | <u>2,237,924</u> |
| Changes in Fund Balance | (1,972,527) | (3,142,343) | (904,419) | 2,237,924 |
| Fund Balance at Beginning of Year | 4,129,622 | 4,129,622 | 4,129,622 | |
| Prior Year Encumbrances Appropriated | <u>463,679</u> | <u>463,679</u> | <u>463,679</u> | |
| Fund Balance at End of Year | <u>\$2,620,774</u> | <u>\$1,450,958</u> | <u>\$3,688,882</u> | <u>\$2,237,924</u> |

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
LAWNVIEW 169 BOARD FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Over (Under)</u> |
|--|-------------------------|--------------------|--------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Property Taxes | \$2,371,800 | \$2,371,800 | \$2,387,284 | \$15,484 |
| Charges for Services | 572,030 | 572,030 | 327,077 | (244,953) |
| Intergovernmental | 2,257,052 | 2,242,322 | 2,465,873 | 223,551 |
| Interest | 1,500 | 697 | 697 | |
| Other | 94,830 | 94,830 | 102,594 | 7,764 |
| Total Receipts | <u>5,297,212</u> | <u>5,281,679</u> | <u>5,283,525</u> | <u>1,846</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Health | <u>5,243,858</u> | <u>5,069,784</u> | <u>4,993,673</u> | <u>76,111</u> |
| Excess of Receipts Over Disbursements | 53,354 | 211,895 | 289,852 | 77,957 |
| Other Financing Uses: | | | | |
| Advances Out | <u>(415,000)</u> | <u>(415,000)</u> | <u>(415,000)</u> | |
| Changes in Fund Balance | (361,646) | (203,105) | (125,148) | 77,957 |
| Fund Balance at Beginning of Year | 1,342,609 | 1,342,609 | 1,342,609 | |
| Prior Year Encumbrances Appropriated | <u>118,688</u> | <u>118,688</u> | <u>118,688</u> | |
| Fund Balance at End of Year | <u>\$1,099,651</u> | <u>\$1,258,192</u> | <u>\$1,336,149</u> | <u>\$77,957</u> |

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
CHILDREN'S SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Over (Under)</u> |
|-----------------------------------|---------------------------|---------------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Property Taxes | \$491,000 | \$491,000 | \$506,714 | \$15,714 |
| Intergovernmental | 424,000 | 459,833 | 715,361 | 255,528 |
| Other | 275,114 | 275,114 | 61,576 | (213,538) |
| Total Receipts | <u>1,190,114</u> | <u>1,225,947</u> | <u>1,283,651</u> | <u>57,704</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Human Services | <u>1,190,114</u> | <u>1,447,989</u> | <u>1,033,720</u> | <u>414,269</u> |
| Changes in Fund Balance | | (222,042) | 249,931 | 471,973 |
| Fund Balance at Beginning of Year | <u>1,451,802</u> | <u>1,451,802</u> | <u>1,451,802</u> | |
| Fund Balance at End of Year | <u><u>\$1,451,802</u></u> | <u><u>\$1,229,760</u></u> | <u><u>\$1,701,733</u></u> | <u><u>\$471,973</u></u> |

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

**STATEMENT OF CASH BASIS FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2011**

Assets:

| | |
|--|-------------------------|
| Equity in Pooled Cash and Cash Equivalents | \$7,489,802 |
| Cash and Cash Equivalents in Segregated Accounts | <u>483,860</u> |
| Total Assets | <u><u>7,973,662</u></u> |

Net Assets:

| | |
|--------------------------|---------------------------|
| Due to Other Governments | 2,240,057 |
| Undistributed Assets | <u>5,733,605</u> |
| Total Net Assets | <u><u>\$7,973,662</u></u> |

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

1. REPORTING ENTITY

Champaign County (the County) is a body politic and corporate established in 1805 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and two Family Court Judges.

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

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

A. Primary Government

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

B. Component Units

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

Lawnview Industries, Inc. - (Lawnview) is a legally separate, not-for-profit corporation served by a self-appointing board of trustees. Lawnview, under a contractual agreement with the Champaign County Board of DD, provides sheltered employment for developmentally disabled or handicapped adults in Champaign County. Based on the significant services and resources provided by the County to Lawnview and Lawnview's sole purpose of providing assistance to the developmentally disabled adults of Champaign County, Lawnview is a component unit of Champaign County. Lawnview operates on a fiscal year ending December 31. Information about this component unit is presented in Note 16 to the basic financial statements. Further information for Lawnview can be obtained from Lawnview Industries, Inc., 1250 East Route 36, Urbana, Ohio 43078.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

1. REPORTING ENTITY (Continued)

Home Options, Inc. - (Home Options) is a legally separate, not-for-profit corporation. It provides housing exclusively for clients of the Champaign County Board of DD. The Champaign County Board of DD provides certain operating expenses as necessary for the operation of Home Options, Inc. Based on the significant services and resources provided by the County to Home Options and Home Options' sole purpose of providing assistance to the developmentally disabled adults of Champaign County, Home Options is a component unit of Champaign County. Home Options operates on a fiscal year ending December 31. Information about this component unit is presented in Note 17 to the basic financial statements. Further information for Home Options can be obtained from Home Options, Inc., 1250 East Route 36, Urbana, Ohio 43078.

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

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

The County participates in certain organizations which are defined as joint ventures, jointly governed organizations, and insurance pools. These organizations are presented in Notes 18, 19, and 20 to the basic financial statements. These organizations are:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the County's accounting policies.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

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

2. Fund Financial Statements

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

B. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the County are presented in two categories; governmental and fiduciary.

1. Governmental Funds

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

2. Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County did not have any trust funds in 2011. The County's agency funds are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Basis of Accounting

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

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations resolution, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund and department level for the General Fund and the fund level for all other funds.

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

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

E. Cash and Investments

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

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

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

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2011 were \$470,549 which includes \$405,472 assigned from other County funds.

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

F. Restricted Assets

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

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

G. Capital Assets

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

H. Compensated Absences

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

I. Long-Term Obligations

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

J. Net Assets

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

K. Fund Balance

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

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

L. Internal Activity

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

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/NET ASSETS

For 2011, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as non-spendable, restricted, committed, assigned, and/or unassigned.

