



**Mary Taylor, CPA**  
Auditor of State



ASHLAND COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Ashland County  
142 West 2<sup>nd</sup> Street  
Ashland, Ohio 44805

To the County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Ashland County, Ohio, (the County) as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Ashland County, Ohio, as of December 31, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General; Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; and Mental Retardation and Developmental Disabilities funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2009, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by 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. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

August 21, 2009

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

The discussion and analysis of Ashland County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

Highlights

In total, the County's net assets decreased \$2,695,169, or 4 percent, not a significant change. Governmental activities decreased 4 percent and business-type activities decreased 36 percent. The decrease in business-type activities was due to operating losses at the County Home and the Landfill. The County Home was closed in March 2009.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Ashland County's financial position.

The statement of net assets and the statement of activities provide information about the activities of the County as a whole, presenting both an aggregate and a longer-term view of the County.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the County's most significant funds individually and the County's non-major funds in a single column. The County's major funds are the General; Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; Mental Retardation and Developmental Disabilities; County Home; Landfill; and Recycling funds.

Reporting the County as a Whole

The statement of net assets and the statement of activities reflect how the County did financially during 2008. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the County's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the County as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. The causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base and the condition of the County's capital assets. These factors must be considered when assessing the overall health of the County.

In the statement of net assets and the statement of activities, the County is divided into three distinct types of activities.

Governmental Activities - Most of the County's programs and services are reported here including general government, public safety, public works, health, human services, and conservation and recreation. These services are funded primarily by property and sales taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

Ashland County  
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Business-Type Activities - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The county home, landfill, and recycling services are reported here.

Component Unit - The County's financial statements include financial information for D-R Services, Inc. This component unit is more fully described in Notes 1 and 21 to the basic financial statements.

Reporting the County's Most Significant Funds

Fund financial statements provide detailed information about the County's major funds, the General; Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; Mental Retardation and Developmental Disabilities; County Home; Landfill; and Recycling funds. While the County uses many funds to account for its financial transactions, these are the most significant.

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

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

Proprietary Funds - The County maintains two different types of proprietary funds. Enterprise funds use the accrual basis of accounting and are used to report the same functions presented as business-type activities on the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's other programs and activities.

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



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Government-Wide Financial Analysis

Table 1 provides a summary of the County's net assets for 2008 and 2007.

Table 1  
Net Assets

|   | Governmental Activities |                     | Business-Type Activities |                  | Total               |                     |
|---|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|
|   | 2008                    | 2007                | 2008                     | 2007             | 2008                | 2007                |
| <u>Assets</u>                                   |                         |                     |                          |                  |                     |                     |
| Current and Other Assets                        | \$28,349,770            | \$31,117,254        | \$951,082                | \$1,118,196      | \$29,300,852        | \$32,235,450        |
| Capital Assets, Net                             | 43,715,883              | 44,337,838          | 1,160,525                | 1,182,396        | 44,876,408          | 45,520,234          |
| Total Assets                                    | <u>72,065,653</u>       | <u>75,455,092</u>   | <u>2,111,607</u>         | <u>2,300,592</u> | <u>74,177,260</u>   | <u>77,755,684</u>   |
| <u>Liabilities</u>                              |                         |                     |                          |                  |                     |                     |
| Current and Other Liabilities                   | 8,877,211               | 9,473,742           | 108,728                  | 140,711          | 8,985,939           | 9,614,453           |
| Long-Term Liabilities                           | 4,628,694               | 4,838,803           | 1,802,296                | 1,846,928        | 6,430,990           | 6,685,731           |
| Total Liabilities                               | <u>13,505,905</u>       | <u>14,312,545</u>   | <u>1,911,024</u>         | <u>1,987,639</u> | <u>15,416,929</u>   | <u>16,300,184</u>   |
| <u>Net Assets</u>                               |                         |                     |                          |                  |                     |                     |
| Invested in Capital Assets, Net of Related Debt | 40,110,742              | 40,490,281          | 1,160,525                | 1,182,396        | 41,271,267          | 41,672,677          |
| Restricted                                      | 16,588,623              | 15,742,054          | 0                        | 0                | 16,588,623          | 15,742,054          |
| Unrestricted (Deficit)                          | 1,860,383               | 4,910,212           | (959,942)                | (869,443)        | 900,441             | 4,040,769           |
| Total Net Assets                                | <u>\$58,559,748</u>     | <u>\$61,142,547</u> | <u>\$200,583</u>         | <u>\$312,953</u> | <u>\$58,760,331</u> | <u>\$61,455,500</u> |

Although there was not a significant change in total net assets for governmental activities (4 percent), there were two important changes of note. The first, the decrease in current and other assets of almost \$3 million. As the County's expenses continue to exceed revenues, the County has been spending cash carryover resources, the result of which was a \$1.8 million decrease in cash and cash equivalents. The other significant change, the decrease in the receivable for property taxes of \$1.1 million, in part due to the State's elimination of tangible personal property taxes. These decreases are also demonstrated in the decrease in unrestricted net assets.

While the dollar amount is not as great, cash carryover spending also led to the decrease in current and other assets and unrestricted net assets for the business-type activities. Both the County Home and the Landfill had operating losses in 2008.

Ashland County  
Management's Discussion and Analysis  
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Table 2 reflects the change in net assets for 2008 and 2007.

Table 2  
Change in Net Assets

|   | Governmental<br>Activities |                   | Business-Type<br>Activities |                  | Total             |                   |
|---|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
|   | 2008                       | 2007              | 2008                        | 2007             | 2008              | 2007              |
| <u>Revenues</u>   |                            |                   |                             |                  |                   |                   |
| Program Revenues  |                            |                   |                             |                  |                   |                   |
| Charges for Services  | \$4,106,439                | \$4,245,362       | \$1,860,195                 | \$1,631,030      | \$5,966,634       | \$5,876,392       |
| Operating Grants,<br>Contributions, and Interest              | 17,804,955                 | 17,782,057        | 0                           | 0                | 17,804,955        | 17,782,057        |
| Capital Grants and Contributions                              | 346,315                    | 377,532           | 0                           | 0                | 346,315           | 377,532           |
| Total Program Revenues  | <u>22,257,709</u>          | <u>22,404,951</u> | <u>1,860,195</u>            | <u>1,631,030</u> | <u>24,117,904</u> | <u>24,035,981</u> |
| General Revenues  |                            |                   |                             |                  |                   |                   |
| Property Taxes Levied for:                                    |                            |                   |                             |                  |                   |                   |
| General Operating   | 2,156,424                  | 2,261,365         | 0                           | 0                | 2,156,424         | 2,261,365         |
| Health-Alcohol, Drug Addiction, and<br>Mental Health Services | 687,419                    | 726,622           | 0                           | 0                | 687,419           | 726,622           |
| Health-Mental Retardation and<br>Developmental Disabilities   | 3,341,725                  | 3,521,478         | 0                           | 0                | 3,341,725         | 3,521,478         |
| Health - Other  | 532,667                    | 0                 | 0                           | 0                | 532,667           | 0                 |
| Permissive Sales Taxes Levied for:                            |                            |                   |                             |                  |                   |                   |
| General Operations  | 4,980,242                  | 5,557,996         | 0                           | 0                | 4,980,242         | 5,557,996         |
| County Jail Operations  | 844,255                    | 955,178           | 0                           | 0                | 844,255           | 955,178           |
| Debt Service  | 400,200                    | 433,550           | 0                           | 0                | 400,200           | 433,550           |
| Other Local Taxes   | 4,200                      | 4,372             | 0                           | 0                | 4,200             | 4,372             |
| Payment in Lieu of Taxes                                      | 0                          | 261,506           | 0                           | 0                | 0                 | 261,506           |
| Grants and Entitlements                                       | 2,224,994                  | 2,233,746         | 0                           | 0                | 2,224,994         | 2,233,746         |
| Interest  | 695,012                    | 1,197,751         | 0                           | 0                | 695,012           | 1,197,751         |
| Other   | 1,696,839                  | 1,429,783         | 22,260                      | 12,557           | 1,719,099         | 1,442,340         |
| Total General Revenues  | <u>17,563,977</u>          | <u>18,583,347</u> | <u>22,260</u>               | <u>12,557</u>    | <u>17,586,237</u> | <u>18,595,904</u> |
| Total Revenues  | <u>39,821,686</u>          | <u>40,988,298</u> | <u>1,882,455</u>            | <u>1,643,587</u> | <u>41,704,141</u> | <u>42,631,885</u> |
| <u>Program Expenses</u>                                       |                            |                   |                             |                  |                   |                   |
| General Government:   |                            |                   |                             |                  |                   |                   |
| Legislative and Executive                                     | 7,493,709                  | 6,083,301         | 0                           | 0                | 7,493,709         | 6,083,301         |
| Judicial  | 1,838,206                  | 1,800,374         | 0                           | 0                | 1,838,206         | 1,800,374         |
| Public Safety   |                            |                   |                             |                  |                   |                   |
| Sheriff   | 6,272,663                  | 6,159,777         | 0                           | 0                | 6,272,663         | 6,159,777         |
| Other   | 222,043                    | 247,989           | 0                           | 0                | 222,043           | 247,989           |
| Public Works  | 6,454,084                  | 5,019,879         | 0                           | 0                | 6,454,084         | 5,019,879         |
| Health  |                            |                   |                             |                  |                   |                   |
| Alcohol, Drug Addiction, and<br>Mental Health Services        | 4,840,359                  | 4,960,362         | 0                           | 0                | 4,840,359         | 4,960,362         |
| Mental Retardation and<br>Developmental Disabilities          | 5,884,123                  | 5,647,719         | 0                           | 0                | 5,884,123         | 5,647,719         |
| Other   | 1,069,949                  | 513,541           | 0                           | 0                | 1,069,949         | 513,541           |

