



Dave Yost • Auditor of State



**FINANCIAL CONDITION  
MIAMI COUNTY**

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MIAMI COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Miami County Commissioners  
Miami County Auditor  
Miami County Treasurer  
Miami County Safety Building  
201 West Main Street  
Troy, Ohio 45373

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Miami 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 the financial statements of Riverside Training Industries, Inc. which represents all of the assets, liabilities, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the County, is based on the report of the 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 that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Miami County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, Motor Vehicle and Gasoline Tax Fund, Job and Family Services Fund, Board of Developmental Disabilities Fund, and Community Developmental Block Grant Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during 2011, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which resulted in restatement of prior year fund balances and net assets.

In accordance with Government Auditing Standards, we have also issued our report dated September 21, 2012, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



**Dave Yost**  
Auditor of State

September 21, 2012

## MIAMI COUNTY, OHIO

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### *Management's Discussion and Analysis For the Year Ended December 31, 2011*

*Unaudited*

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

### **FINANCIAL HIGHLIGHTS**

#### **Key financial highlights for 2011 are as follows:**

- ❑ In total, net assets increased \$5,667,921. Net assets of governmental activities increased \$2,599,943, which represents a 2.1% increase from 2010. Net assets of business-type activities increased \$3,067,978, or 20.5% from 2010.
- ❑ General revenues accounted for \$31.6 million in revenue or 35.8% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$56.6 million or 64.2% of total revenues of \$88.1 million.
- ❑ The County had \$72.0 million in expenses related to governmental activities; only \$43.0 million of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$24.1 million in revenues and \$22.4 million in expenditures and other financing uses. The general fund's fund balance increased \$1.7 million to a balance of \$14.8 million.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the County:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the County's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the County, reporting the County's operations in more detail than the government-wide statements.

The financial statements also include notes that provide more detailed data and explain some of the information in the financial statements.

# MIAMI COUNTY, OHIO

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## *Management's Discussion and Analysis For the Year Ended December 31, 2011*

*Unaudited*

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### ***Government-wide Statements***

The government-wide statements report information about the County as a whole, including Riverside Training Industries, Inc. the County's discretely presented component unit, using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the County's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's net assets and how they have changed. Net-assets (the difference between the County's assets and liabilities) is one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County you need to consider additional nonfinancial factors such as changes in the County's tax base and the condition of County capital assets.

The government-wide financial statements of the County are divided into two categories:

- *Governmental Activities* – Most of the County's programs and services are reported here including public safety, health, human services, general government and public works.
- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. All of the County's enterprise activities are reported as business-type activities.

A separately issued audit report containing financial statements is available from Riverside Training Industries, Inc. at 110 Foss Way, Troy, Ohio 45373.

### ***Fund Financial Statements***

The fund financial statements provide more detailed information about the County's most significant funds, not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The County's major governmental funds are the General Fund, the Motor Vehicle and Gasoline Tax Fund, the Job and Family Services Fund, the Board of Development Disabilities Fund, the Community Development Block Grant Fund and the Permanent Improvement Fund. The County's major enterprise funds are the Water Fund, Sewer Fund, Transfer Station Fund and the Sheriff Police Rotary Fund.

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



## **MIAMI COUNTY, OHIO**

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### ***Management's Discussion and Analysis For the Year Ended December 31, 2011***

***Unaudited***

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

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

***Proprietary Funds*** - The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses four enterprise funds to account for water, sewer, transfer station and sheriff police rotary operations. All of the County's enterprise funds are presented as major funds.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County's internal service fund reports on the County self-insurance program for employee medical benefits.

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

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**MIAMI COUNTY, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2011**

**Unaudited**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

The table below provides a comparison of 2011 to 2010 for both the Governmental and Business-Type Activities.

	Governmental Activities		Business-Type Activities		Total	
	Restated				Restated	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$74,692,865	\$68,433,606	\$4,275,531	\$3,078,336	\$78,968,396	\$71,511,942
Capital assets, net	89,846,897	89,463,853	29,288,930	25,492,413	119,135,827	114,956,266
Total assets	<u>164,539,762</u>	<u>157,897,459</u>	<u>33,564,461</u>	<u>28,570,749</u>	<u>198,104,223</u>	<u>186,468,208</u>
Long-term debt outstanding	19,051,198	19,840,287	14,220,414	11,851,160	33,271,612	31,691,447
Other liabilities	20,074,940	15,243,491	1,304,387	1,747,907	21,379,327	16,991,398
Total liabilities	<u>39,126,138</u>	<u>35,083,778</u>	<u>15,524,801</u>	<u>13,599,067</u>	<u>54,650,939</u>	<u>48,682,845</u>
Net assets						
Invested in capital assets, net of related debt	76,873,751	80,495,795	14,721,302	12,746,045	91,595,053	93,241,840
Restricted	29,506,150	27,924,768	0	0	29,506,150	27,924,768
Unrestricted	<u>19,033,723</u>	<u>14,393,118</u>	<u>3,318,358</u>	<u>2,225,637</u>	<u>22,352,081</u>	<u>16,618,755</u>
Total net assets	<u><u>\$125,413,624</u></u>	<u><u>\$122,813,681</u></u>	<u><u>\$18,039,660</u></u>	<u><u>\$14,971,682</u></u>	<u><u>\$143,453,284</u></u>	<u><u>\$137,785,363</u></u>

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## MIAMI COUNTY, OHIO

### Management's Discussion and Analysis For the Year Ended December 31, 2011

*Unaudited*

**Changes in Net Assets** – The following table shows the changes in net assets for the fiscal years 2011 and 2010:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues:						
Charges for Services and Sales	\$15,136,575	\$17,641,367	\$9,589,566	\$9,174,133	\$24,726,141	\$26,815,500
Operating Grants and Contributions	16,371,227	15,142,033	0	2,000	16,371,227	15,144,033
Capital Grants and Contributions	11,496,687	6,327,060	3,982,755	6,312,162	15,479,442	12,639,222
Total Program Revenues	<u>43,004,489</u>	<u>39,110,460</u>	<u>13,572,321</u>	<u>15,488,295</u>	<u>56,576,810</u>	<u>54,598,755</u>
General Revenues:						
Property Taxes	11,630,674	11,660,153	0	0	11,630,674	11,660,153
Sales Taxes	13,898,866	13,068,296	0	0	13,898,866	13,068,296
Intergovernmental, Unrestricted	4,645,087	5,582,505	0	0	4,645,087	5,582,505
Investment Earnings	467,556	399,929	0	0	467,556	399,929
Miscellaneous	916,459	657,784	0	0	916,459	657,784
Total General Revenues	<u>31,558,642</u>	<u>31,368,667</u>	<u>0</u>	<u>0</u>	<u>31,558,642</u>	<u>31,368,667</u>
Total Revenues	<u>74,563,131</u>	<u>70,479,127</u>	<u>13,572,321</u>	<u>15,488,295</u>	<u>88,135,452</u>	<u>85,967,422</u>
Program Expenses:						
Public Safety	16,418,718	18,139,014	0	0	16,418,718	18,139,014
Health	13,390,803	14,011,503	0	0	13,390,803	14,011,503
Human Services	12,390,060	12,761,984	0	0	12,390,060	12,761,984
Conservation and Recreation	542,840	538,551	0	0	542,840	538,551
Public Works	14,052,691	11,840,755	0	0	14,052,691	11,840,755
General Government	14,671,764	12,851,916	0	0	14,671,764	12,851,916
Interest and Fiscal Charges	496,312	351,205	0	0	496,312	351,205
Business Type Activities:						
Water	0	0	1,716,456	1,465,738	1,716,456	1,465,738
Sewer	0	0	3,038,304	2,463,509	3,038,304	2,463,509
Transfer Station	0	0	5,328,031	5,140,902	5,328,031	5,140,902
Sheriff Police Rotary	0	0	421,552	409,201	421,552	409,201
Total Expenses	<u>71,963,188</u>	<u>70,494,928</u>	<u>10,504,343</u>	<u>9,479,350</u>	<u>82,467,531</u>	<u>79,974,278</u>
Total Change in Net Assets	2,599,943	(15,801)	3,067,978	6,008,945	5,667,921	5,993,144
Beginning Net Assets, Restated	<u>122,813,681</u>	<u>122,829,482</u>	<u>14,971,682</u>	<u>8,962,737</u>	<u>137,785,363</u>	<u>131,792,219</u>
Ending Net Assets	<u>\$125,413,624</u>	<u>\$122,813,681</u>	<u>\$18,039,660</u>	<u>\$14,971,682</u>	<u>\$143,453,284</u>	<u>\$137,785,363</u>

## MIAMI COUNTY, OHIO

**Management's Discussion and Analysis  
For the Year Ended December 31, 2011**

**Unaudited**

### Governmental Activities

Net assets of the County's governmental activities increased by \$2,599,943. This is primarily the result of additional capital grants received in 2011.

Tax revenue accounts for \$25,529,540 of the \$74,563,131 in total revenues for governmental activities. Property tax accounted for \$11,630,674, or approximately 45.6% of total tax revenue.

The County's net charges to users of governmental services totaled \$28,958,699. This amount was subsidized by the County's general revenues of \$31,558,642.

Revenue Sources	2011	Percent of Total
Intergovernmental, Unrestricted	\$4,645,087	6.23%
Program Revenues	43,004,489	57.67%
General Tax Revenues	25,529,540	34.24%
General Other	1,384,015	1.86%
Total Revenue	\$74,563,131	100.00%

57.67%

6.23%

1.86%

34.24%

### Business-Type Activities

Net assets of the business-type activities increased by \$3,067,978. This amount is primarily attributable to grants received for capital asset construction in the Sewer Fund. These programs had revenues of \$13,572,321 and expenses of \$10,504,343 for fiscal year 2011. Business-type activities receive no support from tax revenues and remain self-supported.

### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County's governmental funds reported a combined fund balance of \$44,089,599, which is an increase from last year's total of \$41,933,385. The schedule below indicates the fund balance and the total change in fund balance by major fund and Other Governmental fund as of December 31, 2011 and 2010.

	Fund Balance December 31, 2011	Restated Fund Balance December 31, 2010	Increase (Decrease)
General	\$14,758,845	\$13,091,717	\$1,667,128
Motor Vehicle and Gasoline Tax	3,944,431	3,838,345	106,086
Job and Family Services	1,352,456	1,168,230	184,226
Board of Developmental Disabilities	6,740,935	7,001,059	(260,124)
Community Development Block Grant	51,477	158,937	(107,460)
Permanent Improvement	600,060	662,017	(61,957)
Other Governmental	16,641,395	16,013,080	628,315
Total	\$44,089,599	\$41,933,385	\$2,156,214

## MIAMI COUNTY, OHIO

**Management's Discussion and Analysis  
For the Year Ended December 31, 2011**

**Unaudited**

*General Fund* – The County's General Fund revenues exceeded the fund's expenditures by \$2,017,420. The General Fund's balance increased (overall) by \$1,667,128. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2011	Restated 2010	Increase (Decrease)
	Revenues	Revenues	
Taxes	\$15,298,278	\$14,755,444	\$542,834
Intergovernmental Revenues	2,703,173	3,100,236	(397,063)
Charges for Services	3,219,437	3,422,920	(203,483)
Licenses and Permits	787,104	816,798	(29,694)
Investment Earnings	503,155	570,140	(66,985)
Fines and Forfeitures	1,010,147	1,133,017	(122,870)
All Other Revenue	564,169	419,622	144,547
Total	\$24,085,463	\$24,218,177	(\$132,714)

Revenues decreased 0.5% when compared with 2010. The increase in sales tax revenue helped to soften the decreases in virtually all of the other revenue categories.

	2011	Restated 2010	Increase (Decrease)
	Expenditures	Expenditures	
Public Safety	\$8,277,446	\$8,806,647	(\$529,201)
Health	231,263	162,599	68,664
Human Services	2,194,670	2,229,729	(35,059)
Conservation and Recreation	419,945	415,757	4,188
Public Works	207,667	235,246	(27,579)
General Government	10,733,380	11,153,539	(420,159)
Debt Service:			
Principal Retirement	3,594	16,636	(13,042)
Interest and Fiscal Charges	78	212	(134)
Total	\$22,068,043	\$23,020,365	(\$952,322)

Expenditures decreased 4.1% under 2010. Public safety and general government functions accounted for the majority of the decrease. General government decreases are largely due to attrition and imposed expenditure restraints.

*Motor Vehicle and Gasoline Tax Fund* – Revenues increased 21.9% over 2010 while expenditures increased by 18.1%. The increase in revenues and expenditures is mainly due to receiving additional grants relating to road resurfacing and marking and bridge projects.

## MIAMI COUNTY, OHIO

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### *Management's Discussion and Analysis For the Year Ended December 31, 2011*

*Unaudited*

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*Job and Family Services Fund* – Revenues and expenditures decreased by 3.3% and 11.2% respectively in 2011 when comparing to 2010. Overall the fund balance increased by \$184,226 on revenues of \$4.4 million and expenditures of \$4.22 million. The decrease in revenues was primarily a result of overall funding cuts by the State.

*Board of Developmental Disabilities Fund* – Revenues and expenditures decreased by 9.9% and 8.2% respectively in 2011 when comparing to 2010. The fund balance decreased by \$260,124 in 2011. The decrease in revenues and expenditures was primarily due a decrease in grants.

*Community Development Block Grant Fund* – Revenues and expenditures decreased by 12.4% and 6.3% respectively in 2011 when comparing to 2010. Both decreases are the result of a decrease in grant monies received and expended in 2011. The fund balance decreased by \$107,460 in 2011.

*Permanent Improvement Fund* – The balance in this fund can fluctuate by 50% or more in a given year because this fund is utilized to account for the majority of the County's capital improvements. The level of funding and expenditures vary depending on the County's capital plans for the given year. During 2011, the fund balance decreased by 9.4% due primarily to decreased revenues.

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2011 the County amended its General Fund budget several times, none significant.

For the General Fund, budget basis revenue of \$22.7 million did not change significantly when compared to the original budget estimates. The General Fund had an adequate fund balance to cover expenditures.

The variances between the final budget and the actual revenues are solely the result of the County Auditor's decision to conservatively estimate revenues. It is not the practice of the County or the Budget Commission to revise estimated revenues at year-end to bring the budget in line with actual resources. The largest variances between the final budget and actual expenditures were \$1.4 million in Public Safety, and \$1.2 million in General Government. The large variances in both Public Safety and General Government are due to imposed expenditure restraints.

**MIAMI COUNTY, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2011**

**Unaudited**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal 2011 the County had \$119,135,827 net of accumulated depreciation invested in capital assets for its governmental and business-type activities. Of this total, \$89,846,897 was related to governmental activities and \$29,288,930 to the business-type activities.

Governmental activities largest increases occurred in the building and infrastructure categories.

Acquisitions in the business-type activities amounted to \$4,610,134. The Sewer Fund accounted for \$3.9 million of the acquisitions with additional OWDA, OPWC and ARRA projects.

The following table summarizes the County's capital assets as of December 31, 2011 and December 31, 2010:

	Governmental Activities		Increase (Decrease)
	2011	2010	
Land	\$5,517,735	\$5,517,735	\$0
Total Non-Depreciable Capital Assets	5,517,735	5,517,735	0
Buildings	43,743,663	42,779,160	964,503
Improvements Other Than Buildings	341,989	303,480	38,509
Machinery and Equipment	20,290,185	20,024,986	265,199
Infrastructure	77,023,050	75,553,036	1,470,014
Less: Accumulated Depreciation	(57,069,725)	(54,714,544)	(2,355,181)
Total Depreciable Capital Assets	84,329,162	83,946,118	383,044
Totals	\$89,846,897	\$89,463,853	\$383,044

	Business-Type Activities		Increase (Decrease)
	2011	2010	
Land	\$90,000	\$90,000	\$0
Total Non-Depreciable Capital Assets	90,000	90,000	0
Buildings	3,836,035	3,686,711	149,324
Improvements Other Than Buildings	32,223,378	27,841,027	4,382,351
Machinery and Equipment	1,656,968	1,578,509	78,459
Less: Accumulated Depreciation	(8,517,451)	(7,703,834)	(813,617)
Total Non-Depreciable Capital Assets	29,198,930	25,402,413	3,796,517
Totals	\$29,288,930	\$25,492,413	\$3,796,517

Additional information on the County's capital assets can be found in Note 10.