The restatement due to the implementation of GASB Statement No. 54 had the following effect on fund balance of the major and non-major funds of the County as they were previously reported.

| | General | Job and Family Services | Motor Vehicle License Gas Tax | Lawnview 169 Board | Children's Services | Other Governmental | Total Governmental Funds |
|---|--------------------|--|--|-------------------------------|--------------------------------|-------------------------------|---|
| Fund Balance at December 31, 2010 | \$ 271,117 | \$18,979 | \$4,593,301 | \$1,324,927 | \$1,451,802 | \$4,140,007 | \$11,800,133 |
| Change in Fund Structure | 1,041,005 | 54,756 | | 136,370 | | (884,609) | 347,522 |
| Adjusted Fund Balance at December 31, 2010 | <u>\$1,312,122</u> | <u>\$73,735</u> | <u>\$4,593,301</u> | <u>\$1,461,297</u> | <u>\$1,451,802</u> | <u>\$3,255,398</u> | <u>\$12,147,655</u> |

The restatement had the following effect on net assets.

| | Total Governmental Activities | Total Business-Type Activities |
|--|--|---|
| Net Assets at December 31, 2010 | \$11,800,133 | \$201,751 |
| Change in Fund Structure | 347,522 | (201,751) |
| Adjusted Net Assets at December 31, 2010 | <u>\$12,147,655</u> | <u>\$ 0</u> |

4. 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 States 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.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

4. COMPLIANCE (Continued)

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. At December 31, 2011, the County's Sheriff Policing Rotary Fund had appropriations that exceeded estimated resources.

Ohio Revised Code Section 5705.34 provides in part that each taxing authority is to pass an ordinance or resolution to authorize the necessary tax levies. The County did not authorize the necessary tax levies for 2011.

Ohio Revised Code Section 319.54(C) states from all moneys collected by the county treasurer on any tax duplicate of the county, other than estate tax duplicates, and on all moneys received as advance payments of personal property and classified property taxes, there shall be paid into the county treasury to the credit of the real estate assessment fund created by section 325.31 of the Revised Code, an amount to be determined by the county auditor, which shall not exceed the percentages prescribed in divisions (C)(1) and (2) of this section. The County incorrectly posted the settlement fees for the 2011 first half real estate settlement for the General and Real Estate Assessment funds.

Ohio Revised Code Section 3125.191 establishes the child support operating fund, which is a special revenue fund. Ohio Revised Code Section 5705.09(F) requires a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. Ohio Revised Code Section 3125.21 states all moneys received from the federal or state government for reimbursement for support enforcement activities shall be used solely for support enforcement activities. The Job and Family Services Department posted child support enforcement funds to the Workforce Investment Act fund during 2011.

Ohio Revised Code Section 5101.144 states each county shall deposit all funds its public children services agency receives from appropriations made by the board of county commissioners or any other source for the purpose of providing children services into a special fund in the county treasury known as the children services fund. A county shall use money in the fund only for the purposes of meeting the expenses of providing children services. In 2011, the Department of Job and Family Services posted two children service receipts, in the amount of \$53,022, to the incorrect funds.

5. DEPOSITS AND INVESTMENTS

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

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

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange similar securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
 - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation, and which mature within two hundred seventy days after purchase;
 - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

12. Up to 1 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

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

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

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

A. Investments

At December 31, 2011, the County had \$7,400 invested with STAR Ohio. This investment had an average maturity of 57 days and a rating of AAA by Standard and Poor's. The County has no policy for interest rate or credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

6. PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Real property tax revenues received in 2011 represent the collection of 2010 taxes. Real property taxes received in 2011 were levied after October 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2011 represent the collection of 2010 taxes. Public utility real and tangible personal property taxes received in 2011 became a lien on December 31, 2009, were levied after October 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

6. PROPERTY TAXES (Continued)

The full tax rate for all County operations for the year ended December 31, 2011, was \$10.7 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2011 property tax receipts were based are as follows:

| | |
|---------------------------------|-----------------------------|
| Real Property: | |
| Residential/Agriculture | \$617,716,480 |
| Commercial/Industrial/Mineral | 90,937,690 |
| Public Utility Property: | |
| Real | 24,424,510 |
| Personal | <u>272,570</u> |
| Total Assessed Value | <u><u>\$733,351,250</u></u> |

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 tangible personal property in the County, including motor vehicles not subject to the sales tax. Sales tax is credited to the General Fund. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. A warrant payable to the County is to be made within five days of the certification.

8. INTERFUND ACTIVITY

During 2011, the County made a number of cash advances to various funds. As of December 31, 2011, \$415,000 of the advances had not been repaid. Cash advances are generally made to provide working capital for operations or projects or to provide cash flow resources. Advances are expected to be repaid within one year.

9. RISK MANAGEMENT

A. Property and Liability

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2011, the County contracted with the Public Entities Pool of Ohio for insurance coverage.

Coverage provided was as follows:

| | |
|----------------------|--------------|
| Real Property | \$27,008,100 |
| Personal Property | 3,369,700 |
| Boiler and Machinery | 30,377,800 |
| Automobile | 3,000,000 |

There has been no significant reduction in insurance coverage from 2010 and settled claims have not exceeded this coverage in the past three years.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

9. RISK MANAGEMENT (Continued)

For 2011, the County participated in the Public Entities Pool of Ohio, a public entity shared risk pool. The County pays an annual premium to the pool for various types of insurance coverage. Member counties agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage. Upon withdrawal from the Pool, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal.

B. Workers Compensation

For 2011, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

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

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

C. Medical and Life Insurance

For 2011, the County participated in a risk-sharing pool, the County Employee Benefits Consortium of Ohio, Inc. (CEBCO). CEBCO charges a fixed premium per month per enrolled employee. Premiums charged by CEBCO are based upon the County's claims experience. CEBCO retains liability for claims that exceed the expected losses and charged premiums.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for public safety and law enforcement employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the state and local classifications and 12 percent for public safety and law enforcement members. For the year ended December 31, 2011, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11 percent and 11.6 percent, respectively. While members in the state and local classifications may participate in all three plans, public safety and law enforcement classifications exist only within the traditional plan. For 2011, member and employer contribution rates were consistent across all three plans.