(continued)

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
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Table 2  
Change in Net Assets  
(continued)

|   | Governmental<br>Activities |                     | Business-Type<br>Activities |                  | Total               |                     |
|---|----------------------------|---------------------|-----------------------------|------------------|---------------------|---------------------|
|   | 2008                       | 2007                | 2008                        | 2007             | 2008                | 2007                |
| Human Services  |                            |                     |                             |                  |                     |                     |
| Children Services                                     | \$1,916,841                | \$1,791,136         | \$0                         | \$0              | \$1,916,841         | \$1,791,136         |
| Job and Family Services                               | 3,892,906                  | 4,030,356           | 0                           | 0                | 3,892,906           | 4,030,356           |
| Other   | 1,466,819                  | 1,387,865           | 0                           | 0                | 1,466,819           | 1,387,865           |
| Conservation and Recreation                           | 59,312                     | 42,077              | 0                           | 0                | 59,312              | 42,077              |
| Intergovernmental                                     | 239,811                    | 710,482             | 0                           | 0                | 239,811             | 710,482             |
| Internal Service Fund-External Portion                | 181,275                    | 159,287             | 0                           | 0                | 181,275             | 159,287             |
| Interest and Fiscal Charges                           | 191,513                    | 215,946             | 0                           | 0                | 191,513             | 215,946             |
| County Home   | 0                          | 0                   | 1,095,993                   | 1,183,878        | 1,095,993           | 1,183,878           |
| Landfill  | 0                          | 0                   | 344,159                     | 304,956          | 344,159             | 304,956             |
| Recycling   | 0                          | 0                   | 935,545                     | 753,805          | 935,545             | 753,805             |
| Total Expenses  | <u>42,023,613</u>          | <u>38,770,091</u>   | <u>2,375,697</u>            | <u>2,242,639</u> | <u>44,399,310</u>   | <u>41,012,730</u>   |
| Increase (Decrease) in Net Assets<br>Before Transfers | (2,201,927)                | 2,218,207           | (493,242)                   | (599,052)        | (2,695,169)         | 1,619,155           |
| Transfers   | (380,872)                  | (432,072)           | 380,872                     | 432,072          | 0                   | 0                   |
| Increase (Decrease) in Net Assets                     | (2,582,799)                | 1,786,135           | (112,370)                   | (166,980)        | (2,695,169)         | 1,619,155           |
| Net Assets Beginning of Year                          | 61,142,547                 | 59,356,412          | 312,953                     | 479,933          | 61,455,500          | 59,836,345          |
| Net Assets End of Year                                | <u>\$58,559,748</u>        | <u>\$61,142,547</u> | <u>\$200,583</u>            | <u>\$312,953</u> | <u>\$58,760,331</u> | <u>\$61,455,500</u> |

A review of the above table reveals few changes of significance from the prior year for either governmental or business-type activities. Program revenues for governmental activities represented 56 percent of total revenues for 2008, a very slight increase from 2007. The largest source of program revenues is reflected in operating grants and contributions with both the health and human services programs receiving a substantial amount of grant revenues. The public works program, primarily the Engineer, receives a substantial amount of resources from motor vehicle license fees and gas taxes. The primary sources for the County's general revenues are from property taxes and sales taxes. General revenues remained quite comparable to the prior year with two exceptions, the tax revenues from the new senior citizens levy and the reduction in interest revenue, a consequence of the declining economic conditions.

Expenses for governmental activities increased 8 percent from the prior year and are primarily reflected in two programs, legislative and executive and public works. The legislative and executive increase can be attributed to insurance costs and real estate assessment contracts. The public works increase is related to the log jam clearance project and American Auger substation costs. The programs having the greatest costs continue to be for legislative and executive (which are the primary general government operations); the sheriff; public works (primarily the engineer); alcohol, drug addiction, and mental health services, mental retardation and developmental disabilities (Dale Roy), and job and family services. These programs account for over 83 percent of all governmental expenses.

The County's business-type activities are almost entirely provided for through program revenues, charges for services, and General Fund transfers. Overall, both revenues and expenses for business-type activities increased somewhat; however, expenses exceeded revenues for the County Home and Landfill funds.

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

Table 3  
Governmental Activities

|   | Total Cost of Services |                     | Net Cost of Services |                     |
|---|------------------------|---------------------|----------------------|---------------------|
|   | 2008                   | 2007                | 2008                 | 2007                |
| General Government:                                   |                        |                     |                      |                     |
| Legislative and Executive                             | \$7,493,709            | \$6,083,301         | 5,597,797            | \$4,022,093         |
| Judicial  | 1,838,206              | 1,800,374           | 1,214,095            | 977,387             |
| Public Safety   |                        |                     |                      |                     |
| Sheriff   | 6,272,663              | 6,159,777           | 5,582,689            | 5,439,014           |
| Other   | 222,043                | 247,989             | 196,140              | 162,277             |
| Public Works  | 6,454,084              | 5,019,879           | 1,108,841            | (443,525)           |
| Health  |                        |                     |                      |                     |
| Alcohol, Drug Addiction and<br>Mental Health Services | 4,840,359              | 4,960,362           | 517,788              | 1,221,108           |
| Mental Retardation and<br>Developmental Disabilities  | 5,884,123              | 5,647,719           | 2,676,871            | 2,737,299           |
| Other   | 1,069,949              | 513,541             | 822,068              | 344,397             |
| Human Services  |                        |                     |                      |                     |
| Children Services                                     | 1,916,841              | 1,791,136           | 1,124,103            | 1,098,445           |
| Job and Family Services                               | 3,892,906              | 4,030,356           | 216,735              | 196,548             |
| Other   | 1,466,819              | 1,387,865           | 348,891              | 250,022             |
| Conservation and Recreation                           | 59,312                 | 42,077              | 59,312               | 42,077              |
| Intergovernmental                                     | 239,811                | 710,482             | 107,156              | 83,531              |
| Internal Service Fund-External Portion                | 181,275                | 159,287             | 1,905                | 18,521              |
| Interest and Fiscal Charges                           | 191,513                | 215,946             | 191,513              | 215,946             |
| Total Expenses  | <u>\$42,023,613</u>    | <u>\$38,770,091</u> | <u>\$19,765,904</u>  | <u>\$16,365,140</u> |

The County's general revenues (primarily property taxes, sales taxes, and unrestricted grants and entitlements) support approximately 47 percent of the governmental programs provided by the County, and are comparable to the prior year. A review of the above table reveals that a number of the County's programs have consistently received substantial support through program revenues. For instance, almost 25 percent of legislative and executive costs were provided for through various charges for services. The judicial program also provides for 34 percent of its costs through various fines, court costs, and grants. A considerable portion of the public works program is provided for through program revenues, primarily motor vehicle license and gas taxes. Various operating grants provided for over 89 percent of the costs for alcohol, drug addiction, and mental health services programs, almost 55 percent of the costs for mental retardation and developmental disabilities programs, and over 94 percent of the costs for job and family services activities.