## **MIAMI COUNTY, OHIO**

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### ***Management's Discussion and Analysis For the Year Ended December 31, 2011***

***Unaudited***

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#### **Debt**

At December 31, 2011, the County had \$16.77 million in bonds outstanding, \$930,000 due within one year. The following table summarizes the County's debt outstanding as of December 31, 2011 and December 31, 2010:

	<u>2011</u>	<u>2010</u>
Governmental Activities:		
General Obligation Bonds	\$8,452,850	\$8,620,000
Superfund Site Liability	7,762,920	8,264,410
Capital Leases	12,671	37,850
Compensated Absences	2,822,757	2,918,027
Total Governmental Activities	<u>19,051,198</u>	<u>19,840,287</u>
Business-Type Activities:		
General Obligation Bonds	8,317,150	8,190,000
OPWC Loans	930,050	855,900
OWDA Loans	4,787,428	2,655,212
Landfill Postclosure Care Liability	27,660	27,413
Compensated Absences	158,126	122,635
Total Business-Type Activities	<u>14,220,414</u>	<u>11,851,160</u>
Totals	<u><u>\$33,271,612</u></u>	<u><u>\$31,691,447</u></u>

State statutes limit the amount of unvoted general obligation debt the County may issue. The aggregate amount of the County's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the County's unvoted debt, when added to that of other political subdivisions within the County, is limited to ten mills. At December 31, 2011, the County's outstanding debt was below the legal limit. Additional information on the County's long-term debt can be found in Note 15.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

From 1990 through 2008 Miami County's employment has been better than both the state and national rate. During 2010, the County's unemployment rate was 9.6% while the State had a 10.1% unemployment rate. In 2011, the County's unemployment rate dropped to 8.7% and the State dropped to 8.6%

While Miami County remains in good financial shape, the County's budget for the general fund in 2012 is very conservative. Total revenues for 2012 are projected to be \$21.7 million, which is 11.75% less than what was actually received on a cash basis in fiscal year 2011. The General Fund's anticipated expenses are projected to increase 18.25% from \$21.7 million on a cash basis in 2011 to \$25.7 million in 2012. Our Sales Tax for 2012 is projected to be \$13 million due to the .25% tax increase effective October 2009. Investment income is expected to be \$450,000 in 2012 if interest rates remain steady with 2011 rates.



# MIAMI COUNTY, OHIO

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*Management's Discussion and Analysis  
For the Year Ended December 31, 2011*

*Unaudited*

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## REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information contact Matthew W. Gearhardt, Miami County Auditor, 201 W. Main Street, Troy, Ohio 45373.



**MIAMI COUNTY, OHIO**

**Statement of Net Assets**  
**December 31, 2011**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Riverside Training Industries, Inc.</b>
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 14,791,488	\$ 786,023	\$ 15,577,511	\$ 220,974
Cash and Cash Equivalents with Fiscal Agent	701,580	0	701,580	0
Investments	28,734,721	3,458,143	32,192,864	1,330,554
Receivables:				
Taxes	15,713,414	0	15,713,414	0
Accounts	507,230	357,699	864,929	113,512
Intergovernmental	11,602,061	77,165	11,679,226	0
Interest	31,383	0	31,383	0
Loans	1,718,489	0	1,718,489	0
Internal Balances	403,499	(403,499)	0	0
Inventory of Supplies at Cost	344,010	0	344,010	3,046
Prepaid Items	144,990	0	144,990	19,467
Non-Depreciable Capital Assets	5,517,735	90,000	5,607,735	130,000
Depreciable Capital Assets, Net	84,329,162	29,198,930	113,528,092	944,642
<b>Total Assets</b>	<b>164,539,762</b>	<b>33,564,461</b>	<b>198,104,223</b>	<b>2,762,195</b>
<b>Liabilities:</b>				
Accounts Payable	1,060,037	334,181	1,394,218	28,216
Accrued Wages and Benefits	798,671	49,341	848,012	50,255
Intergovernmental Payable	168,120	358,434	526,554	0
Claims Payable	685,351	0	685,351	0
Due to Others	0	0	0	3,395
Unearned Revenue	12,888,761	0	12,888,761	0
Accrued Interest Payable	47,000	29,431	76,431	0
General Obligation Notes Payable	4,427,000	533,000	4,960,000	0
Long Term Liabilities:				
Due Within One Year	2,003,049	724,295	2,727,344	0
Due in More Than One Year	17,048,149	13,496,119	30,544,268	0
<b>Total Liabilities</b>	<b>39,126,138</b>	<b>15,524,801</b>	<b>54,650,939</b>	<b>81,866</b>

**MIAMI COUNTY, OHIO**

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	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Riverside Training Industries, Inc.</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	76,873,751	14,721,302	91,595,053	1,074,642
Restricted For:				
Capital Projects	3,191,434	0	3,191,434	0
Debt Service	4,463	0	4,463	0
Public Safety	5,356,637	0	5,356,637	0
Health	7,198,220	0	7,198,220	0
Human Services	9,817,033	0	9,817,033	0
Public Works	1,073,750	0	1,073,750	0
General Government	2,488,269	0	2,488,269	0
Other Purposes	376,344	0	376,344	0
Unrestricted	19,033,723	3,318,358	22,352,081	1,605,687
<b>Total Net Assets</b>	<b>\$ 125,413,624</b>	<b>\$ 18,039,660</b>	<b>\$ 143,453,284</b>	<b>\$ 2,680,329</b>

See accompanying notes to the basic financial statements

**MIAMI COUNTY, OHIO**

**Statement of Activities**  
**For the Year Ended December 31, 2011**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Public Safety	\$ 16,418,718	\$ 4,169,361	\$ 2,205,336	\$ 0
Health	13,390,803	671,843	3,836,941	0
Human Services	12,390,060	2,067,902	9,731,154	0
Conservation and Recreation	542,840	0	0	0
Public Works	14,052,691	2,279,469	0	11,496,687
General Government	14,671,764	5,948,000	597,796	0
Interest and Fiscal Charges	496,312	0	0	0
<b>Total Governmental Activities</b>	<b>71,963,188</b>	<b>15,136,575</b>	<b>16,371,227</b>	<b>11,496,687</b>
<b>Business-Type Activities:</b>				
Water	1,716,456	1,635,328	0	719,762
Sewer	3,038,304	2,210,553	0	3,262,993
Transfer Station	5,328,031	5,306,795	0	0
Sheriff Police Rotary	421,552	436,890	0	0
<b>Total Business-Type Activities</b>	<b>10,504,343</b>	<b>9,589,566</b>	<b>0</b>	<b>3,982,755</b>
<b>Total Primary Government</b>	<b>\$ 82,467,531</b>	<b>\$ 24,726,141</b>	<b>\$ 16,371,227</b>	<b>\$ 15,479,442</b>
<b>Component Unit:</b>				
Riverside Training Industries, Inc.	\$ 2,030,271	\$ 1,027,587	\$ 1,014,403	\$ 0

**General Revenues:**

Property Taxes  
Sales Taxes  
Intergovernmental, Unrestricted  
Investment Earnings  
Miscellaneous  
**Total General Revenues**

Change in Net Assets

Net Assets Beginning of Year, Restated

Net Assets End of Year

See accompanying notes to the basic financial statements

**MIAMI COUNTY, OHIO**

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Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total	Riverside Training Industries, Inc.
\$ (10,044,021)	\$ 0	\$ (10,044,021)	
(8,882,019)	0	(8,882,019)	
(591,004)	0	(591,004)	
(542,840)	0	(542,840)	
(276,535)	0	(276,535)	
(8,125,968)	0	(8,125,968)	
(496,312)	0	(496,312)	
<u>(28,958,699)</u>	<u>0</u>	<u>(28,958,699)</u>	
0	638,634	638,634	
0	2,435,242	2,435,242	
0	(21,236)	(21,236)	
0	15,338	15,338	
<u>0</u>	<u>3,067,978</u>	<u>3,067,978</u>	
<u>(28,958,699)</u>	<u>3,067,978</u>	<u>(25,890,721)</u>	
			\$ 11,719
11,630,674	0	11,630,674	0
13,898,866	0	13,898,866	0
4,645,087	0	4,645,087	0
467,556	0	467,556	18,285
916,459	0	916,459	0
<u>31,558,642</u>	<u>0</u>	<u>31,558,642</u>	<u>18,285</u>
2,599,943	3,067,978	5,667,921	30,004
<u>122,813,681</u>	<u>14,971,682</u>	<u>137,785,363</u>	<u>2,650,325</u>
<u>\$ 125,413,624</u>	<u>\$ 18,039,660</u>	<u>\$ 143,453,284</u>	<u>\$ 2,680,329</u>

**MIAMI COUNTY, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2011**

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Board of Developmental Disabilities
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,190,718	\$ 414,704	\$ 165,668	\$ 5,176,921
Cash and Cash Equivalents with Fiscal Agent	0	0	0	701,580
Investments	11,118,952	2,471,329	989,828	852,331
Receivables:				
Taxes	6,514,272	829,768	0	7,738,341
Accounts	188,875	191,996	0	0
Intergovernmental	1,333,272	2,216,372	3,709,311	886,820
Interest	31,383	0	0	0
Loans	0	0	0	0
Due from Other Funds	84,278	75,384	0	0
Interfund Loans Receivable	586,093	0	0	0
Inventory of Supplies, at Cost	0	344,010	0	0
Prepaid Items	126,248	5,497	0	5,893
<b>Total Assets</b>	<b>\$ 21,174,091</b>	<b>\$ 6,549,060</b>	<b>\$ 4,864,807</b>	<b>\$ 15,361,886</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 233,949	\$ 93,625	\$ 100,455	\$ 60,315
Accrued Wages and Benefits Payable	309,968	56,685	44,124	160,072
Intergovernmental Payable	38,090	0	0	119,663
Due to Other Funds	63,236	0	99,109	17,451
Interfund Loans Payable	0	0	0	0
Deferred Revenue	5,770,003	2,444,385	3,268,663	8,260,487
Compensated Absences Payable	0	9,934	0	2,963
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
<b>Total Liabilities</b>	<b>6,415,246</b>	<b>2,604,629</b>	<b>3,512,351</b>	<b>8,620,951</b>
<b>Fund Balances:</b>				
Nonspendable	608,364	349,507	0	5,893
Restricted	0	3,594,924	1,352,456	6,735,042
Committed	0	0	0	0
Assigned	619,924	0	0	0
Unassigned	13,530,557	0	0	0
<b>Total Fund Balances</b>	<b>14,758,845</b>	<b>3,944,431</b>	<b>1,352,456</b>	<b>6,740,935</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 21,174,091</b>	<b>\$ 6,549,060</b>	<b>\$ 4,864,807</b>	<b>\$ 15,361,886</b>

See accompanying notes to the basic financial statements

**MIAMI COUNTY, OHIO**

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Community Development Block Grant	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 154,792	\$ 692,182	\$ 6,737,808	\$ 14,532,793
0	0	0	701,580
0	4,135,646	9,166,635	28,734,721
0	18,304	612,729	15,713,414
0	0	126,359	507,230
1,396,955	0	2,059,331	11,602,061
0	0	0	31,383
1,718,489	0	0	1,718,489
0	15,219	153,308	328,189
0	0	0	586,093
0	0	0	344,010
0	0	7,352	144,990
<u>\$ 3,270,236</u>	<u>\$ 4,861,351</u>	<u>\$ 18,863,522</u>	<u>\$ 74,944,953</u>
\$ 17,427	\$ 146,224	\$ 408,042	\$ 1,060,037
0	0	227,822	798,671
0	0	10,367	168,120
6,888	0	138,006	324,690
90,000	0	96,093	186,093
3,104,444	0	1,019,743	23,867,725
0	0	4,590	17,487
0	5,067	464	5,531
0	4,110,000	317,000	4,427,000
<u>3,218,759</u>	<u>4,261,291</u>	<u>2,222,127</u>	<u>30,855,354</u>
0	0	7,352	971,116
51,477	600,060	16,403,885	28,737,844
0	0	301,552	301,552
0	0	0	619,924
0	0	(71,394)	13,459,163
<u>51,477</u>	<u>600,060</u>	<u>16,641,395</u>	<u>44,089,599</u>
<u>\$ 3,270,236</u>	<u>\$ 4,861,351</u>	<u>\$ 18,863,522</u>	<u>\$ 74,944,953</u>

**MIAMI COUNTY, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2011***

---

**Total Governmental Fund Balances** \$ 44,089,599

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

Capital Assets used in governmental activities are not resources and  
therefore are not reported in the funds. 89,846,897

Other long-term assets are not available to pay for current period  
expenditures and therefore are deferred in the funds. 10,978,964

Long-term liabilities, including bonds payable, are not due and payable  
in the current period and therefore are not reported in the funds. (19,075,180)

The Internal Service Fund is used by management to charge the costs of  
insurance to individual funds. The assets and liabilities of the internal  
service fund is included in governmental activities in the statement of  
net assets. This is the balance that is recorded in the governmental  
activities. (426,656)

***Net Assets of Governmental Activities*** \$ 125,413,624

See accompanying notes to the basic financial statements





**MIAMI COUNTY, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2011**

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Board of Developmental Disabilities
<b>Revenues:</b>				
Taxes	\$ 15,298,278	\$ 784,901	\$ 0	\$ 6,180,575
Intergovernmental Revenues	2,703,173	7,479,411	4,235,625	5,533,823
Charges for Services	3,219,437	818,875	9,171	300,415
Licenses and Permits	787,104	0	0	0
Investment Earnings	503,155	(4,155)	0	(453)
Fines and Forfeitures	1,010,147	43,773	0	0
All Other Revenues	564,169	360,789	158,009	38,548
<b>Total Revenue</b>	<b>24,085,463</b>	<b>9,483,594</b>	<b>4,402,805</b>	<b>12,052,908</b>
<b>Expenditures:</b>				
Current:				
Public Safety	8,277,446	0	0	0
Health	231,263	0	0	12,313,032
Human Services	2,194,670	0	4,218,579	0
Conservation and Recreation	419,945	0	0	0
Public Works	207,667	9,468,436	0	0
General Government	10,733,380	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	3,594	0	0	0
Interest and Fiscal Charges	78	0	0	0
<b>Total Expenditures</b>	<b>22,068,043</b>	<b>9,468,436</b>	<b>4,218,579</b>	<b>12,313,032</b>
Excess (Deficiency) of Revenues Over Expenditures	2,017,420	15,158	184,226	(260,124)
<b>Other Financing Sources (Uses):</b>				
Refunding Bonds Issued	0	0	0	0
Premium on Refunding Bonds Issued	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	(350,292)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(350,292)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	1,667,128	15,158	184,226	(260,124)
<b>Fund Balances at Beginning of Year, Restated</b>	13,091,717	3,838,345	1,168,230	7,001,059
Increase in Inventory Reserve	0	90,928	0	0
<b>Fund Balances End of Year</b>	<b>\$ 14,758,845</b>	<b>\$ 3,944,431</b>	<b>\$ 1,352,456</b>	<b>\$ 6,740,935</b>

See accompanying notes to the basic financial statements

## MIAMI COUNTY, OHIO

Community Development Block Grant	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 111,269	\$ 3,117,099	\$ 25,492,122
2,048,570	0	8,090,228	30,090,830
8,943	765,289	6,729,402	11,851,532
0	0	5	787,109
0	0	0	498,547
0	0	253,514	1,307,434
39,181	100,000	633,564	1,894,260
<u>2,096,694</u>	<u>976,558</u>	<u>18,823,812</u>	<u>71,921,834</u>
0	0	7,267,493	15,544,939
0	0	309,502	12,853,797
0	0	5,626,692	12,039,941
0	0	122,895	542,840
2,204,154	0	1,333,427	13,213,684
0	0	2,791,606	13,524,986
0	1,142,257	314,137	1,456,394
0	0	419,585	423,179
0	3,867	304,895	308,840
<u>2,204,154</u>	<u>1,146,124</u>	<u>18,490,232</u>	<u>69,908,600</u>
(107,460)	(169,566)	333,580	2,013,234
0	0	3,730,850	3,730,850
0	0	106,770	106,770
0	0	(3,785,568)	(3,785,568)
0	107,609	598,237	705,846
0	0	(355,554)	(705,846)
<u>0</u>	<u>107,609</u>	<u>294,735</u>	<u>52,052</u>
(107,460)	(61,957)	628,315	2,065,286
158,937	662,017	16,013,080	41,933,385
0	0	0	90,928
<u>\$ 51,477</u>	<u>\$ 600,060</u>	<u>\$ 16,641,395</u>	<u>\$ 44,089,599</u>

**MIAMI COUNTY, OHIO**

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***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For The Fiscal Year Ended December 31, 2011***

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**Net Change in Fund Balances - Total Governmental Funds** \$ 2,065,286

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation. 401,960

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (18,916)

Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 984,626

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 693,819

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (8,674)

Some expenses reported in the statement of activities, such as change in inventory and compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. 203,685

The Internal Service Fund, is used to charge the cost of services (e.g. insurance) to individual funds, is not included in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the County's Internal Service Fund is allocated among the governmental activities. (1,721,843)