The County's 2011 contribution rate was 14 percent, except for those plan members in public safety or law enforcement, for whom the County's contribution was 18.1 percent of covered payroll. The portion of the County's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the County's contribution allocated to health care for members in the traditional plan was 4 percent for 2011. The portion of the employer contribution allocated to health care for members in the combined plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 was \$1,237,558, \$1,674,919, and \$1,651,751, respectively. For 2011, 80 percent has been contributed. The full amount has been contributed for 2010 and 2009. Contributions to the member-directed plan for 2011 were \$51,854 made by the County and \$37,038 made by the plan members.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

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

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

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The County's required contribution to STRS Ohio for the years ended December 31, 2011, 2010, and 2009 was \$7,377, \$14,349, and \$14,017. For 2011, 97 percent has been contributed. The full amount has been contributed for fiscal years 2010 and 2009.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

11. POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed 14 percent of covered payroll and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in the traditional plan was 4 percent for 2011. The portion of the employer contribution allocated to health care for members in the combined plan was 6.05 percent for 2011.

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

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2011, 2010, and 2009 was \$497,211, \$608,590, and \$693,146, respectively. For 2011, 80 percent has been contributed. The full amount has been contributed for 2010 and 2009.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

11. POSTEMPLOYMENT BENEFITS (Continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS retirement board on September 9, 2004, was effective January 1, 2007. Member and employer contributions rates increased on January 1 of each year from 2006 to 2008. Rates for public safety and law enforcement employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. State Teachers Retirement System

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

Funding Policy - Chapter 3307 of the Ohio Revised Code authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The County's contribution for health care for the years ended December 31, 2011, 2010, and 2009 was \$567, \$1,251, and \$1,632, respectively. For 2011, 97 percent has been contributed. The full amount has been contributed for fiscal years 2010 and 2009.

12. COMPENSATED ABSENCES

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

13. LONG-TERM OBLIGATIONS

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

| | <u>Interest Rate</u> | <u>Balance 12/31/2010</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 12/31/2011</u> | <u>Due Within One Year</u> |
|--|--------------------------|-------------------------------|------------------|-------------------|-------------------------------|------------------------------------|
| Governmental Activities: | | | | | | |
| General Obligation Bonds: | | | | | | |
| 2005 County Building Refunding (Original Amount \$2,010,000) | 4.5% | \$1,895,000 | | \$240,000 | \$1,655,000 | \$255,000 |
| OPWC Loan: | | | | | | |
| 2002 Ohio Public Works Commission (Original Amount \$871,786) | | 406,834 | | 58,119 | 348,715 | 58,119 |
| Total Governmental Activities | | <u>\$2,301,834</u> | <u>\$0</u> | <u>\$298,119</u> | <u>\$2,003,715</u> | <u>\$313,119</u> |

A. General Obligation Bonds

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

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

B. OPWC Loan

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

At December 31, 2011, the County's overall debt margin was \$15,178,781 with an unvoted debt margin of \$5,678,513.

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

| <u>Year</u> | <u>General Obligation Bonds</u> | | <u>OPWC Loans</u> |
|-------------|---------------------------------|------------------|-----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> |
| 2012 | \$ 255,000 | \$ 64,900 | \$ 58,119 |
| 2013 | 260,000 | 54,700 | 58,119 |
| 2014 | 270,000 | 45,600 | 58,119 |
| 2015 | 280,000 | 34,800 | 58,119 |
| 2016 | 290,000 | 23,600 | 58,119 |
| 2017 | 300,000 | 12,000 | 58,120 |
| | <u>\$1,655,000</u> | <u>\$235,600</u> | <u>\$348,715</u> |

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

13. LONG-TERM OBLIGATIONS (Continued)

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

| | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Balance December 31, 2011</u> |
|--|--------------------------|----------------------------|--------------------------------------|
| Limited Obligation Bonds | | | |
| Urbana University Project | 11/26/2002 | \$2,659,000 | \$1,838,039 |
| Special Limited Revenue Obligation Bonds | | | |
| WICOR Americas, Inc. | 8/24/2010 | 12,300,000 | 11,012,337 |

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

14. FUND BALANCE

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

| <u>Fund Balance</u> | <u>General</u> | <u>Job and Family Services</u> | <u>Motor Vehicle License Gas Tax</u> | <u>Lawnview 169 Board</u> | <u>Children's Services</u> | <u>Other Governmental</u> |
|---------------------------------------|----------------|--|--|-------------------------------|--------------------------------|-------------------------------|
| Non-spendable for: | | | | | | |
| Lawnview Trust | | | | \$ 60,000 | | |
| Unclaimed Monies | \$ 72,465 | | | | | |
| Total Non-spendable | <u>72,465</u> | | | <u>60,000</u> | | |
| Restricted for: | | | | | | |
| Child Support Enforcement | | | | | | \$ 745,524 |
| Court Operations | | | | | | 405,293 |
| Crime Victim Assistance | | | | | | 969 |
| Debt Retirement | | | | | | 2,500 |
| Delinquent Tax Collections | | | | | | 135,077 |
| Ditch Maintenance | | | | | | 100,344 |
| Dog and Kennel Operations | | | | | | 114,317 |
| Economic Development | | | | | | 65,920 |
| Emergency Management | | | | | | 178,383 |
| Job and Family Svcs. Operations | | \$72,723 | | | \$1,729,315 | |
| Juvenile Corrections | | | | | | 108,699 |
| Law Library Operations | | | | | | 28,302 |
| Developmental Disabilities Operations | | | | 1,411,848 | | |
| Permanent Improvements | | | | | | 293,246 |
| Recycling | | | | | | 50,562 |

(Continued)

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

14. FUND BALANCE (Continued)

| <u>Fund Balance</u> | <u>General</u> | <u>Job and Family Services</u> | <u>Motor Vehicle License Gas Tax</u> | <u>Lawnview 169 Board</u> | <u>Children's Services</u> | <u>Other Governmental</u> |
|------------------------------------|--------------------|--|--|-------------------------------|--------------------------------|-------------------------------|
| Restricted for: (Continued) | | | | | | |
| Real Estate Assessment | | | | | | 674,514 |
| Road and Bridge Repair/Improvement | | | \$3,835,045 | | | 146,162 |
| Sheriff Operations | | | | | | 46,496 |
| Transit System | 161,552 | | | | | |
| Total Restricted | <u>161,552</u> | <u>72,723</u> | <u>3,835,045</u> | <u>1,411,848</u> | <u>1,729,315</u> | <u>3,096,308</u> |
| Assigned for: | | | | | | |
| Document Recording | 23,107 | | | | | |
| Sheriff Operations | 111,902 | | | | | |
| Title Administration | 141,285 | | | | | |
| Transit System | 416,787 | | | | | |
| Unpaid Obligations | 108,881 | | | | | |
| Total Assigned | <u>801,962</u> | | | | | |
| Unassigned | 842,423 | | | | | |
| Total Fund Balance | <u>\$2,199,151</u> | <u>\$72,723</u> | <u>\$3,835,045</u> | <u>\$1,471,848</u> | <u>\$1,729,315</u> | <u>\$3,096,308</u> |