Ashland County  
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For the Year Ended December 31, 2008  
Unaudited

Governmental Funds Financial Analysis

The County's major governmental funds are the General Fund and the Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; and Mental Retardation and Developmental and Disabilities special revenue funds. The General Fund experienced a substantial decrease in fund balance from the prior year (73 percent), the result of spending cash carryover resources for current year expenditures. The Motor Vehicle and Gasoline Tax fund experienced a 17 percent decrease in fund balance due to an increase in expenditures, more repair/improvement work during 2008. The Job and Family Services fund had a 24 percent decrease in fund balance as the County received less revenue from intergovernmental sources in 2008. This fund generally carries a small fund balance as most resources received are spent during the year. The change in fund balance for the Alcohol, Drug Addiction, and Mental Health Services fund was not significant. Finally, there was a 38 percent increase in fund balance in the Mental Retardation and Developmental Disabilities fund. Revenues increased 13 percent (largely from intergovernmental resources); however, expenditures only increased by 5 percent. In addition, revenues have generally exceeded expenditures in this fund.

Business-Type Activities Financial Analysis

Again in 2008, the County Home and Landfill enterprise funds had operating losses (for the sixth consecutive year), while the Recycling program had a very small operating income. The County Home received a transfer from the General Fund to subsidize operations during the year and as a result had an insignificant change in net assets. The Landfill experienced a 12 percent decrease in net assets. The County closed its landfill in 1997 and costs are currently related to postclosure activities. The change in net assets for the Recycling Fund was not significant.

Budgetary Highlights

The County prepares an annual budget of revenues and expenditures/expenses for all funds of the County for use by County officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations resolution which is effective the first day of January. The County's most significant budgeted fund is the General Fund. Changes from the original budget to the final budget and from the final budget to actual revenues and expenditures were not significant.

Capital Assets and Debt Administration

Capital Assets - The County's investment in capital assets for governmental and business-type activities as of December 31, 2008, was \$40,110,742 and \$1,160,525, respectively (net of accumulated depreciation and related debt). The additions for governmental activities consisted primarily of road and bridge improvements, but also included an excavator, two cars, and a bus. Additions for business-type activities consisted of a conveyor, a trailer, and a box truck. For further information regarding the County's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2008, the County had outstanding general obligation bonds and capital leases, in the amount of \$3,415,000 and \$190,141, respectively. In addition, the County's long-term obligations also include compensated absences and the liability for landfill postclosure costs. For further information regarding the County's long-term obligations, refer to Notes 17, 18, and 19 to the basic financial statements.

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

Current Issues

The County's General Fund continues to experience some cash flow difficulties. A combination of advancing monies and slowing the bill paying process has allowed the County to avoid a negative cash basis fund balance.

The County Commissioner's ceased operations of County Home effective March 31, 2009.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's financial status. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Philip Leibolt, Ashland County Auditor, 142 West Second Street, Ashland, Ohio 44805.

Ashland County  
Statement of Net Assets  
Primary Government and Discretely Presented Component Unit  
December 31, 2008

|  | Primary Government         |                             |                     | Component<br>Unit     |
|--|----------------------------|-----------------------------|---------------------|-----------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total               | D-R<br>Services, Inc. |
| <u>Assets</u>  |                            |                             |                     |                       |
| Equity in Pooled Cash and Cash Equivalents             | \$14,674,082               | \$936,618                   | \$15,610,700        | \$0                   |
| Cash and Cash Equivalents in Segregated Accounts       | 51,920                     | 24,199                      | 76,119              | 93,015                |
| Accounts Receivable                                    | 85,476                     | 29,585                      | 115,061             | 12,681                |
| Accrued Interest Receivable                            | 81,929                     | 0                           | 81,929              | 0                     |
| Permissive Sales Taxes Receivable                      | 1,528,242                  | 0                           | 1,528,242           | 0                     |
| Other Local Taxes Receivable                           | 12,573                     | 0                           | 12,573              | 0                     |
| Due from Other Governments                             | 4,441,573                  | 0                           | 4,441,573           | 0                     |
| Due from External Parties                              | 10,062                     | 0                           | 10,062              | 0                     |
| Internal Balances                                      | 58,978                     | (58,978)                    | 0                   | 0                     |
| Prepaid Items  | 74,022                     | 104                         | 74,126              | 0                     |
| Materials and Supplies Inventory                       | 760,392                    | 2,734                       | 763,126             | 2,806                 |
| Inventory Held for Resale                              | 0                          | 16,820                      | 16,820              | 0                     |
| Property Taxes Receivable                              | 6,310,392                  | 0                           | 6,310,392           | 0                     |
| Payment in Lieu of Taxes Receivable                    | 231,021                    | 0                           | 231,021             | 0                     |
| Notes Receivable                                       | 29,108                     | 0                           | 29,108              | 0                     |
| Nondepreciable Capital Assets                          | 862,547                    | 118,865                     | 981,412             | 0                     |
| Depreciable Capital Assets, Net                        | 42,853,336                 | 1,041,660                   | 43,894,996          | 74,322                |
| <b>Total Assets</b>                                    | <b>72,065,653</b>          | <b>2,111,607</b>            | <b>74,177,260</b>   | <b>182,824</b>        |
| <u>Liabilities</u>                                     |                            |                             |                     |                       |
| Accrued Wages Payable                                  | 468,302                    | 46,666                      | 514,968             | 977                   |
| Accounts Payable                                       | 702,547                    | 29,823                      | 732,370             | 43,345                |
| Contracts Payable                                      | 346,932                    | 0                           | 346,932             | 0                     |
| Matured Compensated Absences Payable                   | 18,431                     | 0                           | 18,431              | 0                     |
| Due to Other Governments                               | 691,015                    | 32,239                      | 723,254             | 0                     |
| Due to External Parties                                | 31,774                     | 0                           | 31,774              | 0                     |
| Deferred Revenue                                       | 6,108,631                  | 0                           | 6,108,631           | 0                     |
| Claims Payable   | 481,402                    | 0                           | 481,402             | 0                     |
| Retainage Payable                                      | 13,975                     | 0                           | 13,975              | 0                     |
| Accrued Interest Payable                               | 14,202                     | 0                           | 14,202              | 0                     |
| Long-Term Liabilities:                                 |                            |                             |                     |                       |
| Due Within One Year                                    | 673,315                    | 56,591                      | 729,906             | 14,534                |
| Due in More Than One Year                              | 3,955,379                  | 1,745,705                   | 5,701,084           | 9,133                 |
| <b>Total Liabilities</b>                               | <b>13,505,905</b>          | <b>1,911,024</b>            | <b>15,416,929</b>   | <b>67,989</b>         |
| <u>Net Assets</u>                                      |                            |                             |                     |                       |
| Invested in Capital Assets, Net of Related Debt        | 40,110,742                 | 1,160,525                   | 41,271,267          | 50,655                |
| Restricted for:  |                            |                             |                     |                       |
| Debt Service   | 739,710                    | 0                           | 739,710             | 0                     |
| Public Works   | 3,683,639                  | 0                           | 3,683,639           | 0                     |
| Alcohol, Drug Addiction, and Mental Health<br>Services | 1,517,017                  | 0                           | 1,517,017           | 0                     |
| Mental Retardation and Developmental<br>Disabilities   | 6,003,707                  | 0                           | 6,003,707           | 0                     |
| Real Estate Assessment                                 | 875,630                    | 0                           | 875,630             | 0                     |
| Felony Delinquent Care                                 | 811,248                    | 0                           | 811,248             | 0                     |
| Other Purposes   | 2,957,672                  | 0                           | 2,957,672           | 0                     |
| Unrestricted (Deficit)                                 | 1,860,383                  | (959,942)                   | 900,441             | 64,180                |
| <b>Total Net Assets</b>                                | <b>\$58,559,748</b>        | <b>\$200,583</b>            | <b>\$58,760,331</b> | <b>\$114,835</b>      |