***Change in Net Assets of Governmental Activities*** \$ 2,599,943

See accompanying notes to the basic financial statements

## MIAMI COUNTY, OHIO

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 14,383,770	\$ 14,383,770	\$ 15,223,000	\$ 839,230
Intergovernmental Revenues	2,904,794	2,904,794	2,735,841	(168,953)
Charges for Services	2,236,550	2,237,450	2,630,920	393,470
Licenses and Permits	770,065	875,540	786,531	(89,009)
Investment Earnings	900,000	900,000	535,956	(364,044)
Fines and Forfeitures	1,083,150	1,084,800	1,010,299	(74,501)
All Other Revenues	280,400	280,400	446,552	166,152
Total Revenues	<u>22,558,729</u>	<u>22,666,754</u>	<u>23,369,099</u>	<u>702,345</u>
<b>Expenditures:</b>				
Current:				
Public Safety	9,900,841	9,908,097	8,526,604	1,381,493
Health	155,349	259,962	230,803	29,159
Human Services	2,342,330	2,349,056	2,217,485	131,571
Conservation and Recreation	422,830	422,830	420,551	2,279
Public Works	238,282	239,321	207,624	31,697
General Government	11,936,723	12,025,127	10,791,709	1,233,418
Total Expenditures	<u>24,996,355</u>	<u>25,204,393</u>	<u>22,394,776</u>	<u>2,809,617</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,437,626)	(2,537,639)	974,323	3,511,962
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(336,363)	(350,292)	(350,292)	0
Advances In	50,000	50,000	65,000	15,000
Advances Out	(88,817)	(75,523)	(10,000)	65,523
Total Other Financing Sources (Uses):	<u>(375,180)</u>	<u>(375,815)</u>	<u>(295,292)</u>	<u>80,523</u>
Net Change in Fund Balance	(2,812,806)	(2,913,454)	679,031	3,592,485
Fund Balance at Beginning of Year	8,823,775	8,823,775	8,823,775	0
Prior Year Encumbrances	967,527	967,527	967,527	0
Fund Balance at End of Year	<u>\$ 6,978,496</u>	<u>\$ 6,877,848</u>	<u>\$ 10,470,333</u>	<u>\$ 3,592,485</u>

See accompanying notes to the basic financial statements

**MIAMI COUNTY, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue – Motor Vehicle and Gasoline Tax Fund  
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 773,500	\$ 773,500	\$ 784,901	\$ 11,401
Intergovernmental Revenues	5,150,600	7,553,654	7,444,869	(108,785)
Charges for Services	323,134	568,034	843,233	275,199
Investment Earnings	5,000	5,000	1,075	(3,925)
Fines and Forfeitures	73,000	73,000	43,745	(29,255)
All Other Revenues	280,720	553,161	360,789	(192,372)
Total Revenues	6,605,954	9,526,349	9,478,612	(47,737)
<b>Expenditures:</b>				
Current:				
Public Works	7,951,107	11,262,380	9,886,637	1,375,743
Total Expenditures	7,951,107	11,262,380	9,886,637	1,375,743
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,345,153)	(1,736,031)	(408,025)	1,328,006
Fund Balance at Beginning of Year	2,535,706	2,535,706	2,535,706	0
Prior Year Encumbrances	464,063	464,063	464,063	0
Fund Balance at End of Year	\$ 1,654,616	\$ 1,263,738	\$ 2,591,744	\$ 1,328,006

See accompanying notes to the basic financial statements

**MIAMI COUNTY, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue – Job And Family Services Fund  
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 4,500,001	\$ 4,553,672	\$ 4,306,343	\$ (247,329)
Charges for Services	29,500	29,500	9,171	(20,329)
All Other Revenues	193,050	193,050	159,897	(33,153)
Total Revenues	4,722,551	4,776,222	4,475,411	(300,811)
<b>Expenditures:</b>				
Current:				
Human Services	5,085,509	5,025,844	4,639,421	386,423
Total Expenditures	5,085,509	5,025,844	4,639,421	386,423
Excess (Deficiency) of Revenues Over (Under) Expenditures	(362,958)	(249,622)	(164,010)	85,612
Fund Balance at Beginning of Year	602,945	602,945	602,945	0
Prior Year Encumbrances	326,232	326,232	326,232	0
Fund Balance at End of Year	\$ 566,219	\$ 679,555	\$ 765,167	\$ 85,612

See accompanying notes to the basic financial statements

**MIAMI COUNTY, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue – Board of Developmental Disabilities Fund  
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 6,269,630	\$ 6,269,630	\$ 6,180,575	\$ (89,055)
Intergovernmental Revenues	4,563,697	4,563,697	4,861,352	297,655
Charges for Services	296,850	296,850	313,211	16,361
Investment Earnings	100	100	126	26
All Other Revenues	20,350	20,350	38,548	18,198
Total Revenues	11,150,627	11,150,627	11,393,812	243,185
<b>Expenditures:</b>				
Current:				
Health	12,776,721	12,776,721	12,169,619	607,102
Total Expenditures	12,776,721	12,776,721	12,169,619	607,102
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,626,094)	(1,626,094)	(775,807)	850,287
Fund Balance at Beginning of Year	6,182,213	6,182,213	6,182,213	0
Prior Year Encumbrances	183,388	183,388	183,388	0
Fund Balance at End of Year	\$ 4,739,507	\$ 4,739,507	\$ 5,589,794	\$ 850,287

See accompanying notes to the basic financial statements



**MIAMI COUNTY, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue – Community Developmental Block Grant Fund  
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 1,095,749	\$ 2,291,445	\$ 2,181,732	\$ (109,713)
Charges for Services	0	3,384	8,943	5,559
All Other Revenues	10,716	104,507	39,181	(65,326)
Total Revenues	1,106,465	2,399,336	2,229,856	(169,480)
<b>Expenditures:</b>				
Current:				
Public Works	1,318,864	2,375,095	2,286,567	88,528
Total Expenditures	1,318,864	2,375,095	2,286,567	88,528
Excess (Deficiency) of Revenues Over (Under) Expenditures	(212,399)	24,241	(56,711)	(80,952)
<b>Other Financing Sources (Uses):</b>				
Advances In	50,000	50,000	0	(50,000)
Total Other Financing Sources (Uses):	50,000	50,000	0	(50,000)
Net Change in Fund Balance	(162,399)	74,241	(56,711)	(130,952)
Fund Balance at Beginning of Year	(2,844)	(2,844)	(2,844)	0
Prior Year Encumbrances	199,114	199,114	199,114	0
Fund Balance at End of Year	\$ 33,871	\$ 270,511	\$ 139,559	\$ (130,952)

See accompanying notes to the basic financial statements

**MIAMI COUNTY, OHIO**

**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2011**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Transfer Station
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 73,935	\$ 269,791	\$ 235,063
Investments	441,743	1,611,946	1,404,454
Receivables:			
Accounts	111,842	152,931	92,926
Intergovernmental	41,762	28,109	0
Due from Other Funds	1,183	1,183	0
<b>Total Current Assets</b>	<b>670,465</b>	<b>2,063,960</b>	<b>1,732,443</b>
<b>Noncurrent Assets:</b>			
Non-Depreciable Capital Assets	0	10,000	80,000
Depreciable Capital Assets, Net	5,271,881	20,235,115	3,691,934
<b>Total Noncurrent Assets</b>	<b>5,271,881</b>	<b>20,245,115</b>	<b>3,771,934</b>
<b>Total Assets</b>	<b>5,942,346</b>	<b>22,309,075</b>	<b>5,504,377</b>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts Payable	22,691	58,832	252,658
Accrued Wages and Benefits Payable	5,226	9,563	21,937
Intergovernmental Payable	128,667	199,133	30,634
Claims Payable	0	0	0
Due to Other Funds	0	2,148	3,717
Interfund Loans Payable	400,000	0	0
Accrued Interest Payable	9,284	15,897	4,250
General Obligation Notes Payable	0	533,000	0
Compensated Absences Payable - Current	12,141	23,087	46,417
General Obligation Bonds - Current	163,625	326,876	76,299
Ohio Public Works Commission			
Loans Payable - Current	35,000	40,850	0
<b>Total Current Liabilities</b>	<b>776,634</b>	<b>1,209,386</b>	<b>435,912</b>

**MIAMI COUNTY, OHIO**

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Sheriff Police Rotary	Total Enterprise Funds	Governmental Activities Internal Service Fund
\$ 207,234	\$ 786,023	\$ 258,695
0	3,458,143	0
0	357,699	0
7,294	77,165	0
0	2,366	0
214,528	4,681,396	258,695
0	90,000	0
0	29,198,930	0
0	29,288,930	0
214,528	33,970,326	258,695
0	334,181	0
12,615	49,341	0
0	358,434	0
0	0	685,351
0	5,865	0
0	400,000	0
0	29,431	0
0	533,000	0
0	81,645	0
0	566,800	0
0	75,850	0
12,615	2,434,547	685,351

(Continued)

**MIAMI COUNTY, OHIO**

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**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2011**

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	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Transfer Station</u>
<b>Noncurrent Liabilities</b>			
Compensated Absences Payable	18,265	18,862	39,354
General Obligation Bonds Payable	2,249,712	4,299,284	1,201,354
OWDA Loans Payable	51,181	4,736,247	0
Ohio Public Works Commission Loans Payable	355,000	499,200	0
Landfill Postclosure Care Liability	0	0	27,660
<b>Total Noncurrent Liabilities</b>	<u>2,674,158</u>	<u>9,553,593</u>	<u>1,268,368</u>
<b>Total Liabilities</b>	<u>3,450,792</u>	<u>10,762,979</u>	<u>1,704,280</u>
<b>Net Assets:</b>			
Invested in Capital Assets, net of debt	2,417,363	9,809,658	2,494,281
Unrestricted	74,191	1,736,438	1,305,816
Total Net Assets	<u>\$ 2,491,554</u>	<u>\$ 11,546,096</u>	<u>\$ 3,800,097</u>

See accompanying notes to the basic financial statements

**MIAMI COUNTY, OHIO**

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Sheriff Police Rotary	Total Enterprise Funds	Governmental Activities Internal Service Fund
0	76,481	0
0	7,750,350	0
0	4,787,428	0
0	854,200	0
0	27,660	0
0	13,496,119	0
12,615	15,930,666	685,351
<hr/>		
0	14,721,302	0
201,913	3,318,358	(426,656)
\$ 201,913	\$ 18,039,660	\$ (426,656)

**MIAMI COUNTY, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2011**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Transfer Station
<b>Operating Revenues:</b>			
Charges for Services	\$ 1,623,699	\$ 2,179,443	\$ 5,228,207
Other Operating Revenue	11,629	31,110	78,588
Total Operating Revenues	1,635,328	2,210,553	5,306,795
<b>Operating Expenses:</b>			
Personal Services	253,346	405,478	804,678
Materials and Supplies	913,737	46,859	109,407
Contractual Services	223,360	1,832,039	4,096,339
Utilities	6,325	34,319	46,127
Depreciation	187,397	454,085	172,135
Health Insurance Claims	0	0	0
Other Operating Expenses	1,000	11,898	0
Total Operating Expenses	1,585,165	2,784,678	5,228,686
Operating Income (Loss)	50,163	(574,125)	78,109
<b>Nonoperating Revenue (Expenses):</b>			
Interest and Fiscal Charges	(131,291)	(253,626)	(99,345)
Special Assessment Revenue	105,023	712,454	0
Total Nonoperating Revenues (Expenses)	(26,268)	458,828	(99,345)
Income (Loss) Before Contributions	23,895	(115,297)	(21,236)
Capital Contributions	614,739	2,550,539	0
Change in Net Assets	638,634	2,435,242	(21,236)
Net Assets Beginning of Year	1,852,920	9,110,854	3,821,333
Net Assets End of Year	\$ 2,491,554	\$ 11,546,096	\$ 3,800,097

See accompanying notes to the basic financial statements

**MIAMI COUNTY, OHIO**

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Sheriff Police Rotary	Total Enterprise Funds	Governmental Activities Internal Service Fund
\$ 436,890	\$ 9,468,239	\$ 6,568,224
0	121,327	562,255
<u>436,890</u>	<u>9,589,566</u>	<u>7,130,479</u>
421,552	1,885,054	0
0	1,070,003	0
0	6,151,738	908,554
0	86,771	0
0	813,617	0
0	0	7,943,768
0	12,898	0
<u>421,552</u>	<u>10,020,081</u>	<u>8,852,322</u>
15,338	(430,515)	(1,721,843)
0	(484,262)	0
0	817,477	0
<u>0</u>	<u>333,215</u>	<u>0</u>
15,338	(97,300)	(1,721,843)
0	3,165,278	0
15,338	3,067,978	(1,721,843)
<u>186,575</u>	<u>14,971,682</u>	<u>1,295,187</u>
<u>\$ 201,913</u>	<u>\$ 18,039,660</u>	<u>\$ (426,656)</u>

**MIAMI COUNTY, OHIO**

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2011**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Transfer Station
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$1,610,254	\$2,162,113	\$5,174,174
Cash Payments for Goods and Services	(1,060,172)	(1,787,916)	(4,257,294)
Cash Payments to Employees	(243,375)	(395,054)	(785,737)
Other Operating Revenues	11,629	31,110	78,588
Net Cash Provided (Used) by Operating Activities	<u>318,336</u>	<u>10,253</u>	<u>209,731</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Advances Out	(50,000)	0	0
Net Cash Used by Noncapital Financing Activities	<u>(50,000)</u>	<u>0</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and Construction of Assets	(47,950)	(1,879,470)	(206,363)
General Obligation Notes Issued	0	1,059,848	0
Refunding Bonds Issued	1,346,805	1,531,417	225,928
Premium on Refunding Bonds Issued	32,462	28,486	3,591
Cash Received from Intergovernmental Grants	113,979	637,415	0
Ohio Water Development Authority Loan Initiated	51,181	2,166,445	0
Ohio Public Works Commission Loan Initiated	0	150,000	0
Payment on Ohio Water Development Authority Loan	0	(85,410)	0
Payment to Refunded Bond Escrow Agent	(875,990)	(1,387,417)	(225,773)
Principal Paid on General Obligation Notes	(472,016)	(1,219,624)	0
Principal Paid on General Obligation Bonds	(175,529)	(334,196)	(77,275)
Principal Paid on Ohio Public Works Commission Loan	(35,000)	(40,850)	0
Special Assessment Revenue Received	105,023	712,454	0
Interest Paid on All Debt	(104,732)	(201,353)	(54,152)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(61,767)</u>	<u>1,137,745</u>	<u>(334,044)</u>
<b>Cash Flows from Investing Activities:</b>			
Purchase of Investments	(441,743)	(979,535)	0
Sale of Investments	0	0	115,792
Net Cash Provided (Used) by Investing Activities	<u>(441,743)</u>	<u>(979,535)</u>	<u>115,792</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(235,174)	168,463	(8,521)
Cash and Cash Equivalents at Beginning of Year	309,109	101,328	243,584
Cash and Cash Equivalents at End of Year	<u>\$73,935</u>	<u>\$269,791</u>	<u>\$235,063</u>



**MIAMI COUNTY, OHIO**

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Sheriff Rotary	Police Total	Governmental Activities Internal Service Fund
\$436,880	\$9,383,421	\$6,568,224
0	(7,105,382)	(9,131,855)
(421,387)	(1,845,553)	0
0	121,327	562,255
15,493	553,813	(2,001,376)
0	(50,000)	0
0	(50,000)	0
0	(2,133,783)	0
0	1,059,848	0
0	3,104,150	0
0	64,539	0
0	751,394	0
0	2,217,626	0
0	150,000	0
0	(85,410)	0
0	(2,489,180)	0
0	(1,691,640)	0
0	(587,000)	0
0	(75,850)	0
0	817,477	0
0	(360,237)	0
0	741,934	0
0	(1,421,278)	0
0	115,792	1,947,957
0	(1,305,486)	1,947,957
15,493	(59,739)	(53,419)
191,741	845,762	312,114
\$207,234	\$786,023	\$258,695

(Continued)

**MIAMI COUNTY, OHIO**

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**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2011**

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	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Transfer Station
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$50,163	(\$574,125)	\$78,109
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	187,397	454,085	172,135
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(12,806)	(15,127)	(54,033)
Increase in Due from Other Funds	(639)	(639)	0
Increase in Intergovernmental Receivable	0	0	0
Increase (Decrease) in Accounts Payable	21,239	(15,404)	(36,572)
Increase in Accrued Wages and Benefits	453	139	3,253
Increase in Due to Other Funds	0	543	517
Increase in Intergovernmental Payables	63,011	150,496	30,634
Decrease in Claims Payable	0	0	0
Increase in Compensated Absences	9,518	10,285	15,688
Total Adjustments	<u>268,173</u>	<u>584,378</u>	<u>131,622</u>
Net Cash Provided (Used) by Operating Activities	<u>\$318,336</u>	<u>\$10,253</u>	<u>\$209,731</u>

**Schedule of Noncash Investing, Capital and Financing Activities:**

During 2011, the Water and Sewer Funds received \$458,998 and \$2,016,096 respectively, of capital assets contributed by developers.

See accompanying notes to the basic financial statements

**MIAMI COUNTY, OHIO**

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Sheriff Rotary	Police Total	Governmental - Activities Internal Service Fund
\$15,338	(\$430,515)	(\$1,721,843)
0	813,617	0
0	(81,966)	0
0	(1,278)	0
(10)	(10)	0
0	(30,737)	0
165	4,010	0
0	1,060	0
0	244,141	0
0	0	(279,533)
0	35,491	0
155	984,328	(279,533)
<u>\$15,493</u>	<u>\$553,813</u>	<u>(\$2,001,376)</u>

**MIAMI COUNTY, OHIO**

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***Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2011***

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	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 4,773,906
Investments	11,193,779
Receivables:	
Taxes	76,609,940
Accounts	761,861
Special Assessments	<u>2,725,891</u>
<b>Total Assets</b>	<u>96,065,377</u>
<b>Liabilities:</b>	
Due to Others	<u>96,065,377</u>
<b>Total Liabilities</b>	<u>\$ 96,065,377</u>

See accompanying notes to the basic financial statements

## **MIAMI COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Reporting Entity**

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the County (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County. Based on the foregoing, the County's financial reporting entity includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: public safety, highways and streets, social services, public improvements, planning and zoning, and general administrative services. In addition, the County owns and operates a solid waste transfer facility, a water treatment and distribution system and a wastewater treatment and collection system, all of which are reported as enterprise funds.