15. INTERFUND TRANSFERS

During 2011, transfers were made from the General Fund and Other Governmental funds to Other Governmental funds, in the amount of \$315,862 and \$58,119, respectively, to subsidize operations of other funds and to make debt payments as they came due.

16. LAWNVIEW INDUSTRIES, INC.

**Lawnview Industries, Inc.
Statement of Net Assets
December 31, 2011**

| | |
|--|------------------|
| Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$181,609 |
| Accounts Receivable | 19,809 |
| Other Assets | 2,438 |
| Depreciable Capital Assets | 8,979 |
| Total Assets | <u>212,835</u> |
| Liabilities: | |
| Accounts Payable | 906 |
| Intergovernmental Payable | 3,685 |
| Other Liabilities | 264 |
| Total Liabilities | <u>4,855</u> |
| Net Assets: | |
| Unrestricted | <u>\$207,980</u> |

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

16. LAWNVIEW INDUSTRIES, INC. (Continued)

**Lawnview Industries, Inc.
Statement of Revenues, Expenses, and Changes
in Fund Net Assets
For the Year Ended December 31, 2011**

| | |
|---|-----------|
| Operating Revenues: | |
| Charges for Services | \$163,740 |
| Operating Expenses: | |
| Personal Services | 120,864 |
| Materials and Supplies | 15,677 |
| Depreciation | 7,571 |
| Other Operating Expenses | 22,742 |
| Total Operating Expenses | 166,854 |
| Operating Loss | (3,114) |
| Non-Operating Revenues (Expenses): | |
| Interest Revenue | 1,621 |
| Other Non-Operating Revenues | 1,367 |
| Contributions | 469,493 |
| Other Non-Operating Expenses | (469,493) |
| Total Non-Operating Revenues (Expenses) | 2,988 |
| Change in Net Assets | (126) |
| Net Assets at Beginning of Year | 208,106 |
| Net Assets at End of Year | \$207,980 |

A. Summary of Significant Accounting Policies

1. Basis of Presentation

Financial statement presentation follows the recommendations of Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments".

2. Measurement Focus and Basis of Accounting

Lawnview Industries, Inc. is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net assets. Lawnview Industries, Inc. uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

3. Materials and Supplies Inventory

Inventory is presented at the lower of actual cost or market and is expensed when used. Inventory consists of expendable supplies held for consumption.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

16. LAWNVIEW INDUSTRIES, INC. (Continued)

B. Deposits and Investments

Custodial credit risk for deposits is the risk that in the event of bank failure, Lawnview Industries, Inc. will not be able to recover deposits or collateral securities that are in the possession of an outside party. Lawnview Industries, Inc.'s bank balance of \$181,609 was fully covered by FDIC insurance.

C. Capital Assets

Property and equipment are recorded at cost. Donated assets are capitalized at fair value on the date donated. Depreciation is calculated on a straight line basis over the useful life of the asset.

D. Significant Concentration of Business

Lawnview Industries, Inc. contracts with local businesses primarily in Champaign County for various jobs that can be performed within the production capabilities of Lawnview Industries, Inc. Five customers provide approximately 75 percent of the service revenue to Lawnview Industries, Inc.

17. HOME OPTIONS, INC.

**Home Options, Inc.
Statement of Net Assets
December 31, 2011**

| | |
|--|-----------|
| Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$ 26,502 |
| Depreciable Capital Assets | 835,671 |
| Total Assets | 862,173 |
| Liabilities: | |
| Current Portion of Long-Term Debt | 13,012 |
| Long-Term Debt (Less Current Portion) | 145,930 |
| Total Liabilities | 158,942 |
| Net Assets: | |
| Unrestricted | \$703,231 |

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

17. HOME OPTIONS, INC. (Continued)

**Home Options, Inc.
Statement of Revenues, Expenses, and Changes
in Fund Net Assets
For the Year Ended December 31, 2011**

| | |
|---|-----------|
| Operating Revenues: | |
| Rent | \$102,001 |
| Operating Expenses: | |
| General and Administrative Expenses | 55,261 |
| Real Estate Taxes | 4,735 |
| Repairs | 12,445 |
| Depreciation | 39,338 |
| Total Operating Expenses | 111,779 |
| Operating Loss | (9,778) |
| Non-Operating Revenues (Expenses): | |
| Grants | 66,607 |
| Other Non-Operating Revenues | 10 |
| Interest Expense | (14,900) |
| Contributions | 21,246 |
| Other Non-Operating Expenses | (21,246) |
| Total Non-Operating Revenues (Expenses) | 51,717 |
| Change in Net Assets | 41,939 |
| Net Assets at Beginning of Year | 661,292 |
| Net Assets at End of Year | \$703,231 |

A. Summary of Significant Accounting Policies

1. Basis of Presentation

Financial statement presentation follows the recommendations of Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments".

2. Measurement Focus and Basis of Accounting

Home Options, Inc. is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net assets. Home Options, Inc. uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

17. HOME OPTIONS, INC. (Continued)

B. Deposits and Investments

Custodial credit risk for deposits is the risk that in the event of bank failure, Home Options, Inc. will not be able to recover deposits or collateral securities that are in the possession of an outside party. Home Options, Inc.'s bank balance of \$26,502 was fully covered by FDIC insurance.

C. Capital Assets

Property and equipment are recorded at cost. Donated assets are capitalized at fair value on the date donated. Depreciation is calculated on a straight line basis over the useful life of the asset.

D. Long-Term Debt

Notes payable consists of one note with an interest rate of 4.5 percent which will mature in 2021. The outstanding balance at December 31, 2011, was \$158,942.