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Activities  
Primary Government and Discretely Presented Component Unit  
For the Year Ended December 31, 2008

|  | Program Revenues |                      |   |           |
|--|------------------|----------------------|---|-----------|
|  | Expenses         | Charges for Services | Operating Grants, Contributions, and Interest |           |
| <u>Governmental Activities</u>                               |                  |                      |   |           |
| General Government   |                  |                      |   |           |
| Legislative and Executive                                    | \$7,493,709      | \$1,886,861          | \$9,051                                       | \$0       |
| Judicial   | 1,838,206        | 614,857              | 9,254   | 0         |
| Public Safety  |                  |                      |   |           |
| Sheriff  | 6,272,663        | 368,164              | 321,810                                       | 0         |
| Other  | 222,043          | 903                  | 25,000  | 0         |
| Public Works   | 6,454,084        | 218,047              | 4,780,881                                     | 346,315   |
| Health   |                  |                      |   |           |
| Alcohol, Drug Addiction, and Mental Health Services          | 4,840,359        | 0                    | 4,322,571                                     | 0         |
| Mental Retardation and Developmental Disabilities            | 5,884,123        | 349,431              | 2,857,821                                     | 0         |
| Other  | 1,069,949        | 173,551              | 74,330  | 0         |
| Human Services   |                  |                      |   |           |
| Children Services  | 1,916,841        | 0                    | 792,738                                       | 0         |
| Job and Family Services                                      | 3,892,906        | 141,474              | 3,534,697                                     | 0         |
| Other  | 1,466,819        | 173,781              | 944,147                                       | 0         |
| Conservation and Recreation                                  | 59,312           | 0                    | 0   | 0         |
| Intergovernmental  | 239,811          | 0                    | 132,655                                       | 0         |
| Internal Service Fund-External Portion                       | 181,275          | 179,370              | 0   | 0         |
| Interest and Fiscal Charges                                  | 191,513          | 0                    | 0   | 0         |
| Total Governmental Activities                                | 42,023,613       | 4,106,439            | 17,804,955                                    | 346,315   |
| <u>Business-Type Activities</u>                              |                  |                      |   |           |
| County Home  | 1,095,993        | 679,187              | 0   | 0         |
| Landfill   | 344,159          | 250,242              | 0   | 0         |
| Recycling  | 935,545          | 930,766              | 0   | 0         |
| Total Business-Type Activities                               | 2,375,697        | 1,860,195            | 0   | 0         |
| Total Primary Government                                     | \$44,399,310     | \$5,966,634          | \$17,804,955                                  | \$346,315 |
| <u>Component Unit</u>  |                  |                      |   |           |
| D-R Services, Inc.   | \$221,854        | \$190,544            | \$0   | \$0       |
| General Revenues   |                  |                      |   |           |
| Property Taxes Levied for                                    |                  |                      |   |           |
| General Operations   |                  |                      |   |           |
| Health-Alcohol, Drug Addiction, and Mental Health Services   |                  |                      |   |           |
| Health-Mental Retardation and Developmental Disabilities     |                  |                      |   |           |
| Health-Other   |                  |                      |   |           |
| Permissive Sales Taxes Levied for                            |                  |                      |   |           |
| General Operations   |                  |                      |   |           |
| County Jail Operations                                       |                  |                      |   |           |
| Debt Service   |                  |                      |   |           |
| Other Local Taxes  |                  |                      |   |           |
| Grants and Entitlements not Restricted for Specific Programs |                  |                      |   |           |
| Interest   |                  |                      |   |           |
| Contributions  |                  |                      |   |           |
| Other  |                  |                      |   |           |
| Total General Revenues                                       |                  |                      |   |           |
| Transfers  |                  |                      |   |           |
| Total General Revenues and Transfers                         |                  |                      |   |           |
| Change in Net Assets   |                  |                      |   |           |
| Net Assets Beginning of Year - Restated (Note 3)             |                  |                      |   |           |
| Net Assets End of Year                                       |                  |                      |   |           |



| Net (Expense) Revenue and Change in Net Assets |                          |                     |                    |
|--|--------------------------|---------------------|--------------------|
| Primary Government                             |                          |                     | Component Unit     |
| Governmental Activities                        | Business-Type Activities | Total               | D-R Services, Inc. |
| (\$5,597,797)                                  | \$0                      | (\$5,597,797)       | \$0                |
| (1,214,095)                                    | 0                        | (1,214,095)         | 0                  |
| (5,582,689)                                    | 0                        | (5,582,689)         | 0                  |
| (196,140)                                      | 0                        | (196,140)           | 0                  |
| (1,108,841)                                    | 0                        | (1,108,841)         | 0                  |
| (517,788)                                      | 0                        | (517,788)           | 0                  |
| (2,676,871)                                    | 0                        | (2,676,871)         | 0                  |
| (822,068)                                      | 0                        | (822,068)           | 0                  |
| (1,124,103)                                    | 0                        | (1,124,103)         | 0                  |
| (216,735)                                      | 0                        | (216,735)           | 0                  |
| (348,891)                                      | 0                        | (348,891)           | 0                  |
| (59,312)                                       | 0                        | (59,312)            | 0                  |
| (107,156)                                      | 0                        | (107,156)           | 0                  |
| (1,905)  | 0                        | (1,905)             | 0                  |
| (191,513)                                      | 0                        | (191,513)           | 0                  |
| <u>(19,765,904)</u>                            | <u>0</u>                 | <u>(19,765,904)</u> | <u>0</u>           |
| 0  | (416,806)                | (416,806)           | 0                  |
| 0  | (93,917)                 | (93,917)            | 0                  |
| 0  | (4,779)                  | (4,779)             | 0                  |
| <u>0</u>                                       | <u>(515,502)</u>         | <u>(515,502)</u>    | <u>0</u>           |
| <u>(19,765,904)</u>                            | <u>(515,502)</u>         | <u>(20,281,406)</u> | <u>0</u>           |
| <u>0</u>                                       | <u>0</u>                 | <u>0</u>            | <u>(31,310)</u>    |
| 2,156,424                                      | 0                        | 2,156,424           | 0                  |
| 687,419  | 0                        | 687,419             | 0                  |
| 3,341,725                                      | 0                        | 3,341,725           | 0                  |
| 532,667  | 0                        | 532,667             | 0                  |
| 4,980,242                                      | 0                        | 4,980,242           | 0                  |
| 844,255  | 0                        | 844,255             | 0                  |
| 400,200  | 0                        | 400,200             | 0                  |
| 4,200  | 0                        | 4,200               | 0                  |
| 2,224,994                                      | 0                        | 2,224,994           | 0                  |
| 695,012  | 0                        | 695,012             | 1,599              |
| 0  | 0                        | 0                   | 11,632             |
| <u>1,696,839</u>                               | <u>22,260</u>            | <u>1,719,099</u>    | <u>16,850</u>      |
| 17,563,977                                     | 22,260                   | 17,586,237          | 30,081             |
| <u>(380,872)</u>                               | <u>380,872</u>           | <u>0</u>            | <u>0</u>           |
| <u>17,183,105</u>                              | <u>403,132</u>           | <u>17,586,237</u>   | <u>30,081</u>      |
| (2,582,799)                                    | (112,370)                | (2,695,169)         | (1,229)            |
| <u>61,142,547</u>                              | <u>312,953</u>           | <u>61,455,500</u>   | <u>116,064</u>     |
| <u>\$58,559,748</u>                            | <u>\$200,583</u>         | <u>\$58,760,331</u> | <u>\$114,835</u>   |