***Discretely Presented Component Unit*** - The component unit column in the Statement of Net Assets includes the financial data of the County's component unit. It is reported in a separate column to emphasize that it is legally separate from the county. Riverside Training Industries (RTI) contracts with the Board of Developmental Disabilities to operate developmental disability workshops. The workshops are being presented as a part of the County's reporting entity because it would be misleading to exclude them. Complete financial statements for RTI may be obtained from RTI's administrative offices at 110 Foss Way, Troy, Ohio 45373.

The accounting polices of Miami County, Ohio, conform to generally accepted accounting principles as applicable to governmental units. The accounting policies of the discretely presented component unit (RTI) are consistent with those of the County. The following is a summary of the more significant policies:

##### **B. Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. The following fund types are used by the County:

##### ***Governmental Funds***

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the County's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of "financial flow" (sources and use and balances of financial resources). The following are the County's major governmental funds:

## *MIAMI COUNTY, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **B. Basis of Presentation - Fund Accounting** (Continued)

General Fund - represents the general operating fund of the County. It is used to account 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 laws of Ohio.

Motor Vehicle and Gasoline Tax Fund - This fund is used to account for revenues derived from a property tax levy, the regular motor vehicle license tax fees, 100% of the fuel taxes and a portion of fines collected by the Miami County Municipal Court. Expenditures are restricted to road, bridge, ditch and storm sewer construction, maintenance and repairs.

Job and Family Services Fund - This fund is for the deposit of all monies received from the state government for the purposes of public assistance programs as prescribed in Chapters 5107 and 5113 of the Ohio Revised Code.

Board of Developmental Disabilities Fund - This fund is used to account for funds obtained from voted levy, lunch receipts, grants and donations and is used for the Riverside School.

Community Development Block Grant Fund - This fund is used to account for grant funds obtained through the state and used to assist low income families in maintaining their property.

Permanent Improvement Fund - This fund is used to account for the cost of various buildings, remodeling projects and for certain major purchases of capital improvements. Revenues consist of a portion of Miami County's one percent (1%) sales tax.

##### ***Proprietary Funds***

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The County's major enterprise funds are:

Water Fund - This fund is used to account for the operation of the County's water service.

Sewer Fund - This fund is used to account for the operation of the County's sanitary sewer service.

Transfer Station Fund - To account for the operation of the County's solid waste removal and disposal activities.

## **MIAMI COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **B. Basis of Presentation - Fund Accounting (Continued)**

Sheriff Police Rotary Fund – To account for charges levied against other political subdivisions and organizations for police services where the specific intent is to promote public safety and security.

Internal Service Fund - This fund is used to account for health insurance services provided to other departments of the County on a cost-reimbursement basis.

##### ***Fiduciary Funds***

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. These funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations or other governmental units and therefore not available to support the County's own programs. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation. These funds operate on an accrual basis of accounting.

##### **C. Basis of Presentation – Financial Statements**

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

Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide Statement of Net Assets. Transfers between governmental funds are eliminated on the government-wide Statement of Activities. These eliminations minimize the duplicating effect on assets, liabilities, revenues, and expenditures within the governmental and business-type activities total column; however, the interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

## **MIAMI COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **C. Basis of Presentation – Financial Statements** (Continued)

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

**Fund Financial Statements** – Fund financial statements report detailed information about the County. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

##### **D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.



## *MIAMI COUNTY, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **D. Basis of Accounting** (Continued)

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which the County considers to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for debt service and expenditures related to compensated absences which are recorded only when due.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include sales and use taxes, property taxes, grants, entitlements and donations. Revenue from sales and use taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. Revenues considered susceptible to accrual at year end include interest on investments, and state levied locally shared taxes, including motor vehicle license fees and local government assistance. Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded when received in cash, because generally these revenues are not measurable until received.

Property taxes measurable as of December 31, 2011 but which are not intended to finance 2011 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenues.

The accrual basis of accounting is utilized for reporting purposes by the government-wide, the proprietary fund and fiduciary fund financial statements. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Pursuant to GASB Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*," the County follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The County has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

## *MIAMI COUNTY, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year.

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only the General and major special revenue funds are required to be reported. The primary level of budget control is at the object level by organizational unit and/or department by function (Public Safety, Public Works, General Government, Debt Service etc.) within a fund. Budgetary modifications may only be made through resolution of the County Commissioners.

##### **1. Tax Budget**

By July 15, each County department must submit an annual tax budget for the following fiscal year to the County Commissioners for consideration and passage. The adopted budget is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

##### **2. Estimated Resources**

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the County by September 1st of each year. As part of the certification process the County receives an official certificate of estimated resources which states the projected receipts by fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2011.

## *MIAMI COUNTY, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **E. Budgetary Process** (Continued)

##### **3. Appropriations**

A temporary appropriations resolution to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. An annual appropriations resolution must be passed by April 1st of each year for the period January 1st through December 31st. The appropriations resolution establishes spending controls at the fund, function, organizational unit and/or department, and object level. The appropriations resolution may be amended during the year by resolution of the County Commissioners as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources. During 2011, several supplemental appropriations were necessary to budget for unanticipated expenditures. Expenditures may not legally exceed budgeted appropriations at the object level. Administrative control is maintained through the establishment of more detailed line-item budgets. Management may transfer appropriations within the object level (among line items) for an organizational unit and/or department provided total appropriations for that object and organizational unit and/or department do not exceed amounts established by the County Commissioners. The budgetary figures, which appear on the budgetary statements, are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

##### **4. Encumbrances**

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as restricted, committed or assigned fund balance for governmental funds in the accompanying basic financial statements.

##### **5. Lapsing of Appropriations**

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriations balance is carried forward to the subsequent fiscal year and need not be reappropriated.

##### **6. Budgetary Basis of Accounting**

The County's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major difference between the budgetary basis and the GAAP basis lies in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

**MIAMI COUNTY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**6. Budgetary Basis of Accounting (Continued)**

A reconciliation of the results of operations for the year from the GAAP basis to the budgetary basis for the general fund and for the major special revenue funds is shown below:

	Net Change in Fund Balances				
	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Board of Developmental Disabilities	Community Development Block Grant
GAAP Basis (as reported)	\$1,667,128	\$15,158	\$184,226	(\$260,124)	(\$107,460)
Increase (Decrease):					
Accrued Revenues at December 31, 2011 received during 2012	(2,838,463)	(862,706)	(440,648)	(362,457)	(11,000)
Accrued Revenues at December 31, 2010 received during 2011	2,882,275	861,665	513,254	461,648	144,162
Accrued Expenditures at December 31, 2011 paid during 2012	645,243	160,244	243,688	360,464	114,315
Accrued Expenditures at December 31, 2010 paid during 2011	(563,420)	(281,855)	(274,201)	(281,636)	(181,495)
2010 Prepays for 2011	129,553	5,684	0	27,263	0
2011 Prepays for 2012	(126,248)	(5,497)	0	(5,893)	0
Change in Cash with Fiscal Agent	0	0	0	(273,397)	0
Perspective Difference:					
Activity of Funds Reclassified for GAAP Reporting Purpose	(223,844)	0	0	0	0
Outstanding Encumbrances	(893,193)	(300,718)	(390,329)	(441,675)	(15,233)
Budget Basis	<u>\$679,031</u>	<u>(\$408,025)</u>	<u>(\$164,010)</u>	<u>(\$775,807)</u>	<u>(\$56,711)</u>

## **MIAMI COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve of Ohio (STAR Ohio), short-term certificates of deposit and treasury securities. The STAR Ohio, certificates of deposit and treasury securities are considered cash equivalents because they are highly liquid investments or have original maturity dates of three months or less.

The County Treasurer pools cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each had maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds consider their share of equity in STAR Ohio and pooled certificates of deposit to be cash equivalents. See Note 5 "Cash, Cash Equivalents and Investments."

##### **G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the County records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 5, "Cash, Cash Equivalents and Investments." During 2011, the County invested funds in U.S. Government Securities, certificates of deposit, money market mutual funds 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 share price which is the price the investment could be sold for on December 31, 2011. Riverside Training Industries (discretely presented component unit) permitted investments include mortgage backed securities, stocks, corporate bonds and mutual funds. All investments are valued at share market prices, which are the prices the investments could be sold for on December 31, 2011. See Note 5, "Cash, Cash Equivalents and Investments."

##### **H. Inventory of Supplies**

Inventory is stated at cost (first-in, first-out) in the governmental funds, and at the lower of cost (first-in, first-out) or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and expenses in the proprietary funds when used.

## **MIAMI COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

##### **J. Capital Assets and Depreciation**

Capital assets are defined by the County as assets with an initial, individual cost of more than \$10,000.

###### **1. Property, Plant and Equipment - Governmental Activities**

Governmental Activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost or estimated historical cost for assets not purchased in recent years.

Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

Capital assets include land, buildings, improvements other than buildings, machinery and equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of governmental activities infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

###### **2. Property, Plant and Equipment – Business Type Activities**

Proprietary funds capital assets are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. Proprietary funds capital assets are similar to Governmental Activities capital assets with the exception of the infrastructure. Proprietary infrastructure consists of water and sewer lines. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

**MIAMI COUNTY, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Capital Assets and Depreciation (Continued)**

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Land Improvements	20 - 50
Buildings, Structures and Improvements	25 - 60
Machinery, Equipment, Furniture and Fixtures	5 - 25
Infrastructure	15 - 100

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

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

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

**L. Long-Term Obligations**

Long-Term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bonds	General Obligation Debt Fund Transfer Station Fund Water Fund Sewer Fund
Superfund Site Liability	Super Cleanup Fund
Ohio Public Works Commission Loans	Water Fund Sewer Fund

**MIAMI COUNTY, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Long-Term Obligations** (Continued)

<u>Obligation</u>	<u>Fund</u>
Ohio Water Development Authority Loan	Sewer Fund, Water Fund
Capital Leases	General Fund, E-911 Emergency Operations Fund
Landfill Postclosure Care Liability	Transfer Station Fund
Compensated Absences	General Fund Motor Vehicle and Gasoline Tax Fund Child Support Enforcement Agency Fund Dog and Kennel Fund Job and Family Services Fund Shelter/Domestic Violence Fund Youth Services Subsidy Fund E-911 Emergency Operations Fund Public Defender Fund Delinquent Tax Collection Fund Real Estate Appraisal Fund Pre-Trial Services Fund Board of Developmental Disabilities Fund Children's Services Board Fund Emergency Management Agency Fund Juvenile Detention/Rehabilitation Center Fund County Probation Services Fund One-Stop Shop Fund Court Computerization Fund Dispute Resolution Fund Common Pleas Court – Special Projects Fund Water Fund Sewer Fund Transfer Station Fund

**M. Bond Discounts/Issuance Costs**

Bond discounts and issuance costs for governmental and proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, bond premiums are recorded as an increase to the face amount of bonds payable, and issuance costs are recorded as deferred charges.



## **MIAMI COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **N. Compensated Absences**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments, at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees expected to become eligible in the future to receive such payments.

For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not recorded. For proprietary funds, the entire compensated absences amount is reported as a fund liability.

##### **O. Grants and Other Intergovernmental Revenues**

Local governmental fund revenues are recorded as receivables and revenue when measurable and available. Assistance awards made on the basis of entitlement are recorded as intergovernmental receivables and revenues when entitlement occurs. Federal and State reimbursement-type grants for the acquisition or construction of capital assets in Proprietary funds are receivables and capital contributions when the related expenses are incurred.

All other Federal and State reimbursement-type grants are recorded as receivables and revenues when the related expenditures/expenses are incurred.

##### **P. Pensions**

The provision for pension costs are recorded when the related payroll is accrued and the obligation is incurred.

## **MIAMI COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Q. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for water treatment and distribution, wastewater collection and treatment, solid waste removal and disposal and policing services to other governments. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### **R. Self-Funded Insurance**

The County is self-funded for employee health care benefits. The program is administered by United Healthcare which provides claims review and processing services. Each County fund is charged for its proportionate share of covered employees. The County records a liability in claims payable for incurred but unreported claims at year end based upon an analysis of historical claims and expenses.

##### **S. Interfund Activity**

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

##### **T. Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

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

## **MIAMI COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **T. Fund Balance (Continued)**

*Restricted* – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. 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 (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision making authority. For the County, these constraints consist of resolutions passed by the County Commissioners. Committed amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

*Assigned* – Assigned fund balance consists of amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed.

*Unassigned* – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the County's policy to use unrestricted resources first (committed, assigned and unassigned), then restricted resources as they are needed.

##### **U. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The County did not have any net assets restricted by enabling legislation during 2011.

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

**MIAMI COUNTY, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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**NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE – RESTATEMENT OF FUND  
BALANCE/NET ASSETS**

For 2011 the County implemented GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”.

Statement No. 54 provides more clearly defined categories to make the nature and extent of the constraints placed on a governments fund balances more transparent. It also clarifies the existing governmental fund type definitions. While the application of this new standard did not have an effect on total prior year fund balances, it did result in the reclassification of funds as detailed below.

	General Fund	Other Governmental Funds	Governmental Activities	Private Purpose Trust Fund
Fund Balance/Net Assets at December 31, 2010	\$12,216,697	\$17,162,381	\$122,425,945	\$387,736
Fund Reclassification	875,020	(487,284)	387,736	(387,736)
Fund Balance/Net Assets as Restated	\$13,091,717	\$16,675,097	\$122,813,681	\$0

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## MIAMI COUNTY, OHIO

### Notes to the Basic Financial Statements For the Year Ended December 31, 2011

#### NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Board of Developmental Disabilities	Community Development Block Grant	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Nonspendable:								
Inventory of Supplies	\$0	\$344,010	\$0	\$0	\$0	\$0	\$0	\$344,010
Prepaid Items	126,248	5,497	0	5,893	0	0	7,352	144,990
Unclaimed Monies	482,116	0	0	0	0	0	0	482,116
<b>Total Nonspendable</b>	<b>608,364</b>	<b>349,507</b>	<b>0</b>	<b>5,893</b>	<b>0</b>	<b>0</b>	<b>7,352</b>	<b>971,116</b>
Restricted:								
Probation Services	0	0	0	0	0	0	68,199	68,199
Animal Control	0	0	0	0	0	0	130,102	130,102
Children's Services	0	0	0	0	0	0	2,550,428	2,550,428
Child Support Enforcement	0	0	0	0	0	0	2,315,059	2,315,059
Community Development & Assistance	0	0	0	0	51,477	0	76,454	127,931
Court Services	0	0	0	0	0	0	1,259,953	1,259,953
Delinquent Real Estate Tax & Assessment	0	0	0	0	0	0	400,777	400,777
Developmental Disabilities	0	0	0	6,735,042	0	0	0	6,735,042
Emergency Services	0	0	0	0	0	0	2,704,814	2,704,814
Job and Family Services	0	0	1,352,456	0	0	0	0	1,352,456
Law Library	0	0	0	0	0	0	16,396	16,396
Litter Control and Recycling	0	0	0	0	0	0	41,013	41,013
Property Reappraisal	0	0	0	0	0	0	751,174	751,174
Public Safety	0	0	0	0	0	0	323,571	323,571
Roads	0	3,594,924	0	0	0	0	0	3,594,924
Transit Services	0	0	0	0	0	0	517,632	517,632
Food Services - Jail	0	0	0	0	0	0	160,157	160,157
Victim Assistance	0	0	0	0	0	0	26,269	26,269
Youth Services	0	0	0	0	0	0	2,353,187	2,353,187
Debt Retirement	0	0	0	0	0	0	45,932	45,932
Capital Acquisition and Improvement	0	0	0	0	0	600,060	2,662,768	3,262,828
<b>Total Restricted</b>	<b>0</b>	<b>3,594,924</b>	<b>1,352,456</b>	<b>6,735,042</b>	<b>51,477</b>	<b>600,060</b>	<b>16,403,885</b>	<b>28,737,844</b>
Committed:								
Municipal Court Restitution	0	0	0	0	0	0	2,286	2,286
Landfill Cleanup/Maintenance	0	0	0	0	0	0	33,047	33,047
Youth Services	0	0	0	0	0	0	266,219	266,219
<b>Total Committed</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>301,552</b>	<b>301,552</b>
Assigned:								
Encumbrances	619,924	0	0	0	0	0	0	619,924
<b>Total Assigned</b>	<b>619,924</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>619,924</b>
Unassigned (Deficits):								
	13,530,557	0	0	0	0	0	(71,394)	13,459,163
<b>Total Fund Balances</b>	<b>\$14,758,845</b>	<b>\$3,944,431</b>	<b>\$1,352,456</b>	<b>\$6,740,935</b>	<b>\$51,477</b>	<b>\$600,060</b>	<b>\$16,641,395</b>	<b>\$44,089,599</b>

**MIAMI COUNTY, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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**NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental funds as reported in the government-wide statement of net assets. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Other long-term assets not available to pay for current-period expenditures:*

Intergovernmental Revenues	\$8,705,883
Interest Revenue	15,655
Delinquent Tax Revenues	538,937
Loan Revenue	1,718,489
	<u>\$10,978,964</u>

*Long-Term liabilities not reported in the funds:*

General Obligation Bonds Payable	(\$8,452,850)
Superfund Site Liability	(7,762,920)
Capital Leases Payable	(12,671)
Accrued Interest on Long-Term Debt	(41,469)
Compensated Absences Payable	(2,805,270)
	<u>(\$19,075,180)</u>

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**MIAMI COUNTY, OHIO**

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*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011*

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**NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Amount by which capital outlay exceeded depreciation in the current period:*

Capital Outlay	\$3,113,065
Depreciation Expense	(2,711,105)
	<u>\$401,960</u>

*Governmental revenues not reported in the funds:*

Increase in Shared Revenue	\$765,500
Increase in Delinquent Tax Revenue	37,418
Decrease in Interest Revenue	(30,991)
Increase in Loan Revenue	212,699
	<u>\$984,626</u>

*Net amount of long-term debt issuance and bond and lease principal payments:*

General Obligation Bond Principal Payments	\$398,000
Superfund Site Liability Payment	501,490
Defeasance of General Obligation Bonds	3,500,000
Capital Lease Payments	25,179
Issuance of Refunding Bonds	(3,730,850)
	<u>\$693,819</u>

*Expenses not requiring the use of current financial resources:*

Decrease in Compensated Absences Payable	\$112,757
Increase in supplies inventory	90,928
	<u>\$203,685</u>

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## *MIAMI COUNTY, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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#### **NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

The County Treasurer combines a majority of cash resources of the individual funds to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. Ohio law requires the classification of funds held by the County into three categories.

Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the County. Such funds must be maintained either as cash in the County treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;



**MIAMI COUNTY, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- Commercial paper notes issued by any corporation for profit that is incorporated under the laws of the United States or any state pursuant to specifications within the Ohio Revised Code.

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Miami County's policy as it relates to custodial credit risk is to follow the Ohio Revised Code chapter 135 as well as to practice sound financial management principles focusing on diversification of deposits. Protection of County cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the County places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the County's deposits was \$28,681,165 and the bank balance was \$28,807,655. Federal depository insurance covered \$811,620 of the bank balance and \$27,996,035 was uninsured. Of the remaining uninsured bank balance, the County was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the County's name	<u>\$27,996,035</u>
Total Balance	<u><u>\$27,996,035</u></u>

At year end, the carrying amount of Riverside Training Industries' (component unit) deposits was \$220,974 and the bank balance was \$200,974. Federal depository insurance covered all of the bank balance.

**MIAMI COUNTY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

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

**B. Investments**

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
STAR Ohio	\$6,945,011	AAAm <sup>1</sup>	\$6,945,011	\$0	\$0
FHLB	8,559,699	AA+ ; Aaa <sup>1,2</sup>	0	3,663,566	4,896,133
FHLMC	6,502,732	AA+ ; Aaa <sup>1,2</sup>	0	2,697,575	3,805,157
FNMA	13,499,688	AA+ ; Aaa <sup>1,2</sup>	1,257,760	500,245	11,741,683
FFCB	251,345	AA+ ; Aaa <sup>1,2</sup>	251,345	0	0
Total Investments	<u>\$35,758,475</u>		<u>\$8,454,116</u>	<u>\$6,861,386</u>	<u>\$20,442,973</u>

<sup>1</sup> Standard & Poor's

<sup>2</sup> Moody's Investor Service

*Interest Rate Risk* – Ohio Revised Code Section 135, generally limits security purchases to those that mature within five years of settlement date. In accordance with the County's investment policy, the Treasurer will not directly invest in securities maturing more than five years from the settlement date.

*Investment Credit Risk* – The County has no investment policy that limits its investment choices other than the limitation of State statute for "interim" funds described previously.

*Concentration of Credit Risk* – The County's investment policy states that the Treasurer may invest in any instrument or security authorized by Ohio Revised Code Section 135. The policy places no limit on the amount the County may invest in any one issuer. The County has invested 19.4% of its portfolio in Star Ohio and 80.6% in US Agency Securities (FNMA, FHLB, FFCB and FHLMC).

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The County's investment policy states that it will diversify its investments to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. All of the County's securities are either insured and registered in the name of the County or registered in the name of the County.

Riverside Training Industries' (component unit) investments are detailed below:

	Fair Value	Credit Rating	Investment Maturities (in Years)			
			N/A	less than 1	1-5	Over 5
Corporate stocks and bonds	\$448,280	A- AA <sup>1</sup>	\$196,346	\$81,286	\$160,398	\$10,250
Mutual Funds	882,274	N/A	882,274	0	0	0
Total Investments	<u>\$1,330,554</u>		<u>\$1,078,620</u>	<u>\$81,286</u>	<u>\$160,398</u>	<u>\$10,250</u>

<sup>1</sup> Moody's Investor Service

**MIAMI COUNTY, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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

**C. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Highly liquid investments with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the statement of net assets and the classifications per items A and B of this note are as follows:

	Cash and Cash Equivalents *	Investments
Per Statement of Net Assets	\$21,052,997	\$43,386,643
Certificates of Deposit (with maturities of more than 3 months)	14,573,179	(14,573,179)
Investments:		
STAR Ohio	(6,945,011)	6,945,011
Per GASB Statement No. 3	\$28,681,165	\$35,758,475

\* - Includes Cash and Cash Equivalents with Fiscal Agent

A reconciliation between classifications of cash and investments for the component unit on the statement of net assets and classifications per items A and B of this note are as follows:

	Cash and Cash Equivalents	Investments
Per Statement of Net Assets	\$220,974	\$1,330,554
Per GASB Statement No. 3	\$220,974	\$1,330,554

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## *MIAMI COUNTY, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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#### **NOTE 6 - TAXES**

##### **A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property located in the County and used in business. Real property taxes (other than public utility) collected during 2011 were levied after October 1, 2010 on assessed values as of January 1, 2010, the lien date. Assessed values were established by the county auditor at 35 percent of appraised market value. All property must be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2007. Real property taxes are payable annually or semi-annually. The first payment is due February 14; the remainder payable by July 20.

Tangible personal property tax revenues received in 2011 (other than public utility property) represent the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010 on values as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The tax on telephone and telecommunications property was eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. House Bill No. 66 was to hold governments harmless by replacing a portion of the revenue lost by the County due to the phasing out of the tax. In calendar years 2006-2012, the County will be fully reimbursed for the lost revenue. In calendar years 2013-2017, the reimbursements will be phased out.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically distributes to the taxing districts their portion of the taxes collected in June and December for taxes payable in the first and second halves of the year, respectively.

The full tax rate to the County for the year ended December 31, 2011, was \$8.81 per \$1,000 of assessed value. The assessed value upon which the 2011 tax receivable was based was \$2,167,624,690. This amount constitutes \$2,110,201,610 in real property assessed value, \$57,423,080 in public utility assessed value.

**MIAMI COUNTY, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

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**NOTE 6 - TAXES (Continued)**

**A. Property Taxes (Continued)**

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the County's share is .881% (8.81 mills) of assessed value.

**B. Other Taxes**

In addition to property taxes, certain other taxes are recognized as intergovernmental revenue by the County. These taxes include state shared taxes, gasoline taxes, inheritance taxes and miscellaneous other taxes which have varying lien, levy and collection dates.

**NOTE 7- RECEIVABLES**

Receivables at December 31, 2011, consisted of taxes, accounts receivable, intergovernmental receivables, interest, loans and interfund receivables. All receivables are considered collectible in full.

**NOTE 8- INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances are expected to be repaid within one year or less. The following balances at December 31, 2011 represent interfund loans receivable and payable:

	Interfund Loans	
	Receivables	Payables
Governmental Funds:		
General Fund	\$586,093	\$0
Community Development Block Grant	0	90,000
Other Governmental Funds	0	96,093
Total Governmental Funds	<u>586,093</u>	<u>186,093</u>
Proprietary Funds:		
Water	0	400,000
Total Proprietary Funds	<u>0</u>	<u>400,000</u>
Total Interfund Loans	<u><u>\$586,093</u></u>	<u><u>\$586,093</u></u>

Interfund loans allow some funds to operate and pay vendors timely, while awaiting anticipated revenue. Loans are often used as a means of short-term financing and a solution to providing cash flows related to reimbursable grants. There is an interfund loan between the General Fund and the Other Governmental Funds (Ditch Construction Capital Project Fund) for \$80,625 consisting of a short-term note issued at 1% to provide for capital construction.

**MIAMI COUNTY, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

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**NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES (Continued)**

The following balances at December 31, 2011, represent due from/to other funds:

	Due From Other Funds	Due To Other Funds
Governmental Funds:		
General Fund	\$84,278	\$63,236
Motor Vehicle and Gasoline Tax Fund	75,384	0
Job and Family Services Fund	0	99,109
Board of Developmental Disabilities Fund	0	17,451
Community Development Block Grant Fund	0	6,888
Permanent Improvement Fund	15,219	0
Other Governmental Funds	153,308	138,006
Total Governmental Funds	328,189	324,690
Enterprise Funds:		
Water Fund	1,183	0
Sewer Fund	1,183	2,148
Transfer Station Fund	0	3,717
Total Enterprise Funds	2,366	5,865
Total Interfund Receivables and Payables	\$330,555	\$330,555

Due from/to Other Funds account for amounts due between different funds for internal billings such as postage, telephone, vehicle maintenance, gasoline, drug testing and unemployment charge-backs.

**NOTE 9 - TRANSFERS**

The following balances at December 31, 2011 represent transfers in and transfers out:

Fund	Transfer In	Transfer Out
Governmental Funds:		
General Fund	\$0	\$350,292
Permanent Improvement Fund	107,609	0
Other Governmental Funds	598,237	355,554
Total All Transfers	\$705,846	\$705,846

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

**MIAMI COUNTY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

**NOTE 10 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2011:

*Historical Cost:*

Class	December 31, 2010	Additions	Deletions	December 31, 2011
<i>Non-Depreciable Capital Assets:</i>				
Land	\$5,517,735	\$0	\$0	\$5,517,735
Total Non-Depreciable Capital Assets	5,517,735	0	0	5,517,735
<i>Depreciable Capital Assets:</i>				
Buildings	42,779,160	964,503	0	43,743,663
Improvements Other Than Buildings	303,480	38,509	0	341,989
Machinery and Equipment	20,024,986	608,614	(343,415)	20,290,185
Infrastructure	75,553,036	1,501,439	(31,425)	77,023,050
Total Depreciable Capital Assets	138,660,662	3,113,065	(374,840)	141,398,887
Total Cost	\$144,178,397	\$3,113,065	(\$374,840)	\$146,916,622

*Accumulated Depreciation:*

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Buildings	(\$8,901,203)	(\$706,242)	\$0	(\$9,607,445)
Improvements Other Than Buildings	(180,761)	(9,909)	0	(190,670)
Machinery and Equipment	(16,200,880)	(1,056,695)	338,165	(16,919,410)
Infrastructure	(29,431,700)	(938,259)	17,759	(30,352,200)
Total Depreciation	(\$54,714,544)	(\$2,711,105) *	\$355,924	(\$57,069,725)
<i>Net Value:</i>	\$89,463,853			\$89,846,897

\* Depreciation expenses were charged to governmental functions as follows:

Public Safety	\$466,931
Health	141,319
Human Services	56,141
Public Works	1,342,055
General Government	704,659
Total Depreciation Expense	<u>\$2,711,105</u>

**MIAMI COUNTY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

**NOTE 10 - CAPITAL ASSETS (Continued)**

**B. Business-Type Activities Capital Assets**

Summary by Category at December 31, 2011:

*Historical Cost:*

Class	December 31, 2010	Additions	Deletions	December 31, 2011
<i>Non-Depreciable Capital Assets:</i>				
Land	\$90,000	\$0	\$0	\$90,000
Total Non-Depreciable Capital Assets	90,000	0	0	90,000
<i>Depreciable Capital Assets:</i>				
Buildings	3,686,711	149,324	0	3,836,035
Improvements Other Than Buildings	27,841,027	4,382,351	0	32,223,378
Machinery and Equipment	1,578,509	78,459	0	1,656,968
Total Depreciable Capital Assets	33,106,247	4,610,134	0	37,716,381
Total Cost	\$33,196,247	\$4,610,134	\$0	\$37,806,381

*Accumulated Depreciation:*

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Buildings	(\$602,179)	(\$67,787)	\$0	(\$669,966)
Improvements Other Than Buildings	(6,361,810)	(604,849)	0	(6,966,659)
Machinery and Equipment	(739,845)	(140,981)	0	(880,826)
Total Depreciation	(\$7,703,834)	(\$813,617)	\$0	(\$8,517,451)

*Net Value:*

Total Cost	\$25,492,413			\$29,288,930
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**NOTE 11 – DEFINED BENEFIT PENSION PLANS**

All of the County’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

**A. Ohio Public Employees Retirement System (“OPERS”)**

The following information was provided by OPERS to assist the County in complying with GASB Statement No. 27, “Accounting for Pensions by State and Local Government Employers.”



## *MIAMI COUNTY, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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#### **NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)**

##### **A. Ohio Public Employees Retirement System (“OPERS”) (Continued)**

All employees of the County, except teachers at the Board of Developmental Disabilities participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2011, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2011 employer contribution rate for local government employer units was 14.00% of covered payroll which is the maximum contribution rate set by State statutes. The 2011 employer contribution rate for law enforcement government employer units was 18.10% of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the County's contribution is used to fund pension obligations with the remainder being used to fund health care benefits.

The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2011. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2011.

## **MIAMI COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)**

##### **A. Ohio Public Employees Retirement System (“OPERS”) (Continued)**

For law enforcement, the portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 14.10% for calendar year 2011. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 12.05% for calendar year 2011. The contribution requirements of plan members and the County are established and may be amended by the OPERS Board. The County's contributions to the Ohio PERS for the years ending December 31, 2011, 2010, and 2009 were \$2,740,221, \$2,524,138 and \$2,121,117, respectively, for employees of the County and \$377,535, \$364,383 and \$367,937 respectively, for law enforcement officers, which were equal to the required contributions for each year.

##### **B. State Teachers Retirement System**

Plan Description - The teachers who work for the Board of Developmental Disabilities participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

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

## **MIAMI COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$51,821, \$52,420, and \$60,495 respectively; which were equal to the required contributions for each year.

#### **NOTE 12 - POSTEMPLOYMENT BENEFITS**

##### **A. Ohio Public Employees Retirement System ("OPERS")**

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

## **MIAMI COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)**

##### **A. Ohio Public Employees Retirement System (“OPERS”) (Continued)**

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, local government employers contributed at a rate of 14.00% of covered payroll. Law enforcement employers contributed at a rate of 18.10% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers and 18.10% for law enforcement. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. For employees of the County including law enforcement employees, the portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 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 their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

## **MIAMI COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)**

##### **A. Ohio Public Employees Retirement System (“OPERS”) (Continued)**

The County's contributions for health care to the OPERS for the years ending December 31, 2011, 2010, and 2009 were \$1,096,089, \$1,438,995 and \$1,400,193, respectively, for employees of the County and \$107,102, \$144,860 and \$183,990 respectively, for law enforcement officers, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

##### **B. State Teachers Retirement System**

Plan Description - The teachers who work for the Board of Developmental Disabilities participate in the State Teachers Retirement System of Ohio, a cost sharing, multiple-employer public employee retirement system.

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$3,986, \$4,032, and \$4,653 respectively; which were equal to the required contributions for each year.

**MIAMI COUNTY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

**NOTE 13 - COMPENSATED ABSENCES**

The costs of vacation, sick leave, and compensatory time benefits are recorded as they are earned. Employees earn sick leave at a rate of 1.25 days per month of work completed. Accumulated vacation is based upon length of service and varies within each department of the County. Upon retirement, and in certain instances, termination, an individual will be compensated for their accumulated sick leave at a maximum rate of 25% of the balance not to exceed thirty days. Additionally, County employees receive compensatory time equal to 1.5 times the hourly rate for any time worked in excess of forty hours per week.

At December 31, 2011, the County's accumulated, unpaid compensated absences amounted to \$2,980,883. Of this amount, \$2,822,757 is recorded as Governmental Activities on the Entity Wide Statement of Net Assets (\$1,627,178 is reported as due within one year), \$158,126 is recorded as Business-type activities (\$81,645 is reported as due within one year).

**NOTE 14 - NOTES PAYABLE**

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the County or a combination of these sources. The County is retiring its notes by the issuance of one year renewal notes with a portion of the principal being retired in accordance with the above provisions.