18. JOINT VENTURES

A. Tri-County Regional Jail

Champaign County is a participant in the Tri-County Regional Jail, a minimum, medium, and maximum security prison. The prison was built to house convicted criminals from Champaign, Madison, and Union Counties. The governing board consists of the Sheriff from Champaign County and the Common Pleas Judge from each participating county. The Champaign County Auditor serves as fiscal agent. During 2011, Champaign County contributed \$1,390,023 towards the operation of the jail. The percentage of equity interest for the County is based on the amount that will be distributed to the County if the contract is terminated. The County's equity interest of \$159,310 represents 33.3 percent of the total equity of the Jail. The Jail is not accumulating significant financial resources nor experiencing fiscal stress which would cause additional financial benefit to or burden on the County. Financial information may be obtained by writing the Champaign County Auditor, 1512 South U.S. Highway 68, Urbana, OH 43078.

B. Logan-Champaign Mental Health and Recovery Board

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

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

19. JOINTLY GOVERNED ORGANIZATIONS

A. Central Ohio Youth Center

The Central Ohio Youth Center is a jointly governed organization involving Champaign, Delaware, Logan, Madison, and Union Counties. The Center provides facilities for the training, treatment, and rehabilitation of delinquent, dependent, abused, or neglected children and was established under Section 2151.34 of the Ohio Revised Code. The operation of the Center is controlled by a joint board of trustees whose membership consists of two appointees of the Union County Commissioners, two appointees of the Delaware County Commissioners, and one appointee from Champaign, Logan, and Madison Counties. Each county's ability to influence the operations of the Center is limited to their representation on the board of trustees. Appropriations are adopted by the joint board of trustees who exercise control over the operation, maintenance, and construction of the Center. Union County serves as the fiscal agent. Each county is charged for their share of the operating costs of the Center based on the number of individuals from their County in attendance. During 2011, Champaign County contributed \$413,988 for operations of the Center. Financial information may be obtained by writing to the Central Ohio Youth Center, 18100 State Route 4, Marysville, Ohio 45040.

B. Champaign County Child and Family Council

The Champaign County Child and Family Council was established under Section 121.37 of the Ohio Revised Code to provide help to families seeking government services. These services are provided through coordination, collaboration, and cooperation of parents and of public and private agencies who foster and develop resources which minimize barriers and enable families to build on their strengths to enhance their quality of life. Council membership is set by statute and includes the Chairman of the Board of County Commissioners, or their designee. Appropriations are adopted by the Champaign County Budget Commission and the Champaign County Auditor serves as the fiscal agent. During 2011, Champaign County contributed \$16,469 to the Champaign County Child and Family Council. Financial information may be obtained by writing to the Champaign County Child and Family Council, 2200 South U.S. Highway 68, P. O. Box 38147, Urbana, Ohio 43078.

C. Fairways Regional Council of Governments

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

D. Champaign Countywide Public Safety Communications System Council of Governments

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

19. JOINTLY GOVERNED ORGANIZATIONS (Continued)

E. North Central Ohio Solid Waste Management District

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

20. INSURANCE POOLS

A. Public Entities Pool of Ohio

The Public Entities Pool of Ohio (Pool) is a public entity shared risk pool which provides various risk management services to its members. The Pool is governed by a seven member board of directors; six are member representatives or elected officials and one is a representative of the pool administrator, American Risk Pooling Consultants, Inc. Each member has one vote on all issues addressed by the Board of Directors.

Participation in the Pool is by written application subject to the terms of the pool agreement. Members must continue membership for a full year and may withdraw from the Pool by giving a sixty day written notice prior to their annual anniversary. Financial information can be obtained from the Public Entities Pool of Ohio, 6797 North High Street, Suite 131, Worthington, Ohio 43085.

B. County Commissioners Association of Ohio Service Corporation

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

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

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

20. INSURANCE POOLS (Continued)

C. County Employee Benefits Consortium of Ohio, Inc.

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

21. RELATED PARTY TRANSACTIONS

During 2011, Champaign County provided for certain operating expenses of Lawnview Industries and Home Options, Inc., component units of Champaign County, which reported \$469,493 and \$21,246, respectively, for such contributions.

22. CONTINGENT LIABILITIES

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

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

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**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|--|----------------------------------|---------------------------|----------------|
| U.S. DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE | | | |
| <i>(Passed through Ohio Department of Job and Family Services)</i> | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | G-1011-11-5019 | 10.561 | \$123,088 |
| Total U.S. Department of Agriculture Food and Nutrition Service | | | <u>123,088</u> |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| <i>(Passed through Ohio Department of Development and City of Bellefontaine)</i> | | | |
| Community Development Block Grants/State's Program | BF-09-1AK-1 | 14.228 | 9,664 |
| | BF-10-1AK-1 | | 53,864 |
| | BC-09-1AK-1 | | 56,518 |
| | A-Z-08-093-1 | | 62,208 |
| Total Community Development Block Grants/State's Program | | | <u>182,254</u> |
| Home Investment Partnerships Program | BC-09-1AK-2 | 14.239 | 309,157 |
| Total U.S. Department of Housing and Urban Development | | | <u>491,411</u> |
| U.S. DEPARTMENT OF JUSTICE | | | |
| <i>(Direct)</i> | | | |
| Bulletproof Vest Partnership Program | N/A | 16.607 | 1,838 |
| <i>(Direct)</i> | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | N/A | 16.738 | 7,784 |
| Total U.S. Department of Justice | | | <u>9,622</u> |
| U.S. DEPARTMENT OF LABOR | | | |
| <i>(Passed through Area 7 Workforce Investment Board)</i> | | | |
| Workforce Investment Act (WIA) Cluster: | | | |
| WIA Adult Program | N/A | 17.258 | 99,044 |
| WIA Adult Program - Administration | N/A | | 3,869 |
| ARRA - WIA Adult Program | N/A | | 7,112 |
| Total WIA Adult Program | | | <u>110,025</u> |
| WIA Youth Activities | N/A | 17.259 | 148,394 |
| WIA Youth Activities - Administration | N/A | | 6,788 |
| ARRA - WIA Youth Activities | N/A | | 7,112 |
| Total WIA Youth Activities | | | <u>162,294</u> |
| WIA Dislocated Workers | N/A | 17.278 | 169,829 |
| WIA Dislocated Workers - Administration | N/A | | 9,817 |
| ARRA - WIA Dislocated Workers | N/A | | 7,112 |
| Total WIA Dislocated Workers | | | <u>186,758</u> |
| Total Workforce Investment Act (WIA) Cluster | | | <u>459,077</u> |
| ARRA - WIA National Emergency Grants | N/A | 17.277 | 1,806 |
| Total U.S. Department of Labor | | | <u>460,883</u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| <i>(Passed through Ohio Department of Transportation)</i> | | | |
| Highway Planning and Construction | PID 87270/PID 88870 | 20.205 | 16,481 |
| Formula Grants for Other Than Urbanized Areas | RPT 0011 030102 | 20.509 | 1,241 |
| | RPT 0011 031112 | | 11,188 |
| | RPT 4011 030101 | | 14,139 |
| | RPT 4011 031111 | | 150,646 |
| Total Formula Grants for Other Than Urbanized Areas | | | <u>177,214</u> |
| Total U.S. Department of Transportation | | | <u>193,695</u> |