Ashland County  
Balance Sheet  
Governmental Funds  
December 31, 2008

|  | General            | Motor<br>Vehicle and<br>Gasoline Tax | Job and<br>Family<br>Services | Alcohol,<br>Drug Addiction,<br>and Mental Health<br>Services |
|--|--------------------|--------------------------------------|-------------------------------|--|
| <u>Assets</u>                                    |                    |                                      |                               |  |
| Equity in Pooled Cash and Cash Equivalents       | \$1,016,887        | \$1,126,541                          | \$349,508                     | \$992,130  |
| Cash and Cash Equivalents in Segregated Accounts | 34                 | 0                                    | 0                             | 0  |
| Accounts Receivable                              | 14,509             | 357                                  | 0                             | 0  |
| Accrued Interest Receivable                      | 80,016             | 1,069                                | 0                             | 0  |
| Permissive Sales Taxes Receivable                | 1,222,571          | 0                                    | 0                             | 0  |
| Other Local Taxes Receivable                     | 0                  | 12,573                               | 0                             | 0  |
| Due from Other Governments                       | 823,437            | 2,081,682                            | 46,549                        | 569,909  |
| Due from External Parties                        | 0                  | 0                                    | 0                             | 0  |
| Interfund Receivable                             | 16,477             | 0                                    | 376,446                       | 0  |
| Prepaid Items                                    | 70,451             | 0                                    | 104                           | 2,979  |
| Materials and Supplies Inventory                 | 28,604             | 710,681                              | 10,766                        | 0  |
| Restricted Assets:                               |                    |                                      |                               |  |
| Equity in Pooled Cash and Cash Equivalents       | 69,457             | 0                                    | 0                             | 0  |
| Property Taxes Receivable                        | 2,055,029          | 0                                    | 0                             | 601,259  |
| Payment in Lieu of Taxes Receivable              | 94,431             | 0                                    | 0                             | 0  |
| Notes Receivable                                 | 0                  | 0                                    | 0                             | 0  |
| <b>Total Assets</b>                              | <b>\$5,491,903</b> | <b>\$3,932,903</b>                   | <b>\$783,373</b>              | <b>\$2,166,277</b>   |
| <u>Liabilities</u>                               |                    |                                      |                               |  |
| Accrued Wages Payable                            | \$187,643          | \$63,747                             | \$74,260                      | \$8,765  |
| Accounts Payable                                 | 228,423            | 82,236                               | 83,258                        | 12,531   |
| Contracts Payable                                | 0                  | 5,824                                | 0                             | 0  |
| Matured Compensated Absences Payable             | 9,266              | 0                                    | 0                             | 0  |
| Due to Other Governments                         | 262,275            | 36,845                               | 120,495                       | 8,787  |
| Due to External Parties                          | 0                  | 0                                    | 27,174                        | 3,600  |
| Interfund Payable                                | 1,732              | 0                                    | 0                             | 0  |
| Deferred Revenue                                 | 3,781,069          | 1,779,606                            | 46,549                        | 1,063,678  |
| Retainage Payable                                | 0                  | 0                                    | 0                             | 0  |
| <b>Total Liabilities</b>                         | <b>4,470,408</b>   | <b>1,968,258</b>                     | <b>351,736</b>                | <b>1,097,361</b>   |
| <u>Fund Balance</u>                              |                    |                                      |                               |  |
| Reserved for Unclaimed Monies                    | 69,457             | 0                                    | 0                             | 0  |
| Reserved for Notes Receivable                    | 0                  | 0                                    | 0                             | 0  |
| Reserved for Encumbrances                        | 70,126             | 162,085                              | 29,714                        | 441,864  |
| Unreserved, Reported in:                         |                    |                                      |                               |  |
| General Fund                                     | 881,912            | 0                                    | 0                             | 0  |
| Special Revenue Funds                            | 0                  | 1,802,560                            | 401,923                       | 627,052  |
| Debt Service Funds                               | 0                  | 0                                    | 0                             | 0  |
| Capital Projects Funds (Deficit)                 | 0                  | 0                                    | 0                             | 0  |
| <b>Total Fund Balance</b>                        | <b>1,021,495</b>   | <b>1,964,645</b>                     | <b>431,637</b>                | <b>1,068,916</b>   |
| <b>Total Liabilities and Fund Balance</b>        | <b>\$5,491,903</b> | <b>\$3,932,903</b>                   | <b>\$783,373</b>              | <b>\$2,166,277</b>   |

See Accompanying Notes to the Basic Financial Statements

| Mental<br>Retardation and<br>Developmental<br>Disabilities | Other<br>Governmental | Total               |
|--|-----------------------|---------------------|
| \$5,847,119  | \$5,212,016           | \$14,544,201        |
| 0  | 51,886                | 51,920              |
| 64,340   | 1,934                 | 81,140              |
| 507  | 337                   | 81,929              |
| 0  | 305,671               | 1,528,242           |
| 0  | 0                     | 12,573              |
| 394,004  | 525,992               | 4,441,573           |
| 0  | 18                    | 18                  |
| 0  | 1,732                 | 394,655             |
| 488  | 0                     | 74,022              |
| 8,897  | 1,444                 | 760,392             |
| 0  | 0                     | 69,457              |
| 3,093,514  | 560,590               | 6,310,392           |
| 136,590  | 0                     | 231,021             |
| 0  | 29,108                | 29,108              |
| <u>\$9,545,459</u>   | <u>\$6,690,728</u>    | <u>\$28,610,643</u> |
| \$101,832  | \$32,055              | \$468,302           |
| 126,815  | 169,284               | 702,547             |
| 0  | 341,108               | 346,932             |
| 0  | 9,165                 | 18,431              |
| 102,900  | 159,713               | 691,015             |
| 1,000  | 0                     | 31,774              |
| 0  | 387,864               | 389,596             |
| 3,620,845  | 1,223,924             | 11,515,671          |
| 0  | 13,975                | 13,975              |
| <u>3,953,392</u>   | <u>2,337,088</u>      | <u>14,178,243</u>   |
| 0  | 0                     | 69,457              |
| 0  | 24,852                | 24,852              |
| 52,477   | 113,536               | 869,802             |
| 0  | 0                     | 881,912             |
| 5,539,590  | 3,768,040             | 12,139,165          |
| 0  | 687,212               | 687,212             |
| 0  | (240,000)             | (240,000)           |
| <u>5,592,067</u>   | <u>4,353,640</u>      | <u>14,432,400</u>   |
| <u>\$9,545,459</u>   | <u>\$6,690,728</u>    | <u>\$28,610,643</u> |

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Ashland County  
 Reconciliation of Total Governmental Fund Balances  
 to Net Assets of Governmental Activities  
 December 31, 2008

Total Governmental Fund Balances \$14,432,400

Amounts reported for governmental activities on the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 43,715,883

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

|                                     |           |           |
|-------------------------------------|-----------|-----------|
| Accounts Receivable                 | 33,940    |           |
| Accrued Interest Receivable         | 81,583    |           |
| Permissive Sales Taxes Receivable   | 1,041,877 |           |
| Due from Other Governments          | 3,822,051 |           |
| Property Taxes Receivable           | 201,761   |           |
| Payment in Lieu of Taxes Receivable | 225,828   |           |
|                                     |           | 5,407,040 |

An internal balance is recorded in governmental activities to reflect underpayments to the internal service fund by the business-type activities. 53,919

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

|                                  |             |             |
|----------------------------------|-------------|-------------|
| Accrued Interest Payable         | (14,202)    |             |
| General Obligation Bonds Payable | (3,415,000) |             |
| Capital Leases Payable           | (190,141)   |             |
| Compensated Absences Payable     | (1,023,553) |             |
|                                  |             | (4,642,896) |

An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets. (406,598)