	Maturity Date	Balance January 1, 2011	Additions	(Reductions)	Balance December 31, 2011
<b>Governmental Funds Notes Payable</b>					
1.88% Super Cleanup Fund	6/1/2011	\$310,208	\$0	(\$310,208)	\$0
2.13% Super Cleanup Fund	12/1/2011	0	313,152	(313,152)	0
1.50% Super Cleanup Fund	6/1/2012	0	317,000	0	317,000
1.50% Capital Improvement Fund	6/1/2012	0	4,110,000	0	4,110,000
Total Governmental Funds Notes Payable		<u>\$310,208</u>	<u>\$4,740,152</u>	<u>(\$623,360)</u>	<u>\$4,427,000</u>
<b>Enterprise Funds Notes Payable:</b>					
1.88% Water System	6/1/2011	\$472,016	\$0	(\$472,016)	\$0
1.88% Sewer System	6/1/2011	692,776	0	(692,776)	0
2.13% Sewer System	12/1/2012	0	526,848	(526,848)	0
1.50% Sewer System	6/1/2012	0	533,000	0	533,000
Total Enterprise Notes Payable		<u>\$1,164,792</u>	<u>\$1,059,848</u>	<u>(\$1,691,640)</u>	<u>\$533,000</u>

# MIAMI COUNTY, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2011

### NOTE 15 - LONG-TERM LIABILITIES

Long-term debt and other long-term obligations of the County at December 31, 2011 were as follows:

		Interest	Maturity	Balance			Balance	Amounts
		Rate	Date	January 1, 2011	Additions	Retired	December 31, 2011	Due Within One Year
<b>Governmental Activities:</b>								
<b>General Obligation Bonds:</b>								
2002	Hobart Building Bonds	1.65 - 5.00%	2022	\$2,460,000	\$0	(\$2,290,000)	\$170,000	\$170,000
2002	Juvenile Detention Center Bonds	1.65 - 5.00%	2022	680,000	0	(635,000)	45,000	45,000
2002	Utility Administration Building Bonds	1.65 - 5.00%	2022	560,000	0	(520,000)	40,000	40,000
2002	Human Service Building Bonds	1.65 - 5.00%	2022	350,000	0	(325,000)	25,000	25,000
2010	911 Communications Center Bonds	2.35 - 5.75%	2025	4,570,000	0	(45,000)	4,525,000	50,000
2011	Hobart Building Bonds	2.00 - 5.00%	2030	0	2,265,480	(50,400)	2,215,080	20,160
2011	Juvenile Detention Center Bonds	2.00 - 5.00%	2030	0	629,300	(14,000)	615,300	5,600
2011	Utility Administration Building Bonds	2.00 - 5.00%	2030	0	516,925	(11,500)	505,425	4,600
2011	Human Service Building Bonds	2.00 - 5.00%	2030	0	319,145	(7,100)	312,045	2,840
<b>Total General Obligation Bonds</b>				<b>8,620,000</b>	<b>3,730,850</b>	<b>(3,898,000)</b>	<b>8,452,850</b>	<b>363,200</b>
Superfund Site Liability				8,264,410	0	(501,490)	7,762,920	0
Capital Leases				37,850	0	(25,179)	12,671	12,671
Compensated Absences				2,918,027	2,822,757	(2,918,027)	2,822,757	1,627,178
<b>Total Governmental Activities Long-term Liabilities</b>				<b>\$19,840,287</b>	<b>\$6,553,607</b>	<b>(\$7,342,696)</b>	<b>\$19,051,198</b>	<b>\$2,003,049</b>
<b>Business-Type Activities:</b>								
<b>General Obligation Bonds:</b>								
1997	Shenandoah Sewer Bonds	4.20 - 4.88%	2017	21,605	0	(21,605)	0	0
1997	Evanston Sewer Bonds	4.20 - 4.88%	2017	231,420	0	(231,420)	0	0
1997	Deercliff Sewer Bonds	4.20 - 4.88%	2017	214,600	0	(214,600)	0	0
1997	Camp Troy Sewer Bonds	4.20 - 4.88%	2017	662,100	0	(662,100)	0	0
2002	County Road 25 Bonds-Sewer	1.65 - 5.00%	2022	36,000	0	(34,000)	2,000	2,000
2002	Monin Sewer Bonds	1.65 - 5.00%	2022	177,000	0	(166,000)	11,000	11,000
2002	Kessler Sewer Bonds	1.65 - 5.00%	2022	27,000	0	(25,000)	2,000	2,000
2005	Cedar Ridge Sewer Bonds	3.00 - 4.38%	2025	161,000	0	(9,000)	152,000	9,000
2005	Menrimont Sewer Bonds	3.00 - 4.38%	2025	963,000	0	(49,000)	914,000	47,000
2007	Conwood Sewer	3.875 - 4.4%	2027	183,940	0	(8,425)	175,515	8,425
2008	County Road 25-A Sewer	3.00 - 4.85%	2028	1,996,462	0	(71,609)	1,924,853	80,202
2008	South Co. Rd. 25-A Sewer	3.00 - 4.85%	2028	94,537	0	(3,391)	91,146	3,798
2011	Shenandoah Sewer Bonds	2.00 - 5.00%	2030	0	22,187	(3,170)	19,017	2,976
2011	Evanston Sewer Bonds	2.00 - 5.00%	2030	0	237,656	(33,951)	203,705	31,872
2011	Deercliff Sewer Bonds	2.00 - 5.00%	2030	0	220,383	(31,483)	188,900	29,556
2011	Camp Troy Sewer Bonds	2.00 - 5.00%	2030	0	679,941	(97,135)	582,806	91,187
2011	County Road 25 Bonds-Sewer	2.00 - 5.00%	2030	0	35,960	(800)	35,160	320
2011	Monin Sewer Bonds	2.00 - 5.00%	2030	0	166,315	(3,700)	162,615	1,480
2011	Kessler Sewer Bonds	2.00 - 5.00%	2030	0	22,475	(500)	21,975	200
2011	Lytle Road Sewer Bonds	2.00 - 5.00%	2030	0	63,850	(3,065)	60,785	2,554
2011	Camp Troy Sewer Bonds (2)	2.00 - 5.00%	2030	0	82,650	(3,967)	78,683	3,306
<b>Total Sewer Bonds</b>				<b>4,768,664</b>	<b>1,531,417</b>	<b>(1,673,921)</b>	<b>4,626,160</b>	<b>326,876</b>

(Continued)

# MIAMI COUNTY, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2011

### NOTE 15 - LONG-TERM LIABILITIES (Continued)

	Interest Rate	Maturity Date	Balance January 1, 2011	Additions	Retired	Balance December 31, 2011	Amounts Due Within One Year
<b>Business-Type Activities:</b>							
<b>General Obligation Bonds (Continued):</b>							
1997	Transfer Station Improvement Bonds	4.20 - 4.88%	2017	220,000	0	(220,000)	0
2008	Transfer Station	3.00 - 4.85%	2028	1,129,000	0	(45,000)	1,084,000
2011	Transfer Station Improvement Bonds	2.00 - 5.00%	2030	0	225,928	(32,275)	193,653
	<b>Total Transfer Station Bonds</b>			<u>1,349,000</u>	<u>225,928</u>	<u>(297,275)</u>	<u>1,277,653</u>
1997	Camp Troy Water Bonds	4.20 - 4.88%	2017	\$320,275	\$0	(\$320,275)	\$0
2002	Water Line Improvement Bonds	1.65 - 5.00%	2022	590,000	0	(550,000)	40,000
2005	Cedar Ridge Water Bonds	3.00 - 4.38%	2025	227,000	0	(11,000)	216,000
2005	Merrimont Water Bonds	3.00 - 4.38%	2025	334,000	0	(16,000)	318,000
2007	Conwood Water	3.875 - 4.4%	2027	217,136	0	(9,945)	207,191
2007	Rosewood/Stonewood Water	3.875 - 4.4%	2027	182,145	0	(8,342)	173,803
2007	Wonder Way Waterline	3.875 - 4.4%	2027	71,780	0	(3,288)	68,492
2008	UVMC Water Tower	3.00 - 4.85%	2028	130,000	0	(5,000)	125,000
2011	Camp Troy Water Bonds	2.00 - 5.00%	2030	0	328,905	(46,986)	281,919
2011	Water Line Improvement Bonds	2.00 - 5.00%	2030	0	539,400	(12,000)	527,400
2011	Lytle Road Water Bonds	2.00 - 5.00%	2030	0	176,500	(8,472)	168,028
2011	South Co. Rd. 25-A Water Bonds	2.00 - 5.00%	2030	0	302,000	(14,496)	287,504
	<b>Total Water Bonds</b>			<u>2,072,336</u>	<u>1,346,805</u>	<u>(1,005,804)</u>	<u>2,413,337</u>
	<b>Total General Obligation Bonds</b>			<u>8,190,000</u>	<u>3,104,150</u>	<u>(2,977,000)</u>	<u>8,317,150</u>
<b>Ohio Public Works Commission Loans:</b>							
1995	Shenandoah Sewer Replacement	0.00%	2015	78,400	0	(19,600)	58,800
2006	Merrimont Area Water Replacement	0.00%	2026	150,000	0	(10,000)	140,000
2006	Merrimont Area Sewer Replacement	0.00%	2026	150,000	0	(10,000)	140,000
2002	Brandt Water Line	0.00%	2022	275,000	0	(25,000)	250,000
2008	Casstown Sanitary Sewer	0.00%	2028	202,500	0	(11,250)	191,250
2011	Camp Troy Sewer Extension	0.00%	2033	0	150,000	0	150,000
	<b>Total Ohio Public Works Commission Loans</b>			<u>855,900</u>	<u>150,000</u>	<u>(75,850)</u>	<u>930,050</u>
<b>Ohio Water Development Authority Loans:</b>							
2009	Casstown Sewers	0.00%	2029	1,095,425	0	(37,163)	1,058,262
2010	Hoke Plat Sewer Design	0.00%	2020	37,492	39,792	0	77,284
2010	Boonehill et al Sewer Design	0.00%	2020	39,078	57,115	0	96,193
2010	Ludlow Falls	0.00%	2020	400	0	0	400
2010	Preliminary Engineering Reports	0.00%	2020	628	68,174	0	68,802
2010	Phoneton Sewer Design	0.00%	2020	1,120	456,976	0	458,096
2010	Fletcher Sanitary Sewers	0.00%	2031	1,036,706	376,429	(35,328)	1,377,807
2010	Hilltop Combined Sewer Separation	0.00%	2031	63,636	0	(3,182)	60,454
2010	N. County Rd. 25A Sanitary Sewers	0.00%	2031	194,743	0	(9,737)	185,006
2010	Brandt Phase III Sewers	0.00%	2032	185,984	199,372	0	385,356
2011	Distribution System Design - Water	4.77%	2017	0	12,470	0	12,470
2011	Sewer Design	4.77%	2017	0	12,467	0	12,467
2011	Boone Hill Waterline Design	2.00%	2017	0	38,711	0	38,711
2011	Brandt Sanitary Sewers Phase III	0.00%	2033	0	863,728	0	863,728
2011	Camp Troy Waterline	0.00%	2032	0	92,392	0	92,392
	<b>Total Ohio Water Development Authority Loans</b>			<u>2,655,212</u>	<u>2,217,626</u>	<u>(85,410)</u>	<u>4,787,428</u>
	Landfill Postclosure Care Liability			27,413	247	0	27,660
	Compensated Absences Payable			122,635	158,126	(122,635)	158,126
	<b>Total Business-Type Activities Long-term Liabilities</b>			<u>\$11,851,160</u>	<u>\$5,630,149</u>	<u>(\$3,260,895)</u>	<u>\$14,220,414</u>



**MIAMI COUNTY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

**NOTE 15 - LONG-TERM LIABILITIES (Continued)**

**A. Principal and Interest Requirements**

A summary of the County's future debt service requirements including principal and interest at December 31, 2011 follows:

Years	General Obligation Bonds				OPWC Loans	
	Governmental Activities		Business-Type Activities		Principal	Interest
	Principal	Interest	Principal	Interest		
2012	\$363,200	\$487,130	\$566,800	\$343,564	\$75,850	\$0
2013	583,700	326,420	586,300	321,824	83,350	0
2014	592,850	313,837	612,150	298,354	83,350	0
2015	607,000	299,727	623,000	272,971	63,750	0
2016	625,300	284,150	629,700	272,971	63,750	0
2017-2021	3,625,800	1,045,685	2,434,200	975,063	296,250	0
2022-2026	2,055,000	255,113	2,135,000	483,853	198,750	0
2027-2031	0	0	730,000	80,520	57,500	0
2032	0	0	0	0	7,500	0
Totals	<u>\$8,452,850</u>	<u>\$3,012,062</u>	<u>\$8,317,150</u>	<u>\$3,049,120</u>	<u>\$930,050</u>	<u>\$0</u>

The County has been approved for various Ohio Water Development Authority (OWDA) loans. Because these projects are not complete and the final value of the loans are indeterminate, amortization schedules have not been finalized.

**B. Defeased Debt**

In December 1997, the County defeased all of its General Obligation Bonds (\$6,675,000) through the issuance of \$8,225,000 of General Obligation Bonds for various purposes (the "1997 Bonds"). The net proceeds of the 1997 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$1,490,000 at December 31, 2011 are not included in the County's outstanding debt since the County has in-substance satisfied its obligations through the advance refunding.

In May 2011, the County defeased all of its 1997 General Obligation Bonds (\$1,670,000) through the issuance of \$1,715,000 of General Obligation Bonds for various purposes (the "2011 Bonds"). The net proceeds of the 2011 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$1,465,000 at December 31, 2011 are not included in the County's outstanding debt since the County has in-substance satisfied its obligations through the advance refunding. The County reduced its aggregate debt service payments over the life of the refunded bonds by \$170,931 and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$114,010.

## *MIAMI COUNTY, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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#### **NOTE 15 - LONG-TERM LIABILITIES (Continued)**

##### **B. Defeased Debt**

In May 2011, the County partially defeased all of its 2002 General Obligation Bonds (\$4,220,000) through the issuance of \$4,495,000 of General Obligation Bonds for various purposes (the "2011 Bonds"). The net proceeds of the 2011 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$4,220,000 at December 31, 2011 are not included in the County's outstanding debt since the County has in-substance satisfied its obligations through the advance refunding. The County reduced its aggregate debt service payments over the life of the refunded bonds by \$483,224 and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$322,307.

##### **C. Conduit Debt**

From time to time, the County has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2011, there were twenty-three series of Industrial Revenue Bonds and one series of Hospital Revenue Bonds outstanding. The aggregate principal amount payable for the twenty-three series of Industrial Revenue Bonds issued prior to January 1, 1996 could not be determined; however, their original issue amounts totaled \$25,499,000. The aggregate principal amount payable for the Hospital Revenue Bonds, issued June 23, 2007, was \$39,065,000 at year end.

During 2007, the County entered into two lease agreements on behalf of local businesses. The businesses are listed as sublessee's and wholly responsible for the payments and other costs associated with the leased premises. Accordingly, the leases are not reported as liabilities in the County's financial statements. The balance of the two leases as of December 31, 2011 was \$1,533,743.

**MIAMI COUNTY, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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**NOTE 16 - CAPITAL LEASES**

The County is obligated under two leases accounted for as capital leases. The cost of the leased assets (E-911 software/hardware and a postage machine) is accounted for in the Governmental Activities as machinery and equipment. The original cost of the assets under capital lease is \$120,228.

The following is a schedule of the future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2011.

<u>Year Ending December 31,</u>	<u>Capital Leases</u>
2012	<u>\$12,923</u>
Minimum Lease Payments	12,923
Less: Amount representing interest at the County's incremental borrowing rate of interest	<u>(252)</u>
Present value of minimum lease payments	<u><u>\$12,671</u></u>

**NOTE 17 - SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

The County owned and operated an incinerator and landfill which originally opened for business in 1968. The operation was intended to process and dispose of municipal and industrial waste from communities throughout Miami County. Combustible wastes were to be incinerated and noncombustible wastes were to be landfilled. However, large quantities of combustible wastes were landfilled along with noncombustible wastes. The site stopped accepting liquid wastes in 1975 and the entire landfill operations ceased in 1978 when 100% landfill capacity was attained. A new transfer station was constructed adjacent to the former incinerator building and became operational in January of 1998.

Superfund activities began in 1984 when U.S. EPA placed the site on the National Priorities List. The initial phase of site investigations was completed in the Spring of 1989. In June of 1989, the U.S. EPA announced the final cleanup plan in a Record of Decision.

After the Record of Decision was signed the U.S. EPA began negotiations with the site's potentially responsible parties (PRPs) to perform the remedial design. In July of 1992, Miami County designed and implemented a cleanup of the ash disposal pit which included capping and covering the pit. The work was completed in September of 1992 and, as noted below, the area now serves as the parking lot for the transfer station.

## *MIAMI COUNTY, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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#### **NOTE 17 - SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS** (Continued)

In March 1993, the U.S. EPA signed a consent decree which committed the PRPs to designing and implementing the cleanup methods described in the 1989 Record of Decision. The PRPs initiated the process of hiring contractors who would conduct site investigations required to properly design the EPA's cleanup plan. Site clearing was begun in December of 1993 and completed in January of 1994. Following the clearing, 15 monitoring wells were installed around the perimeter of the site, two piezometers and one extraction well were installed in the liquid disposal area and probes were installed in order to properly define the southern and eastern boundary of the liquid disposal area. In 1995 the north landfill cap was constructed and accepted by the EPA. The remainder of the work listed below was completed by November 1996. Final seeding, grading and site work cleanup was completed in the spring of 1997.

##### *North and South Landfills*

Grade and cap both North and South Landfill with single barrier caps.