FINANCIAL CONDITION
CHAMPAIGN COUNTY

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

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|--|----------------------------------|---------------------------|----------------|
| U.S. DEPARTMENT OF ENERGY | | | |
| <i>(Passed through Ohio Department of Development)</i> | | | |
| ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG) | ARRA-EECBG-10-08 | 81.128 | 339,496 |
| Total U.S. Department of Energy | | | <u>339,496</u> |
| U.S. DEPARTMENT OF EDUCATION | | | |
| <i>(Passed through Logan County Board of Developmental Disabilities)</i> | | | |
| Rehabilitation Services_Vocational Rehabilitation Grants to States | N/A | 84.126 | 59,146 |
| <i>(Passed through Champaign County Family and Children First Council)</i> | | | |
| Early Intervention Services (IDEA) Cluster: | | | |
| Special Education - Grants for Infants and Families | | 84.181 | 34,852 |
| ARRA - Special Education - Grants for Infants and Families, Recovery Act | | 84.393 | <u>10,299</u> |
| Total Early Intervention Services (IDEA) Cluster | | | 45,151 |
| Total U.S. Department of Education | | | <u>104,297</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| <i>(Passed through Area Agency on Aging, Planning & Service Area)</i> | | | |
| Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers | FY11 | 93.044 | 27,951 |
| <i>(Passed through Ohio Department of Job and Family Services)</i> | | | |
| Promoting Safe and Stable Families | G-1011-11-5019 | 93.556 | 21,703 |
| Temporary Assistance for Needy Families | G-1011-11-5019 | 93.558 | 542,561 |
| Child Support Enforcement | G-1011-11-5019 | 93.563 | 304,144 |
| Child Care Cluster: | | | |
| Child Care and Development Block Grant | G-1011-11-5019 | 93.575 | 20,278 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | G-1011-11-5019 | 93.596 | <u>46,385</u> |
| Total Child Care Cluster | | | 66,663 |
| <i>(Passed through Ohio Secretary of State)</i> | | | |
| Voting Access for Individuals with Disabilities-Grants to States | 10-SOS-HHHS-11 | 93.617 | 925 |
| <i>(Passed through Ohio Department of Job and Family Services)</i> | | | |
| Child Welfare Services - State Grants | G-1011-11-5019 | 93.645 | 34,618 |
| Foster Care_Title IV-E: | | | |
| Foster Care_Title IV-E | G-1011-11-5019 | 93.658 | 165,919 |
| ARRA - Foster Care_Title IV-E | G-1011-11-5019 | | <u>1,583</u> |
| Total Foster Care | | | 167,502 |
| Adoption Assistance | G-1011-11-5019 | 93.659 | 85,678 |
| Social Services Block Grant: | | | |
| <i>(Passed through Ohio Department of Job and Family Services)</i> | | | |
| Social Services Block Grant | G-1011-11-5019 | 93.667 | 382,215 |
| <i>(Passed through Ohio Board of Developmental Disabilities)</i> | | | |
| Social Services Block Grant | N/A | | <u>37,953</u> |
| Total Social Service Block Grant | | | 420,168 |
| <i>(Passed through Ohio Department of Job and Family Services)</i> | | | |
| Chaffee Foster Care Independence Program | G-1011-11-5019 | 93.674 | 751 |

FINANCIAL CONDITION
CHAMPAIGN COUNTY

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

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|---|----------------------------------|---------------------------|---------------------------|
| Medical Assistance Program: (Passed through Ohio Department of Job and Family Services) | | | |
| Medical Assistance Program | G-1011-11-5019 | 93.778 | 323,832 |
| Medical Assistance Program - Ohio Home Care Waiver | | | 1,299 |
| Total Medical Assistance Program - Ohio Department of Job and Family Services | | | <u>325,131</u> |
| (Passed through Ohio Board of Developmental Disabilities) | | | |
| Medical Assistance Program | N/A | 93.778 | 143,552 |
| ARRA - Medical Assistance Program | N/A | | 34,578 |
| Total Medical Assistance Program - Ohio Board of Developmental Disabilities | | | <u>178,130</u> |
| Total Medical Assistance Program | | | <u>503,261</u> |
| (Passed through Ohio Department of Job and Family Services - JEVS Human Services Ohio FMS) | | | |
| Money Follows the Person Rebalancing Demonstration | N/A | 93.791 | 7,000 |
| Total U.S. Department of Health & Human Services | | | <u>2,182,925</u> |
| Total Federal Financial Assistance | | | <u><u>\$3,905,417</u></u> |

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

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**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – SUB-RECIPIENTS

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

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

NOTE C - MATCHING REQUIREMENTS

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

NOTE D – PRIOR YEAR PROGRAM EXPENDITURE ADJUSTMENTS

The Ohio Department of Job and Family Services (ODJFS) sub-awarded to Champaign County, Federal funding from the U.S. Department of Health and Human Services. Although these programs were administered at the County level, in June 2011 ODJFS adjusted the County's Child Support Enforcement program expenditures to reverse overages in eligible claims to the stimulus grant. ODJFS' adjustments were retroactive to the beginning of the grant period (October 1, 2008). Therefore, these June 2011 adjustments affect 2009 and 2010 calendar-year program expenditures previously reported as follows:

| <u>Program</u> | <u>CFDA Number</u> | <u>Pass Through Number</u> | <u>2009 and 2010 Federal Expenditures Reported</u> | <u>June 2011 Adjustment Amount</u> | <u>Adjusted 2009 and 2010 Federal Expenditures Reported</u> |
|-------------------------------------|------------------------|---------------------------------|--|--|---|
| ARRA – Child Support Enforcement | 93.563 | G-89-20-1036/ G-1011-10-5019 | \$113,094 | (\$54,932) | \$ 58,162 |
| ARRA – Child Support Enforcement | 93.563 | G-89-20-1036/ G-1011-11-5019 | \$533,501 | (\$258,969) | \$274,532 |