Net Assets of Governmental Activities \$58,559,748

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2008

|  | General            | Motor<br>Vehicle and<br>Gasoline Tax | Job and<br>Family<br>Services | Alcohol,<br>Drug Addiction,<br>and Mental Health<br>Services |
|--|--------------------|--------------------------------------|-------------------------------|--|
| <u>Revenues</u>  |                    |                                      |                               |  |
| Property Taxes   | \$2,153,105        | \$0                                  | \$0                           | \$686,991  |
| Payment in Lieu of Taxes                               | 2,831              | 0                                    | 0                             | 0  |
| Permissive Sales Taxes                                 | 5,054,771          | 0                                    | 0                             | 0  |
| Other Local Taxes                                      | 4,200              | 174,202                              | 0                             | 0  |
| Charges for Services                                   | 1,470,509          | 0                                    | 0                             | 0  |
| Licenses and Permits                                   | 2,735              | 0                                    | 0                             | 0  |
| Fines and Forfeitures                                  | 114,032            | 0                                    | 0                             | 0  |
| Intergovernmental                                      | 2,248,798          | 4,171,036                            | 2,966,704                     | 4,117,413  |
| Interest   | 783,436            | 38,938                               | 0                             | 0  |
| Rent   | 0                  | 0                                    | 0                             | 0  |
| Other  | 515,998            | 70,174                               | 112,225                       | 22,154   |
| <b>Total Revenues</b>                                  | <b>12,350,415</b>  | <b>4,454,350</b>                     | <b>3,078,929</b>              | <b>4,826,558</b>   |
| <u>Expenditures</u>                                    |                    |                                      |                               |  |
| Current:   |                    |                                      |                               |  |
| General Government                                     |                    |                                      |                               |  |
| Legislative and Executive                              | 6,665,699          | 0                                    | 0                             | 0  |
| Judicial   | 1,426,738          | 0                                    | 0                             | 0  |
| Public Safety  |                    |                                      |                               |  |
| Sheriff  | 4,656,161          | 0                                    | 0                             | 0  |
| Other  | 155,011            | 0                                    | 0                             | 0  |
| Public Works   | 110,617            | 4,991,912                            | 0                             | 0  |
| Health   |                    |                                      |                               |  |
| Alcohol, Drug Addiction, and Mental Health<br>Services | 0                  | 0                                    | 0                             | 4,828,305  |
| Mental Retardation and<br>Developmental Disabilities   | 0                  | 0                                    | 0                             | 0  |
| Other  | 331,014            | 0                                    | 0                             | 0  |
| Human Services   |                    |                                      |                               |  |
| Children Services                                      | 0                  | 0                                    | 0                             | 0  |
| Job and Family Services                                | 0                  | 0                                    | 3,346,524                     | 0  |
| Other  | 331,348            | 0                                    | 0                             | 0  |
| Conservation and Recreation                            | 37,534             | 0                                    | 0                             | 0  |
| Intergovernmental                                      | 94,050             | 0                                    | 0                             | 0  |
| Debt Service:  |                    |                                      |                               |  |
| Principal Retirement                                   | 0                  | 85,937                               | 0                             | 0  |
| Interest and Fiscal Charges                            | 0                  | 0                                    | 0                             | 0  |
| <b>Total Expenditures</b>                              | <b>13,808,172</b>  | <b>5,077,849</b>                     | <b>3,346,524</b>              | <b>4,828,305</b>   |
| Excess of Revenues Over<br>(Under) Expenditures        | (1,457,757)        | (623,499)                            | (267,595)                     | (1,747)  |
| <u>Other Financing Sources (Uses)</u>                  |                    |                                      |                               |  |
| Inception of Capital Lease                             | 0                  | 253,521                              | 0                             | 0  |
| Transfers In   | 158,854            | 0                                    | 129,977                       | 0  |
| Transfers Out  | (1,512,863)        | (33,424)                             | 0                             | 0  |
| <b>Total Other Financing Sources (Uses)</b>            | <b>(1,354,009)</b> | <b>220,097</b>                       | <b>129,977</b>                | <b>0</b>   |
| Changes in Fund Balances                               | (2,811,766)        | (403,402)                            | (137,618)                     | (1,747)  |
| Fund Balances Beginning of Year - Restated (Note 3)    | 3,833,261          | 2,368,047                            | 569,255                       | 1,070,663  |
| <b>Fund Balances End of Year</b>                       | <b>\$1,021,495</b> | <b>\$1,964,645</b>                   | <b>\$431,637</b>              | <b>\$1,068,916</b>   |

See Accompanying Notes to the Basic Financial Statements

| Mental<br>Retardation and<br>Developmental<br>Disabilities | Other<br>Governmental | Total               |
|--|-----------------------|---------------------|
| \$3,333,977  | \$514,743             | \$6,688,816         |
| 7,048  | 0                     | 9,879               |
| 0  | 1,263,016             | 6,317,787           |
| 0  | 0                     | 178,402             |
| 315,848  | 1,325,553             | 3,111,910           |
| 0  | 278,135               | 280,870             |
| 0  | 49,555                | 163,587             |
| 2,887,904  | 3,350,197             | 19,742,052          |
| 11,163   | 42,185                | 875,722             |
| 0  | 141,474               | 141,474             |
| 860,022  | 149,255               | 1,729,828           |
| <u>7,415,962</u>   | <u>7,114,113</u>      | <u>39,240,327</u>   |
| 0  | 803,509               | 7,469,208           |
| 0  | 395,377               | 1,822,115           |
| 0  | 1,250,942             | 5,907,103           |
| 0  | 65,486                | 220,497             |
| 0  | 1,143,555             | 6,246,084           |
| 0  | 0                     | 4,828,305           |
| 5,879,906  | 0                     | 5,879,906           |
| 0  | 735,560               | 1,066,574           |
| 0  | 1,916,841             | 1,916,841           |
| 0  | 518,186               | 3,864,710           |
| 0  | 1,128,728             | 1,460,076           |
| 0  | 0                     | 37,534              |
| 0  | 145,761               | 239,811             |
| 0  | 410,000               | 495,937             |
| 0  | 193,589               | 193,589             |
| <u>5,879,906</u>   | <u>8,707,534</u>      | <u>41,648,290</u>   |
| <u>1,536,056</u>   | <u>(1,593,421)</u>    | <u>(2,407,963)</u>  |
| 0  | 0                     | 253,521             |
| 0  | 1,005,938             | 1,294,769           |
| 0  | (159,354)             | (1,705,641)         |
| <u>0</u>   | <u>846,584</u>        | <u>(157,351)</u>    |
| 1,536,056  | (746,837)             | (2,565,314)         |
| <u>4,056,011</u>   | <u>5,100,477</u>      | <u>16,997,714</u>   |
| <u>\$5,592,067</u>   | <u>\$4,353,640</u>    | <u>\$14,432,400</u> |

Ashland County  
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to Statement of Activities  
 For the Year Ended December 31, 2008

Changes in Fund Balances - Total Governmental Funds (\$2,565,314)

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on 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 depreciation exceeded capital outlay in the current year:

|   |                    |           |
|---|--------------------|-----------|
| Capital Contributions                       | 6,315              |           |
| Capital Outlay - Depreciable Capital Assets | 1,727,016          |           |
| Depreciation                                | <u>(2,296,285)</u> | (562,954) |

The cost of capital assets is removed from the capital asset account on the statement of net assets when disposed of resulting in a loss on disposal of capital assets on the statement of activities. (59,001)

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

|                          |              |         |
|--------------------------|--------------|---------|
| Property Taxes           | 29,419       |         |
| Payment in Lieu of Taxes | (9,879)      |         |
| Permissive Sales Taxes   | (93,090)     |         |
| Charges for Services     | 33,583       |         |
| Intergovernmental        | 576,928      |         |
| Interest                 | (140,609)    |         |
| Other                    | <u>(678)</u> | 395,674 |

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets.

|                                 |               |         |
|---------------------------------|---------------|---------|
| General Obligation Bond Payable | 410,000       |         |
| OPWC Loans Payable              | 22,557        |         |
| Capital Leases Payable          | <u>63,380</u> | 495,937 |

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding obligations on the statement of net assets. 2,076

The inception of capital lease is reported as an other financing source in governmental funds but increases long-term liabilities on the statement of net assets. (253,521)

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (32,307)

(continued)



Ashland County  
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to Statement of Activities  
 For the Year Ended December 31, 2008  
 (continued)

The internal service fund used by management to charge the cost of insurance to individual funds is not reported on the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year.

|                         |                 |         |
|-------------------------|-----------------|---------|
| Transfers In            | \$30,000        |         |
| Allocated to Activities | <u>(31,484)</u> | (1,484) |

The internal service fund used by management to charge the cost of insurance to an external agency is reported on the statement of activities. The change for the external portion is reported for the year.

(1,905)

Change in Net Assets of Governmental Activities:

(\$2,582,799)

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
General Fund  
For the Year Ended December 31, 2008