##### *Ash Disposal Pit and Ash Pile*

Ash wastes and contaminated soils from the ash disposal pit and ash pit were consolidated into the North Landfill.

The ash disposal pit was capped and covered and the area serves as a parking lot for the current transfer station operation.

##### *Liquid Disposal Area and Ground Water*

The liquid disposal area was graded and capped with a double barrier cap and HDPE liner. A soil vapor extraction system was installed to remove volatile organic vapors from the soils. The contaminated ground water is being remediated by a ground water extraction system with discharge to the Troy Sewer Treatment Plant.

The total cost of the construction to close the landfill was \$2,246,000. Operation, maintenance and site monitoring costs through the year 2035 are estimated to be \$7,762,920. The estimated costs of postclosure care are subject to changes corresponding to the effects of inflation, revision of laws and other variables. Funds to cover the cost of closure and postclosure care are derived from 2% of the county-wide 1% sales tax (.02%). The .02% of the county sales tax generated \$222,538 in revenues in 2011 leaving the fund balance in the Super Cleanup Fund at \$33,047. It is estimated that the revenue derived from the sales tax will be sufficient to cover the closure and postclosure care costs identified above.

## **MIAMI COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 18 - RELATED PARTY TRANSACTIONS**

During 2011, Miami County provided facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of programs to Riverside Training Industries, Inc., (the “workshop”), a discretely presented component unit of Miami County. The workshop reported \$1,014,403 for such contributions, recording revenue and expenses at cost or fair value, as applicable, to the extent the contribution is related to the vocational purposes of the workshop. Additional rehabilitative services provided directly to workshop clients by Miami County amounted to \$770,300.

#### **NOTE 19 - CONTINGENCIES**

The County is party to a consent decree, along with other local entities, for the costs of the clean-up of the former Miami County Incinerator under the Federal Superfund Program. The County has established a special revenue fund to account for the costs of the clean-up.

Additionally, the County is party to various other legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The County's management is of the opinion that the ultimate disposition of the various claims and legal proceedings will not have a material, adverse effect on the County's financial position.

#### **NOTE 20 - RISK MANAGEMENT**

##### **A. Insurance**

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.

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

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

**MIAMI COUNTY, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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**NOTE 20 - RISK MANAGEMENT (Continued)**

**A. Insurance** (Continued)

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

**B. Self Insurance**

The County maintains a self-funded health insurance program (Hospitalization Fund, an internal service fund) with claims processed by United Healthcare on behalf of the County. As an integral part of the health insurance program, a reinsurance policy has been purchased which covers claims in excess of \$150,000 per individual per year up to a maximum of \$1,000,000 per individual per year with a \$2,500,000 lifetime maximum per individual.

All funds of the County from which employee salaries are paid participate in the health insurance program and make payments to the Hospitalization Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. Total contributions to the program during the year were \$6,568,224. The claims liability of \$685,351 reported in the Hospitalization Fund at December 31, 2011 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Hospitalization Fund's claims liability amount in fiscal years 2010 and 2011 were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2010	\$975,598	\$7,531,898	(\$7,542,612)	\$964,884
2011	964,884	7,943,768	(8,223,301)	685,351

**MIAMI COUNTY, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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**NOTE 21 – CONSTRUCTION COMMITMENTS**

As of December 31, 2011, the County had the following construction commitments outstanding:

<u>Fund/Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Completion</u>
Hobart Building Renovations	\$1,582,083	2012
Various Sewer Projects	289,623	2012
Job and Family Services Building Roof	270,528	2012
Telephone System Upgrade	201,700	2012
Community Services Building Roof	174,737	2012

**NOTE 22 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Tri County Board of Recovery and Mental Health Services**

The Tri County Board of Recovery and Mental Health Services (Tri County Board) is a jointly governed organization among Miami, Darke and Shelby counties. The Tri County Mental Health Board provides leadership in planning for and supporting community-based alcohol, drug addiction and mental health services in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming while respecting, protecting and advocating for the rights of persons as consumers of alcohol, drug addiction and mental health services. The ability to influence operations depends on the County's representation on the Board. The Board of Trustees consists of eighteen members: four members are appointed by the Director of the Ohio Department of Mental Health, four members are appointed by the Director of the Ohio Department of Alcohol And Drug Addiction Services and the remaining ten members are appointed by the County Commissioners of Miami, Darke and Shelby counties in the same proportion as the County's population bears to the total population of the three counties combined. During 2011, the County contributed \$1,898,007 by voted levy for the operations of the organization. Miami County acts as the fiscal agent for the Tri County Board and its financial activity is included as an agency of the County. Financial information may be obtained from the County Auditor, Matthew W. Gearhardt, 201 West Main Street, Troy, Ohio 45373-2363.

## **MIAMI COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 22 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

##### **B. West Central Ohio Network**

The West Central Ohio Network (West Con) is a jointly governed organization among Darke, Miami, Auglaize, Mercer, Logan, Shelby, Preble, Hardin, and Union counties. West Con was created to serve as the administrator and fiscal agent of Supported Living funds for the Board of Development Disabilities of each of the participating counties. The degree of control exercised by any participating government is limited to its representation on the Board of Directors (the Board) of West Con. The Board consists of one delegate, who is the Superintendent, from each of the participating Boards of Development Disabilities. Payments to West Con are limited to the Supported Living funds of each participating county. During 2011, the County spent \$484,890 of the balance on deposit with West Con while receiving \$758,287. The balance at December 31, 2011 was \$701,580. Financial information can be obtained from Saul Bauer, Executive Director, 315 East Court Street, Sidney, Ohio 45365.

#### **NOTE 23 – SUBSEQUENT EVENTS**

On May 17, 2012, the County Commissioners approved a motion to authorize the issuance of an amount not to exceed \$5,124,000 in Various Purpose Bond Anticipation Notes, Series 2012 for costs related to on-going water, sewer and capital improvement projects.



**FINANCIAL CONDITION  
MIAMI COUNTY**

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

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. Department of Agriculture</b>				
<i>Passed through the Ohio Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program	05-PU-10	10.553	\$5,810	
	05-PU-11		47,493	
Total School Breakfast Program			53,303	
Non-Cash Assistance (Food Distribution)				
National School Lunch Program		10.555		\$19,293
Cash Assistance				
National School Lunch Program	LL-P4-10	10.555	10,202	
	LL-P4-11		82,804	
Total National School Lunch Program			93,006	19,293
Total Child Nutrition Cluster			146,309	19,293
<i>Passed through the Ohio Department of Job and Family Services</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1011-11-5085/G-1011-11-5084	10.561	308,371	
Total U.S. Department of Agriculture			454,680	19,293
<b>U.S. Department of Housing and Urban Development</b>				
<i>Passed through the Ohio Department of Development</i>				
CDBG - State-Administered CDBG Cluster				
Entitlement				
Grants in Hawaii	B-C-09-1BY-1	14.228	132,205	
	B-F-09-1BY-1		264,453	
	B-F-09-1BY-1		115,352	
	B-F-10-1BY-1		135,117	
	B-W-10-1BY-1		492,125	
	B-W-10-1BY-2		491,728	
	B-Z-08-151-1		27,924	
	B-Z-08-151-1		64,226	
	B-Z-08-151-1		58,067	
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			1,781,197	
ARRA - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii, Recovery Act	B-R-09-1BY-1	14.255	14,667	
	B-R-09-1BY-2		105,000	
	B-R-09-1BY-3		11,923	
Total ARRA - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii, Recovery Act			131,590	
Total CDBG - State-Administered CDBG Cluster			1,912,787	
Home Investment Partnerships Program	B-C-09-1BY-1	14.239	294,631	
Total U.S. Department of Housing and Urban Development			2,207,418	
<b>U.S. Department of Justice</b>				
<i>Passed through the Ohio Department of Public Safety</i>				
Crime Victim Assistance				
	2011VAGENE120	16.575	60,812	
	2012VAGENE120		22,311	
Total Crime Victim Assistance			83,123	
Bulletproof Vest Partnership Program	2006BUBX06134497	16.607	2,465	
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to Units of Local Governments	2009-RA-B01-2319	16.804	1,970	
Total U.S. Department of Justice			87,558	

**FINANCIAL CONDITION  
MIAMI COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures	Non-Cash Expenditures
<b>U.S. Department of Labor</b>				
<i>Passed through Area 7 Workforce Investment Board</i>				
Workforce Investment Act (WIA) Cluster				
WIA - Adult Program	FY10	17.258	8,294	
WIA - Adult Program (Administrative)	FY10		6,252	
WIA - Adult Program	FY11		163,000	
WIA - Adult Program (Administrative)	FY11		17,006	
WIA - Adult Program	FY12		10,533	
WIA - Adult Program (Administrative)	FY12		1,918	
Total WIA - Adult Program			<u>207,003</u>	
WIA - Youth Activities	FY10	17.259	64,849	
WIA - Youth Activities (Administrative)	FY10		22	
WIA - Youth Activities	FY11		99,803	
WIA - Youth Activities (Administrative)	FY11		6,938	
WIA - Youth Activities	FY12		43,976	
WIA - Youth Activities (Administrative)	FY12		495	
Total WIA - Youth Activities			<u>216,083</u>	
WIA - Dislocated Workers	FY10	17.260	15,262	
WIA - Dislocated Workers (Administrative)	FY10		5,036	
WIA - Dislocated Workers	FY11		283,938	
WIA - Dislocated Workers (Administrative)	FY11		28,026	
WIA - Dislocated Workers	FY12		46,794	
WIA - Dislocated Workers (Administrative)	FY12		6,527	
Total WIA - Dislocated Workers			<u>385,583</u>	
Workforce Investment Act (WIA) National Emergency Grants	FY11	17.277	23,977	
ARRA - WIA Dislocated Formula Grants	FY11	17.278	187,214	
Total Workforce Investment Act Cluster			<u>1,019,860</u>	
Total U.S. Department of Labor			<u>1,019,860</u>	
<b>U.S. Department of Transportation</b>				
<i>Passed through the Ohio Department of Transportation</i>				
Highway Planning and Construction				
	MIA-CR14-0.00	20.205	14,152	
	MIA-TR19-0.92		5,615	
	MIA-TR211-0.05		19,170	
	STW 2010 CEAO		51,247	
Total Highway Planning and Construction			<u>90,184</u>	
Federal Transit Cluster				
Federal Transi Capital Investment Grants	OH95-X050	20.500	94,424	
Federal Transit Formula Grants	OH-90-X709	20.507	5,980	
	OH-90-X648		396,919	
Total Federal Transit Formula Grants			<u>402,899</u>	
Total Federal Transit Cluster			<u>497,323</u>	
<i>Passed through the Ohio Department of Public Safety</i>				
Alcohol Impaired Driving Countermeasures Incentive Grants I	HVEO-2011-55-00-00-00482-00	20.601	43,056	
Total U.S. Department of Transportation			<u>630,563</u>	

**FINANCIAL CONDITION  
MIAMI COUNTY**

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

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>Environmental Protection Agency</b>				
<i>Passed through Ohio Environmental Protection Agency</i>				
Capitalization Grants for Clean Water State Revolving Funds	CS390055-004	66.458	11,250	
Total Environmental Protection Agency			<u>11,250</u>	
<b>U.S. Department of Education</b>				
<i>Passed through the Ohio Department of Education</i>				
Rehabilitation Services Vocational Rehabilitation Grants to States		84.126	78,147	
Special Education Preschool Grants	071142-PG-S1-2011	84.173	10,963	
<i>Passed through the Ohio Department of Health</i>				
Early Intervention Services (IDEA) Cluster				
Special Education - Grants for Infants and Families	55-1-002-1-HG0209	84.181	32,236	
	55-1-002-1-HG0312		23,634	
Total Special Education - Grants for Infants and Families			<u>55,870</u>	
ARRA - Special Education - Grants for Infants and Families	05510021HA0211	84.393	11,930	
Total Early Intervention Services (IDEA) Cluster			<u>67,800</u>	
Total U.S. Department of Education			<u>156,910</u>	
<b>General Service Administration</b>				
<i>Passed through the Ohio Secretary of State</i>				
Help America Vote Act Requirements Payments	HAVA Title II	90.401	2,041	
Total General Service Administration			<u>2,041</u>	
<b>U.S. Department of Health and Human Services</b>				
<i>Passed through the Ohio Department of Developmental Disabilities</i>				
Promoting Safe and Stable Families		93.556	24,617	
<i>Passed through the Ohio Department of Jobs and Family Services</i>				
Promoting Safe and Stable Families	G-1011-11-5085/G-1011-11-5084	93.556	64,836	
Total Promoting Safe and Stable Families			<u>89,453</u>	
<i>Passed through the Ohio Department of Jobs and Family Services</i>				
Temporary Assistance for Needy Families	G-1011-11-5085/G-1011-11-5084	93.558	1,002,940	
Community-Based Child Abuse Prevention Grants		93.590	1,993	
Child Support Enforcement	G-1011-11-5085/G-1011-11-5084	93.563	745,528	
Child Care and Developmental Fund Cluster				
Child Care and Development Block Grant	G-1011-11-5085/G-1011-11-5084	93.575	29,236	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	G-1011-11-5085/G-1011-11-5084	93.596	50,168	
Total Child Care and Developmental Fund Cluster			<u>79,404</u>	
Stephanie Tubbs Jones Child Welfare Services Program	G-1011-11-5085/G-1011-11-5084	93.645	58,204	
Foster Care Title IV-E				
ARRA - Foster Care Title IV-E, Recovery Act	G-1011-11-5085/G-1011-11-5084	93.658	670,895	
Total Foster Care Title IV-E			<u>8,098</u>	
			<u>678,993</u>	
Adoption Assistance	G-1011-11-5085/G-1011-11-5084	93.659	308,158	
Social Services Block Grant	G-1011-11-5085/G-1011-11-5084	93.667	574,158	
<i>Passed through the Ohio Department of Developmental Disabilities</i>				
Social Services Block Grant			97,635	
Total Social Services Block Grant			<u>671,793</u>	

**FINANCIAL CONDITION  
MIAMI COUNTY**

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

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<i>Passed through the Ohio Department of Jobs and Family Services</i>				
Chafee Foster Care Independence Program	G-1011-11-5085/G-1011-11-5084	93.674	8,250	
Children's Health Insurance Program	G-1011-11-5085/G-1011-11-5084	93.767	5,770	
			<u>1,092</u>	
Total Children's Health Insurance Program			<u>6,862</u>	
Medical Assistance Program	G-1011-11-5085/G-1011-11-5084	93.778	342,283	
<i>Passed through the Ohio Department of Developmental Disabilities</i>				
Medical Assistance Program			574,060	
ARRA - Medical Assistance Program, Recovery Act			91,011	
Total Medical Assistance Program			<u>1,007,354</u>	
Total U.S. Department of Health and Human Services			<u>4,658,932</u>	
<b>U.S. Department of Homeland Security</b>				
<i>Passed through the Ohio Emergency Management Agency</i>				
Hazard Mitigation Grant	FEMA-DR-1805-OH	97.039	8,438	
Emergency Management Performance Grants	2010-EP-00-0003	97.042	41,541	
	2011-EP-00003-S01		18,454	
	2011-EP-00-0003		<u>41,045</u>	
			101,040	
Homeland Security Grant Program	2008-GE-T8-0025	97.067	92,434	
	2009-SS-T9-0089		65,388	
	2010-SS-T0-0012		<u>90,810</u>	
			248,632	
Total U.S. Department of Homeland Security			<u>358,110</u>	
Total Federal Assistance			<u>\$9,587,322</u>	<u>\$19,293</u>

See accompanying notes to the Schedule of Federal Awards Expenditures.

**FINANCIAL CONDITION  
MIAMI COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Miami County (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 Job and Family Services and the Ohio Department of Development to other governments or not-for-profit agencies (sub-recipients). As Note A describes, the County reports expenditures of Federal awards to sub-recipients when paid in cash.

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

**NOTE C - CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

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

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

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

These loans are collateralized by mortgages on the property.

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

Beginning loans receivable balance as of January 1, 2011	\$1,505,790
Loans made	507,620
Loan principal repaid	294,921
Ending loans receivable balance as of December 31, 2011	<u>\$1,718,489</u>

**NOTE F - MATCHING REQUIREMENTS**

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

**NOTE G – DEFERRED PAYMENT FROM OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES**

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 \$425,316. 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 Schedule of Federal Awards since the underlying expenses occurred in prior reporting periods.



# 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

Miami County Commissioners  
Miami County Auditor  
Miami County Treasurer  
Miami County Safety Building  
201 W. Main Street  
Troy, Ohio 45373

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Miami 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 September 21, 2012 wherein we noted that the County adopted provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Other auditors audited the financial statements of Riverside Training Industries, Inc. (discretely presented component unit), as described in our opinion of the County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. 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 opinion 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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of 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 finding 2011-01 described in the accompanying schedule of findings to be a material weakness.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402  
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

[www.ohioauditor.gov](http://www.ohioauditor.gov)

### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated September 21, 2012.