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

NOTE E – PRIOR YEAR PROGRAM EXPENDITURE ADJUSTMENTS

During the calendar year, the County received a deferred payment from the Ohio Department of Developmental Disabilities (DODD) for the Medicaid program (CFDA # 93.778) in the amount of \$247,827. The deferred payment was for Medicaid Administrative Claiming (MAC) and Waiver Administrative Claiming (WAC) expenses the County incurred in prior reporting periods due to an increase of federal funding received by DODD to reimburse these expenses and also due to changes in the County's Medicaid Eligibility Rate (MER) for certain activity codes within MAC/WAC. This revenue is not listed on the County's Federal Awards Expenditures Schedule since the underlying expenses occurred in prior reporting periods.

NOTE F – VOTING ACCESS FOR INDIVIDUALS WITH DISABILITIES GRANTS TO STATES

The County received grant funds for the Voting Access for Individuals with Disabilities Grants to States program. The entire funds were not expended prior to the grant expiration period. As a result, the County returned \$906 to the Ohio Secretary of State during 2011.



Dave Yost • Auditor of State

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign County (the County) as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 9, 2013, wherein we noted the County uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We also noted the Home Options Inc. and Lawnview Industries Inc. (component units) were not reported with the financial data of the County, but rather was presented as a related note disclosure as Notes 16 and 17. This was due to the fact that component units are reported in accordance with Generally Accepted Accounting Principles. Other auditors audited Notes 16 and 17, as described in our opinion on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that those auditors reported. Our report refers to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

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

**Internal Control Over Financial Reporting
(Continued)**

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-05 and 2011-06 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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 2011-01 through 2011-06.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated January 9, 2013.

We intend this report solely for the information and use of management, the audit committee, Board of County Commissioners, and federal awarding agencies and pass-through entities, and others within the County. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

January 9, 2013



Dave Yost • Auditor of State

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

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

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

Compliance

We have audited the compliance of Champaign County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Champaign County's major federal programs for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the County's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with these requirements.

As described in finding 2011-07 in the accompanying schedule of findings, the County did not comply with requirements regarding Cash Management applicable to its HOME Investment Partnerships Program major federal program. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, Champaign County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011.

The results of our auditing procedures also disclosed another instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instances as Finding 2011-08.

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Internal Control over Compliance

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

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 significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2011-07 and 2011-08 to be material weaknesses.

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

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated January 9, 2013.

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



Dave Yost
Auditor of State

January 9, 2013

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|--|--|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <i>(d)(1)(ii)</i> | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | Yes |
| <i>(d)(1)(ii)</i> | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | 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 | Qualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510(a)? | Yes |
| <i>(d)(1)(vii)</i> | Major Programs (list): | <p>CFDA 14.239 - Home Investment Partnerships Program</p> <p>Workforce Investment Act Cluster:</p> <ul style="list-style-type: none"> • CFDA 17.258 - WIA Adult Program • CFDA 17.259 - WIA Youth Activities • CFDA 17.278 - WIA Dislocated Workers <p>CFDA 81.128 - ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)</p> <p>CFDA 93.558 - Temporary Assistance for Needy Families</p> <p>CFDA 93.778 - Medical Assistance Program</p> |
| <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 |

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

FINDING NUMBER 2011-01

Noncompliance

Annual Financial Reporting

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

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

In addition, the County did not complete its annual financial report until November 2012, which prohibits usefulness of timely reports.

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

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

FINDING NUMBER 2011-02

Noncompliance

Appropriations Exceed Estimated Resources

Ohio Rev. Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources.

At December 31, 2011, the County had one fund in which appropriations exceeded estimated resources.

| <u>Fund</u> | <u>Estimated Resources</u> | <u>Appropriations</u> | <u>Variance</u> |
|-------------------------------|----------------------------|-----------------------|-----------------|
| Sheriff Policing Rotary (701) | \$395,347 | \$457,652 | (\$62,305) |

The County should review appropriations and certificates of estimated resources to determine if appropriations exceed estimated resources throughout the year and at year end. When the County determines appropriations will exceed estimated resources, the County should amend either appropriations or the certificate of estimated resources to help prevent noncompliance and negative fund balances.

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

FINDING NUMBER 2011-03

Noncompliance

Authorize the Necessary Tax Levies

Ohio Revised Code Section 5705.34 provides in part that each taxing authority is to pass an ordinance or resolution to authorize the necessary tax levies. Each such authority is to certify the levies to the county auditor before October 1, unless a later date is approved by the tax commissioner.

The County did not authorize the necessary tax levies in an ordinance or resolution for fiscal year 2011.

The County should authorize the necessary tax rates to the County Auditor on or before October 1st, unless a later date is approved by the tax commissioner in order to properly certify the tax rates for the county's levies.

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

FINDING NUMBER 2011-04

Noncompliance

Treasurer and Real Estate Assessment Fees

Ohio Rev. Code Section 319.54(C) states from all moneys collected by the county treasurer on any tax duplicate of the county, other than estate tax duplicates, and on all moneys received as advance payments of personal property and classified property taxes, there shall be paid into the county treasury to the credit of the real estate assessment fund created by section 325.31 of the Revised Code, an amount to be determined by the county auditor, which shall not exceed the percentages prescribed in divisions (C)(1) and (2) of this section.

The County appropriately calculated the settlement fees for the 2011 first half real estate settlement; however \$76,549 was posted to the General Fund treasurer fees rather than the Real Estate Assessment fund fees. Although the misstatement was not material, the County adjusted the financial statements and ledgers for the error.

The County should use due care while calculating and posting auditor and treasurer fees to the General and Real Estate Assessment funds. The County Auditor should review the postings and ensure they are accurately completed and posted in order to prevent incorrect fund postings.