|   | Budgeted Amounts  |                    | Actual             | Variance with<br>Final Budget<br>Over<br>(Under) |
|---|-------------------|--------------------|--------------------|--|
|   | Original          | Final              |                    |  |
| <u>Revenues</u>                             |                   |                    |                    |  |
| Property Taxes                              | \$2,183,894       | \$2,193,894        | \$2,165,711        | (\$28,183)                                       |
| Payment in Lieu of Taxes                    | 13,379            | 13,379             | 13,379             | 0  |
| Permissive Sales Taxes                      | 4,990,000         | 5,063,000          | 5,062,700          | (300)  |
| Other Local Taxes                           | 4,000             | 4,000              | 4,200              | 200  |
| Charges for Services                        | 1,592,351         | 1,592,351          | 1,475,887          | (116,464)  |
| Licenses and Permits                        | 3,200             | 3,200              | 2,735              | (465)  |
| Fines and Forfeitures                       | 110,000           | 110,000            | 116,762            | 6,762  |
| Intergovernmental                           | 2,368,556         | 2,451,356          | 2,244,788          | (206,568)  |
| Interest                                    | 570,000           | 670,000            | 751,585            | 81,585   |
| Other                                       | 426,720           | 426,720            | 465,084            | 38,364   |
| <b>Total Revenues</b>                       | <b>12,262,100</b> | <b>12,527,900</b>  | <b>12,302,831</b>  | <b>(225,069)</b>                                 |
| <u>Expenditures</u>                         |                   |                    |                    |  |
| Current:                                    |                   |                    |                    |  |
| General Government                          |                   |                    |                    |  |
| Legislative and Executive                   | 7,093,315         | 6,725,489          | 6,611,069          | 114,420  |
| Judicial                                    | 1,520,140         | 1,545,769          | 1,423,353          | 122,416  |
| Public Safety                               |                   |                    |                    |  |
| Sheriff                                     | 4,664,875         | 4,654,847          | 4,587,841          | 67,006   |
| Other                                       | 186,148           | 184,607            | 153,772            | 30,835   |
| Public Works                                | 110,438           | 109,908            | 108,372            | 1,536  |
| Health                                      |                   |                    |                    |  |
| Other                                       | 350,112           | 363,843            | 363,461            | 382  |
| Human Services                              |                   |                    |                    |  |
| Other                                       | 416,717           | 416,179            | 340,897            | 75,282   |
| Conservation and Recreation                 | 28,500            | 37,534             | 37,534             | 0  |
| Intergovernmental                           | 94,050            | 94,050             | 94,050             | 0  |
| <b>Total Expenditures</b>                   | <b>14,464,295</b> | <b>14,132,226</b>  | <b>13,720,349</b>  | <b>411,877</b>                                   |
| Excess of Revenues<br>Under Expenditures    | (2,202,195)       | (1,604,326)        | (1,417,518)        | 186,808  |
| <u>Other Financing Sources (Uses)</u>       |                   |                    |                    |  |
| Other Financing Sources                     | 44,000            | 44,000             | 76,727             | 32,727   |
| Transfers In                                | 180,000           | 677,651            | 158,854            | (518,797)  |
| Transfers Out                               | (1,127,428)       | (2,246,474)        | (1,482,863)        | 763,611  |
| <b>Total Other Financing Sources (Uses)</b> | <b>(903,428)</b>  | <b>(1,524,823)</b> | <b>(1,247,282)</b> | <b>277,541</b>                                   |
| Changes in Fund Balance                     | (3,105,623)       | (3,129,149)        | (2,664,800)        | 464,349  |
| Fund Balance Beginning of Year              | 2,361,433         | 2,361,433          | 2,361,433          | 0  |
| Prior Year Encumbrances Appropriated        | 1,097,438         | 1,097,438          | 1,097,438          | 0  |
| <b>Fund Balance End of Year</b>             | <b>\$353,248</b>  | <b>\$329,722</b>   | <b>\$794,071</b>   | <b>\$464,349</b>                                 |

See Accompanying Notes to the Basic Financial Statements

Ashland County,  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Motor Vehicle and Gasoline Tax Fund  
For the Year Ended December 31, 2008

|  | <u>Budgeted Amounts</u> |                    | Actual           | Variance with<br>Final Budget<br>Over<br>(Under) |
|--|-------------------------|--------------------|------------------|--|
|  | <u>Original</u>         | <u>Final</u>       |                  |  |
| <u>Revenues</u>                          |                         |                    |                  |  |
| Other Local Taxes                        | \$170,000               | \$170,000          | \$174,168        | \$4,168  |
| Intergovernmental                        | 4,100,000               | 4,135,000          | 4,183,307        | 48,307   |
| Interest                                 | 30,000                  | 30,000             | 38,938           | 8,938  |
| Other                                    | 30,000                  | 30,000             | 71,541           | 41,541   |
| Total Revenues                           | <u>4,330,000</u>        | <u>4,365,000</u>   | <u>4,467,954</u> | <u>102,954</u>                                   |
| <u>Expenditures</u>                      |                         |                    |                  |  |
| Current:                                 |                         |                    |                  |  |
| Public Works                             |                         |                    |                  |  |
| Engineer                                 | 5,620,643               | 5,878,643          | 5,042,679        | 835,964  |
| Debt Service:                            |                         |                    |                  |  |
| Principal Retirement                     | <u>22,557</u>           | <u>22,557</u>      | <u>22,557</u>    | <u>0</u>   |
| Total Expenditures                       | <u>5,643,200</u>        | <u>5,901,200</u>   | <u>5,065,236</u> | <u>835,964</u>                                   |
| Excess of Revenues<br>Under Expenditures | <u>(1,313,200)</u>      | <u>(1,536,200)</u> | <u>(597,282)</u> | <u>938,918</u>                                   |
| <u>Other Financing Sources (Uses)</u>    |                         |                    |                  |  |
| OPWC Loans Issued                        | 100,000                 | 100,000            | 0                | (100,000)  |
| Transfers Out                            | <u>(76,800)</u>         | <u>(36,800)</u>    | <u>(33,424)</u>  | <u>3,376</u>                                     |
| Total Other Financing Sources (Uses)     | <u>23,200</u>           | <u>63,200</u>      | <u>(33,424)</u>  | <u>(96,624)</u>                                  |
| Changes in Fund Balance                  | (1,290,000)             | (1,473,000)        | (630,706)        | 842,294  |
| Fund Balance Beginning of Year           | <u>1,514,191</u>        | <u>1,514,191</u>   | <u>1,514,191</u> | <u>0</u>   |
| Fund Balance End of Year                 | <u>\$224,191</u>        | <u>\$41,191</u>    | <u>\$883,485</u> | <u>\$842,294</u>                                 |

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Job and Family Services Fund  
For the Year Ended December 31, 2008

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Over<br/>(Under)</u> |
|--|-------------------------|------------------|------------------|--|
|  | <u>Original</u>         | <u>Final</u>     |                  |  |
| <u>Revenues</u>                          |                         |                  |                  |  |
| Intergovernmental                        | \$3,795,650             | \$3,795,650      | \$3,098,486      | (\$697,164)  |
| Other                                    | 137,000                 | 137,000          | 112,225          | (24,775)   |
| <b>Total Revenues</b>                    | <b>3,932,650</b>        | <b>3,932,650</b> | <b>3,210,711</b> | <b>(721,939)</b>   |
| <u>Expenditures</u>                      |                         |                  |                  |  |
| Current:                                 |                         |                  |                  |  |
| Human Services                           |                         |                  |                  |  |
| Job and Family Services                  | 4,848,650               | 4,850,444        | 3,552,617        | 1,297,827  |
| Excess of Revenues<br>Under Expenditures | (916,000)               | (917,794)        | (341,906)        | 575,888  |
| <u>Other Financing Sources</u>           |                         |                  |                  |  |
| Transfers In                             | 916,000                 | 916,000          | 129,977          | (786,023)  |
| Changes in Fund Balance                  | 0                       | (1,794)          | (211,929)        | (210,135)  |
| Fund Balance Beginning of Year           | 528,079                 | 528,079          | 528,079          | 0  |
| Prior Year Encumbrances Appropriated     | 3,644                   | 3,644            | 3,644            | 0  |
| <b>Fund Balance End of Year</b>          | <b>\$531,723</b>        | <b>\$529,929</b> | <b>\$319,794</b> | <b>(\$210,135)</b>   |

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Alcohol, Drug Addiction, and Mental Health Services Fund  
For the Year Ended December 31, 2008

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Over<br/>(Under)</u> |
|--|-------------------------|------------------|------------------|--|
|  | <u>Original</u>         | <u>Final</u>     |                  |  |
| <u>Revenues</u>  |                         |                  |                  |  |
| Property Taxes   | \$724,650               | \$724,650        | \$692,336        | (\$32,314)   |
| Intergovernmental                                      | 3,834,964               | 4,034,964        | 4,112,646        | 77,682   |
| Other  | 39,768                  | 39,768           | 22,154           | (17,614)   |
| Total Revenues   | 4,599,382               | 4,799,382        | 4,827,136        | 27,754   |
| <u>Expenditures</u>                                    |                         |                  |                  |  |
| Current:   |                         |                  |                  |  |
| Health   |                         |                  |                  |  |
| Alcohol, Drug Addiction, and Mental Health<br>Services | 4,761,412               | 5,483,927        | 5,280,046        | 203,881  |
| Changes in Fund Balance                                | (162,030)               | (684,545)        | (452,910)        | 231,635  |
| Fund Balance Beginning of Year                         | 592,943                 | 592,943          | 592,943          | 0  |
| Prior Year Encumbrances Appropriated                   | 388,515                 | 388,515          | 388,515          | 0  |
| Fund Balance End of Year                               | <u>\$819,428</u>        | <u>\$296,913</u> | <u>\$528,548</u> | <u>\$231,635</u>   |