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

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

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

**Dave Yost**  
Auditor of State

September 21, 2012





# 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

Miami County Commissioners  
Miami County Auditor  
Miami County Treasurer  
Miami County Safety Building  
201 W. Main Street  
Troy, Ohio 45373

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

### Compliance

We have audited the compliance of Miami 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 the Miami 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 2011-02 and 2011-03 in the accompanying schedule of findings, the County did not comply with requirements regarding cash management applicable to its Workforce Investment Act Cluster, CDBG State Administered Cluster and Home Investment Partnerships Program major federal programs. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Miami 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 other instances 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 these instances as Findings 2011-04 and 2011-05.

### 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 2011-02 through 2011-05 to be material weaknesses.

We also noted a matter involving federal compliance or controls over federal compliance not requiring inclusion in this report that we reported to the County's management in a separate letter dated September 21, 2012.

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



**Dave Yost**  
Auditor of State

September 21, 2012

**FINANCIAL CONDITION  
MIAMI COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	<p>Qualified</p> <p>Workforce Investment Act (WIA) Cluster:            CFDA #17.258 – WIA Adult Program            CFDA #17.259 – WIA Youth Activities            CFDA #17.260 – WIA Dislocated Workers            CFDA #17.277 – Workforce Investment Act (WIA) National Emergency Grants            CFDA #17.278 – ARRA – WIA Dislocated Formula Grants</p> <p>CDBG – State-Administered CDBG Cluster:            CFDA#14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii            CFDA#14.255 – ARRA - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – (Recovery Act Funded )            CFDA #14.239 – Home Investment Partnerships Program</p> <p>Unqualified – All Other Programs</p>

<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<p>CDBG – State-Administered          CDBG Cluster:          CFDA#14.228 – Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii          CFDA#14.255 – ARRA - Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii – (Recovery Act Funded )</p> <p>Workforce Investment Act (WIA) Cluster:          CFDA #17.258 – WIA Adult Program          CFDA #17.259 – WIA Youth Activities          CFDA #17.260 – WIA Dislocated Workers          CFDA #17.277 – Workforce Investment Act (WIA) National Emergency Grants          CFDA #17.278 – ARRA – WIA Dislocated Formula Grants</p> <p>Federal Transit Cluster          CFDA #20.500 – Federal Transit Capital Investment Grants          CFDA #20.507 – Federal Transit Formula Grants</p> <p>CFDA #93.778 – Medical Assistance Program          CFDA #93.778 – ARRA-Medical Assistance Program, Recovery Act</p> <p>CFDA #93.558 – Temporary Assistance for Needy Families</p> <p>CFDA #14.239 – Home Investment Partnerships Program</p>
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2011-01**

**MATERIAL WEAKNESS**

The County prepared its annual financial statements in accordance with generally accepted accounting principles (GAAP). The County's Financial Report for 2011 contained the following errors:

The following material misstatements have been posted as adjustments to the financial statements:

- Intergovernmental receivables and revenues in the motor vehicle and gas tax opinion unit were overstated in the amount of \$698,848 due to a mathematical error, which represents 9.64% of total assets and 6.86% of total revenues;
- Depreciable capital assets and capital contributions were understated in the water fund opinion unit due to unrecorded on-behalf of payments in the amount of \$353,712, which represented 6.3% of total assets and 17.6% of total revenues;
- Depreciable capital assets and capital contributions were understated in the sewer fund opinion unit due to unrecorded on-behalf of payments in the amount of \$1,237,252, which represented 5.8% of total assets and 29.2% of total revenues;

The following misstatements were noted as unadjusted differences:

- Intergovernmental receivables, intergovernmental revenues, and deferred revenues in the job and family services opinion unit are overstated in the amounts of \$286,768, \$83,132, and \$203,637 respectively due to incorrect grant amounts being utilized, which represented 5.89% of total assets, 1.89% of total revenues, and 5.8% of total liabilities;
- Intergovernmental receivable and revenues in the general fund opinion unit are overstated in the amount of \$132,000 due to a donation being posted as an intergovernmental receivable, which represents less than 1% of total assets and liabilities;
- Loans receivable and deferred revenue are overstated in the amount of \$71,828 in the community development block grant opinion unit due to incorrect loans included on the loans worksheet, which represented 2.20% of total assets and 2.23% of total liabilities;
- Accounts payable and capital outlay are overstated in the amount of \$8,503 in the permanent improvement fund opinion unit due to the payment being part of a capital lease, which represented less than 1% of total assets and total liabilities;
- Due to others and cash and cash equivalents in the remaining fund information opinion unit are overstated in the amount of \$225,555 due to the posting of cash at the bank balance rather than the book balance, which represented less than 1% of total liabilities and assets
- Assigned and committed fund balance are overstated and understated in the General Fund opinion unit due to the misclassification of commissioner approved encumbrances, respectively, in the amount of \$81,067, which represented less than 1% of total fund balance;
- Unrestricted net assets and restricted net assets in the Government Type Activities opinion unit are overstated and understated respectively in the amount of \$350,655 due to mathematical errors, which represents less than 1% of total net assets;
- Long-term liabilities within one year, long-term liabilities due in more than one year, capital contributions, interest and fiscal charges, and beginning net assets in the Government Type Activities opinion units are understated in the governmental type activities due to an unrecorded capital lease in 2010 in the amounts of \$98,892, \$220,638, \$98,892, \$16,512, and \$401,910, respectively which represented less than 1% of total liabilities, revenues, assets, and beginning net assets;

**FINDING NUMBER 2011-01  
 (Continued)**

- Accounts Receivable are understated in the amount of \$53,149, charges for services revenues are overstated in the amount of \$20,266, and beginning net assets are understated in the amount of \$73,415 in the water fund opinion unit due to unrecorded water charges for West Milton in 2011 and 2010, which represented less than 1% of total assets, revenues, and beginning net assets;
- Long-term liabilities due in more than one year were overstated and long-term liabilities due within one year in the sewer fund opinion unit were understated in the amount of \$144,049 due to a misclassification of principal payments for 2012, which represented less than 1% of total liabilities;
- Landfill post closure care liability and materials and supplies were understated in the Transfer Station opinion unit in the amount of \$247 due to the failure to update the liability for the current year, which represented less than 1% of total liabilities and expenditures.

The County should implement procedures to review the basic financial statements to improve the accuracy and completeness of the statements and to provide for comparative financial statements from year to year. Failure to do so could result in materially misstated financial statements.

**Officials' Response:** See County's Corrective Action Plan, page 107, for response.

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

<b>Finding Number</b>	2011-02
<b>CFDA Title and Number</b>	Workforce Investment Act (WIA) Cluster: CFDA #17.258 – WIA Adult Program CFDA #17.259 – WIA Youth Activities CFDA #17.260 – WIA Dislocated Workers CFDA #17.277 – Workforce Investment Act (WIA) National Emergency Grants CFDA #17.278 – ARRA – WIA Dislocated Formula Grants
<b>Federal Award Number / Year</b>	2012/2011/2010
<b>Federal Agency</b>	United States Department of Labor
<b>Pass-Through Agency</b>	Area 7 Workforce Investment Board

**NONCOMPLIANCE AND MATERIAL WEAKNESS – CASH MANAGEMENT**

**29 CFR 97.21 (b)** states, in part, that procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or sub-grantee, in accordance with Treasury regulations at 31 CFR part 205. Part (c) further states grantees and sub-grantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or sub-grantee.

**FINDING NUMBER 2011-02  
 (Continued)**

**Ohio Admin. Code Section 5101:9-7-04(B)(1)** states, in part, that when a local area is funded on a reimbursement basis, program costs are paid with local funds before reimbursement is requested. When funds are drawn in advance, the local area shall follow procedures to minimize the time elapsing between the transfer of funds from the state and local disbursement. Disbursements to a local area administering federal programs shall cover allowable expenditures consistent with federal and state regulations. A local area may submit requests for cash draws weekly. Requests are processed by ODJFS within six working days. In accordance with the Cash Management Improvement Act and Title 29 C.F.R. part 97, section 20, cash drawn in advance must be limited to the minimum amount needed for actual, immediate requirements. The local area shall have cash management procedures in place to ensure the time elapsing between the receipt of funds and the disbursement of funds does not exceed a ten-day average for all federal grants. The local area shall monitor the cash management practices of the workforce development agencies to ensure they conform to the same standards.

During 2011 the County failed to properly expend any of the 17 cash draws examined amounting to \$1,276,014 within the required ten days. These draws were expended between 3 and 28 days after the required ten days.

The County should implement procedures over the cash management function to monitor the timeliness of the payments based on the receipts and verify that cash draws are disbursed within the appropriate time period to avoid excessive federal fund cash balances.

**Officials' Response:** See County's Corrective Action Plan, page 107, for response.

<b>Finding Number</b>	2011-03
<b>CFDA Title and Number</b>	CDBG – State-Administered CDBG Cluster: CFDA#14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii CFDA#14.255 – ARRA - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii –  CFDA #14.239 – Home Investment Partnerships Program
<b>Federal Award Number / Year</b>	B-C-09-1BY-1 B-F-09-1BY-1 B-F-10-1BY-1 B-W-10-1BY-1 B-W-10-1BY-2 B-Z-08-151-1 B-R-09-1BY-1 B-R-09-1BY-2 B-R-09-1BY-3 B-C-09-1BY-1
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**FINDING NUMBER 2011-03  
 (Continued)**

**NONCOMPLIANCE AND MATERIAL WEAKNESS – CASH MANAGEMENT**

**24 CFR Section 85.21(c)** states that grantees and sub-grantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or sub-grantee.

Furthermore, Ohio Department of Development, Office of Housing and Community Partnerships Financial Management Rules and Regulations, Section (A)(3)(f) states that the grantee must develop a cash management system to ensure compliance with the 15-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 15 days of receipt of any funds.

- The County failed to properly expend 4 of 7 cash draws, related to the State Administered CDBG Cluster (CFDA 14.228 and 14.255) examined amounting to \$497,886 within the required 15 days.
- The County failed to properly expend 2 of 2 cash draws related to the Home Investment Partnerships Program (CFDA 14.239) examined amounting to \$98,372 within the required 15 days.

These programs funds were expended from 7 to 90 days after the 15 day requirement had expired.

The County should develop and implement procedures to monitor the fifteen day rule cash management requirement regarding the prompt disbursement of Community Development Block Grant Funds. The County should then submit Requests for Payments for current cash needs and monitor the receipts, disbursements, and balances of the Grant funds to avoid excessive federal fund cash balances.

**Officials' Response:** See County's Corrective Action Plan, page 107, for response.

<b>Finding Number</b>	2011-04
<b>CFDA Title and Number</b>	CFDA #93.558 – Temporary Assistance for Needy Families
<b>Federal Award Number / Year</b>	G-1011-11-5085/G-1011-11-5084
<b>Federal Agency</b>	United States Department of Health and Human Services
<b>Pass-Through Agency</b>	Ohio Department of Job and Family Services

**NONCOMPLIANCE AND MATERIAL WEAKNESS - ELIGIBILITY**

**45 USC Section 601(a)** states the purpose of the Temporary Assistance to Needy Families (TANF) program is designed to:

- (1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- (2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- (3) prevent and reduce the incidence of out of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- (4) encourage the formation and maintenance of two-parent families.



**FINDING NUMBER 2011-04  
 (Continued)**

To be awarded TANF funding, which is subsequently passed through to the county level as sub-recipients, Ohio Department of Job and Family Services (ODJFS) must submit to the Secretary of Health and Human Services a State a plan described in section 402(a) of the Social Security Act [section 602(a) of this title] (as added by the amendment made by section 103(a)(1) of this Act).

The State of Ohio's *Temporary Assistance to Needy Families (TANF) Program State Title IV-A Plan* dated June 1, 2010 states on page 14, in part, each County Job and Family Services (CDJFS) must establish or specify eligibility requirements for the benefits and services.

In addition, ODJFS' Prevention and Contingency (PRC) Reference Guide, Chapter 3, states in part, the CDJFS must define eligibility components for receipt of benefits and services. Eligibility components are dependent upon which TANF purpose the benefits and services are intended to serve. Eligibility for a benefit or service shall be determined based upon information the CDJFS requires, consistent with federal and state law.

**The Miami County Department of Job and Family Services Prevention, Retention, and Contingency Program Plan** dated for 2011 states, in part, that the assistance group must complete the specialized PRC application to request PRC assistance. Additionally, the applicant for PRC is responsible for completing all the necessary documents.

The Miami County Department of Job and Family Services failed to obtain client signatures on 8 of the 60 (13.3%) of the the Prevention, Retention, and Contingency (PRC) applications in which monies were later paid. In order for an application to be complete it must include the signature of the applicant. The Miami County Department of Job and Family Services should implement procedures to verify that every application is being properly completed by the PRC participants prior to the disbursement of program funds. Failure to do so could result in program funds being disbursed to ineligible recipients and potential federal questioned costs.

**Officials' Response:** See County's Corrective Action Plan, page 107, for response.

<b>Finding Number</b>	2011-05
<b>CFDA Title and Number</b>	Federal Transit Cluster CFDA #20.500 – Federal Transit Capital Investment Grants CFDA #20.507 – Federal Transit Formula Grants
<b>Federal Award Number / Year</b>	OH-90-X709 OH-90-X648
<b>Federal Agency</b>	United States Department of Transportation
<b>Pass-Through Agency</b>	Ohio Department of Transportation

**NONCOMPLIANCE AND MATERIAL WEAKNESS – REPORTING**

**49 CFR 18.41(a)** states in part, that, Grantees will use Financial Status Report to report on the status of funds for all non-construction grants and for construction grants when required in accordance with section 18.41(e)(2)(iii).

Miami County received federal transit formula grant funds in 2011 for operating purposes related to the County's transit program. Under program guidelines, Quarterly Narrative Reports are required to filed with the Federal Transit Administration.

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

The Federal Transit Administration TEAM instruction form states in part:

- *Federal Cash Disbursements* - The cumulative amount of Federal fund disbursed as of the reporting period end date. Disbursements are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expenses charged to the grant, and the amount of payments made to sub-recipients and contractors. Report this amount on a cash basis.

The County submitted "Quarterly Narrative Reports" to the Federal Transit Administration for each of the grants that were in effect during 2011. The County failed to report expenditure data in accordance with the instructions noted above for all submissions during 2011.

The County failed to properly report expenditures on the quarterly reports for 2011 for grants OH-90-X648 and OH-90-X709 during 2011. The total period expenditures reported for both grants were \$1,631,083. However, per the 2011 expenditure ledger, the County only expended \$873,449 for these programs.

The County should implement procedures to verify expenditures are properly reported according to the instructions noted above.

**Officials' Response:** See County's Corrective Action Plan, page 107, for response.

**FINANCIAL CONDITION  
MIAMI COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2010-001	Ohio Admin. Code Section 5101:9-7-04(B)(1) – WIA Cash Management	No	Repeated as Finding Number 2011-02
2010-002	Office of Management and Budget (OMB) Circular A-133 Subpart C, §__.310(b) - Schedule of Expenditures of Federal Awards – Overstated Schedule of Federal Awards Expenditures	Partially	Repeated in Management Letter
2010-003	Material Weakness - Federal Transit Formula Grant Reporting	No	Repeated as Finding Number 2011-05

**FINANCIAL CONDITION  
MIAMI COUNTY**

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-01	Due care will be taken in the future to avoid misstatements on our financials.	12/31/2012	Matthew W. Gearhardt, County Auditor
2011-02	<p>Miami County JFS does not draw WIA funds from ODJFS. Miami County is a member of Area 7. Area 7 maintains a computer system into which we enter invoices when they are received. Area 7 determines the amount of funding that they will send us, and when they will send it. There have been times that Area 7 has disbursed funding to us that is in excess of the amount that we need to pay our invoices.</p> <p>Miami County has no ability to determine the timing and amount of the distribution of funds. Although we are aware of cash management principles and try to exercise appropriate controls, this issue is basically outside of our control.</p>	12/31/2012	Teresa Brubaker, Director, Miami County Department of Job and Family Services
2011-03	The Miami County Department of Development Director will instruct its staff to submit "Request for Payment and Status of Funds Reports" that limit the amount of funds drawn down from the Ohio Department of Development to only those amounts that will enable your office to disburse the funds on-hand to a balance not exceeding \$5,000 within fifteen days of receipt of any funds. This implementation of the above plan of action will commence as of the date of this email.	9/13/2012	Nicole Reese, Community Development Program Manager
2011-04	Miami County JFS is implementing a procedure to audit the PRC files. An Account Clerk will be assigned to review a sample of PRC files from 2012. If the problem with signatures has been corrected, the review will take place annually. If the review shows that there are continuing problems with signatures, instructions and additional reviews will be completed.	12/31/2012	Teresa Brubaker, Director, Miami County Department of Job and Family Services

2011-05	The values reported were based on the drawdowns for 2011 which included 2010 business that was not drawn until 2011 as well as an adjustment to bring the cumulative amounts to the actual current date balance for each grant. Previously we were always about 6 months behind and with the updated reporting we had to adjust the 2011 numbers to bring all data to the correct life to date values. This was part of a catch-up to get the reports current with the updated "cash & accrual" reporting clarified in late 2010 by FTA and was a onetime item. For 2012 we are processing all drawdowns on a quarterly basis and matching those to the required FTA quarterly reports.	12/31/2012	Regan Snider, Transit Director
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# Dave Yost • Auditor of State

## MIAMI COUNTY FINANCIAL CONDITION

### MIAMI COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
OCTOBER 23, 2012