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

FINDING NUMBER 2011-05

Noncompliance – Material Weakness

Child Support Enforcement Fund Revenue

Ohio Rev. Code Section 3125.191 establishes the child support operating fund, which is a special revenue fund. The department of job and family services may deposit into the fund a portion of the federal incentives described in division (A) of section 3125.19 of the Revised Code and authorized by 42 U.S.C. 658a that are received by the department of job and family services from the United States department of health and human services. The department of job and family services may use money in the child support operating fund for program and administrative purposes associated with the program of child support enforcement authorized by section 3125.03 of the Revised Code.

**FINDING NUMBER 2011-05
(Continued)**

Ohio Rev. Code Section 5705.09(F) requires a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

Ohio Rev. Code Section 3125.21 states all moneys received from the federal or state government for reimbursement for support enforcement activities shall be used solely for support enforcement activities.

The Job and Family Services Department posted \$97,668 in child support enforcement funds to the Workforce Investment Act fund during 2011. The County adjusted the funds to property account for activity between these funds.

The department should review each revenue transaction received and ensure it is properly posted to the correct fund. This will allow for proper presentation, classification, and compliance with special funds.

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

FINDING NUMBER 2011-06

Noncompliance – Material Weakness

Children Services Fund Revenue

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

In 2011, the Department of Job and Family Services posted two children service receipts to the incorrect funds as follows:

1. \$31,719 to Workforce Investment Act Fund (271)
2. \$21,303 to Job and Family Services Fund (207)

The County posted adjustments to ledgers and statements reflect proper activity for these departments.

The department should review each revenue amount carefully and properly determine to which job and family service fund the revenue belongs. This will help ensure revenues and associated expenditures are properly accounted for in each fund in which the county department is responsible.

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

HOME Grant Cash Management

| | |
|------------------------------------|--|
| Finding Number | 2011-07 |
| CFDA Title and Number | CFDA 14.239 - Home Investment Partnerships Program |
| Federal Award Number / Year | BC-09-1AK-2 / 2009 |
| Federal Agency | U.S. Department of Housing and Urban Development |
| Pass-Through Agency | Ohio Department of Development |

Noncompliance and Material Weakness

24 CFR 85.20 (b)(7) requires cash management procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and sub-grantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on sub-grantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their sub-grantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees

The Ohio Department of Development Financial Management Rules and Regulations, Section A.3.f states that "Grantees must develop a cash management system to ensure compliance with the fifteen Day Rule relating to prompt disbursement of funds." This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds. Lump sum drawdowns are not permitted. Escrow accounts are permitted only in the case of rehabilitation of private property. For the purpose of the Fifteen Day Rule only, funds deposited into an escrow account will be considered expended, but it should be noted that funds may only be in an escrow account for 20 days.

Between June 2011 and October 2011, the County exceeded the \$5,000 limit within 15 days after draw-downs to a maximum of 86 days, with the highest amount of cash on hand being \$90,563.

In order to avoid cuts in funding and other repercussions from the Federal government, the County should establish and implement policies and procedures to determine that Federal funds are not accumulated, but rather, are spent as close as possible to the date of draw down. The County could draw down smaller amounts and do so more frequently, or they could look into putting the funds into an escrow account, but must be sure to review and follow the guidelines regarding such. In addition, the County should implement procedures that allow the County to track interest earned on Federal funds. The County should calculate interest earned on Federal funds and if applicable remit interest earned in excess of \$100 to the Federal Government.

Officials' Response:

See Corrective Action Plan

Workforce Investment Act (WIA) Youth Earmarking

| | |
|------------------------------------|---|
| Finding Number | 2011-08 |
| CFDA Title and Number | Workforce Investment Act Cluster: <ul style="list-style-type: none"> • CFDA 17.258 - WIA Adult Program • CFDA 17.259 - WIA Youth Activities • CFDA 17.278 - WIA Dislocated Workers |
| Federal Award Number / Year | 2011 |
| Federal Agency | U.S. Department of Labor |
| Pass-Through Agency | Area 7 Workforce Investment Board |

Noncompliance and Material Weakness

20 C.F.R. Section 664.320(a) requires at least thirty percent of WIA Youth Activity funds allocated to the local areas, except for the local area expenditures for administrative purposes, must be used to provide activities to out-of-school youth.

The pass-through entity, Area 7, was responsible for ensuring compliance with this requirement for the area as a whole while the individual counties within the area should monitor their expenditures to ensure compliance. The County expended 13.92% of the WIA youth funds on out-of-school youth during fiscal year 2011.

The Champaign County Job and Family Services (CCJFS) should monitor its expenditures to comply with the 30% requirement. Additionally, if the 30% requirement is not met, the CCJFS should contact Area 7 fiscal offices.

Officials' Response:

See Corrective Action Plan

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--|------------------|--|
| 2010-01 | Material Weakness – Financial Reporting | Yes | |
| 2010-02 | ORC 321.31 and 321.24(A) – County advanced more taxes to general fund than permitted | Yes | |
| 2010-03 | ORC 117.38 and OAC 117-2-03(B) – Failure to report on GAAP | No | Repeated as Finding 2011-01 |
| 2010-04 | ORC 5705.36(A) – Appropriations exceeded actual resources | Yes | |

**FINANCIAL CONDITION
CHAMPAIGN COUNTY**

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

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|----------------|--|--------------------------------|--|
| 2011-07 | Champaign County will delay drawing funds until a definite completion date has been received from contractors so that the work will be completed to coincide with the time drawn funds are received. | Effective Date January 1, 2013 | Andrea Millice, Clerk/Administrator |
| 2011-08 | <p>Champaign County Department of Job & Family Services actively recruits age appropriate youth for participation in our WIA Youth Program.</p> <p>These activities have been occurring for approximately the past 8 months. Agency has been monitored for WIA program by Ted Katz, Area 7 monitor and has been commended on these outreach activities to encourage out of school youth to participate in the WIA program. These activities will continue and, as new creative ideas are presented, agency will incorporate those as well.</p> | Effective Date January 1, 2013 | Susan Bailey-Evans, Job and Family Services Director |



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CHAMPAIGN COUNTY FINANCIAL CONDITION

CHAMPAIGN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 7, 2013