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Mental Retardation and Developmental Disabilities Fund  
For the Year Ended December 31, 2008

|   | <u>Budgeted Amounts</u> |                    | <u>Actual</u>      | Variance with                   |
|---|-------------------------|--------------------|--------------------|---------------------------------|
|   | <u>Original</u>         | <u>Final</u>       |                    | Final Budget<br>Over<br>(Under) |
| <u>Revenues</u>                                   |                         |                    |                    |                                 |
| Property Taxes                                    | \$3,263,055             | \$3,363,055        | \$3,359,671        | (\$3,384)                       |
| Payment in Lieu of Taxes                          | 5,540                   | 5,540              | 5,540              | 0                               |
| Charges for Services                              | 363,000                 | 363,000            | 347,068            | (15,932)                        |
| Intergovernmental                                 | 2,215,945               | 2,850,145          | 2,872,219          | 22,074                          |
| Interest  | 15,000                  | 26,163             | 11,163             | (15,000)                        |
| Other   | 146,460                 | 866,460            | 873,995            | 7,535                           |
| Total Revenues                                    | 6,009,000               | 7,474,363          | 7,469,656          | (4,707)                         |
| <u>Expenditures</u>                               |                         |                    |                    |                                 |
| Current:  |                         |                    |                    |                                 |
| Health  |                         |                    |                    |                                 |
| Mental Retardation and Developmental Disabilities | 6,105,447               | 6,241,647          | 5,806,227          | 435,420                         |
| Excess of Revenues Over<br>(Under) Expenditures   | (96,447)                | 1,232,716          | 1,663,429          | 430,713                         |
| <u>Other Financing Sources (Uses)</u>             |                         |                    |                    |                                 |
| Transfers In                                      | 0                       | 103,837            | 0                  | (103,837)                       |
| Transfers Out                                     | (118,000)               | (126,969)          | 0                  | 126,969                         |
| Total Other Financing Sources (Uses)              | (118,000)               | (23,132)           | 0                  | 23,132                          |
| Changes in Fund Balance                           | (214,447)               | 1,209,584          | 1,663,429          | 453,845                         |
| Fund Balance Beginning of Year                    | 4,027,543               | 4,027,543          | 4,027,543          | 0                               |
| Fund Balance End of Year                          | <u>\$3,813,096</u>      | <u>\$5,237,127</u> | <u>\$5,690,972</u> | <u>\$453,845</u>                |

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Fund Net Assets  
Proprietary Funds  
December 31, 2008

|  | Business-Type Activities |                    |                  | Governmental Activity |                    |
|--|--------------------------|--------------------|------------------|-----------------------|--------------------|
|  | County Home              | Landfill           | Recycling        | Total Enterprise      | Internal Service   |
| <u>Assets</u>  |                          |                    |                  |                       |                    |
| <u>Current Assets</u>  |                          |                    |                  |                       |                    |
| Equity in Pooled Cash and Cash Equivalents   | \$50,918                 | \$138,929          | \$28,869         | \$218,716             | \$60,424           |
| Cash and Cash Equivalents in Segregated Accounts   | 0                        | 0                  | 24,199           | 24,199                | 0                  |
| Accounts Receivable  | 877                      | 22,435             | 6,273            | 29,585                | 4,336              |
| Due from External Parties  | 0                        | 0                  | 0                | 0                     | 10,044             |
| Prepaid Items  | 0                        | 0                  | 104              | 104                   | 0                  |
| Materials and Supplies Inventory   | 2,734                    | 0                  | 0                | 2,734                 | 0                  |
| Inventory Held for Resale  | 0                        | 0                  | 16,820           | 16,820                | 0                  |
| Restricted Assets:   |                          |                    |                  |                       |                    |
| Equity in Pooled Cash and Cash Equivalents   | 0                        | 717,902            | 0                | 717,902               | 0                  |
| <b>Total Current Assets</b>  | <b>54,529</b>            | <b>879,266</b>     | <b>76,265</b>    | <b>1,010,060</b>      | <b>74,804</b>      |
| <u>Non-Current Assets</u>  |                          |                    |                  |                       |                    |
| Nondepreciable Capital Assets  | 0                        | 61,465             | 57,400           | 118,865               | 0                  |
| Depreciable Capital Assets, Net  | 711,236                  | 19,354             | 311,070          | 1,041,660             | 0                  |
| <b>Total Non-Current Assets</b>  | <b>711,236</b>           | <b>80,819</b>      | <b>368,470</b>   | <b>1,160,525</b>      | <b>0</b>           |
| <b>Total Assets</b>  | <b>765,765</b>           | <b>960,085</b>     | <b>444,735</b>   | <b>2,170,585</b>      | <b>74,804</b>      |
| <u>Liabilities</u>   |                          |                    |                  |                       |                    |
| <u>Current Liabilities</u>   |                          |                    |                  |                       |                    |
| Accrued Wages Payable  | 26,629                   | 1,317              | 18,720           | 46,666                | 0                  |
| Accounts Payable   | 17,783                   | 5,311              | 6,729            | 29,823                | 0                  |
| Compensated Absences Payable   | 11,395                   | 168                | 5,560            | 17,123                | 0                  |
| Due to Other Governments   | 20,232                   | 1,426              | 10,581           | 32,239                | 0                  |
| Interfund Payable  | 4,753                    | 0                  | 306              | 5,059                 | 0                  |
| Claims Payable   | 0                        | 0                  | 0                | 0                     | 481,402            |
| Postclosure Costs Payable  | 0                        | 39,468             | 0                | 39,468                | 0                  |
| <b>Total Current Liabilities</b>   | <b>80,792</b>            | <b>47,690</b>      | <b>41,896</b>    | <b>170,378</b>        | <b>481,402</b>     |
| <u>Non-Current Liabilities</u>   |                          |                    |                  |                       |                    |
| Compensated Absences Payable   | 0                        | 4,000              | 10,184           | 14,184                | 0                  |
| Postclosure Costs Payable  | 0                        | 1,731,521          | 0                | 1,731,521             | 0                  |
| <b>Total Non-Current Liabilities</b>   | <b>0</b>                 | <b>1,735,521</b>   | <b>10,184</b>    | <b>1,745,705</b>      | <b>0</b>           |
| <b>Total Liabilities</b>   | <b>80,792</b>            | <b>1,783,211</b>   | <b>52,080</b>    | <b>1,916,083</b>      | <b>481,402</b>     |
| <u>Net Assets</u>  |                          |                    |                  |                       |                    |
| Invested in Capital Assets   | 711,236                  | 80,819             | 368,470          | 1,160,525             | 0                  |
| Unrestricted (Deficit)   | (26,263)                 | (903,945)          | 24,185           | (906,023)             | (406,598)          |
| <b>Total Net Assets (Deficit)</b>  | <b>\$684,973</b>         | <b>(\$823,126)</b> | <b>\$392,655</b> | <b>254,502</b>        | <b>(\$406,598)</b> |
| Net assets reported for business-type activities on the statement of net assets is different because it includes a proportionate share of the net assets of the internal service fund. |                          |                    |                  | (53,919)              |                    |
| <b>Net Assets of Business-Type Activities</b>  |                          |                    |                  | <b>\$200,583</b>      |                    |

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenses,  
and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2008

|  | Business-Type Activities |                    |                  | Governmental Activity |                    |
|--|--------------------------|--------------------|------------------|-----------------------|--------------------|
|  | County Home              | Landfill           | Recycling        | Total Enterprise      | Internal Service   |
| <u>Operating Revenues</u>              |                          |                    |                  |                       |                    |
| Charges for Services                   | \$679,187                | \$250,242          | \$138,800        | \$1,068,229           | \$3,587,406        |
| Sale of Recyclables                    | 0                        | 0                  | 791,966          | 791,966               | 0                  |
| Other                                  | 11,164                   | 4,528              | 6,568            | 22,260                | 0                  |
| Total Operating Revenues               | <u>690,351</u>           | <u>254,770</u>     | <u>937,334</u>   | <u>1,882,455</u>      | <u>3,587,406</u>   |
| <u>Operating Expenses</u>              |                          |                    |                  |                       |                    |
| Personal Services                      | 774,218                  | 65,958             | 370,666          | 1,210,842             | 0                  |
| Materials and Supplies                 | 129,609                  | 1,352              | 2,099            | 133,060               | 0                  |
| Contractual Services                   | 103,216                  | 91,638             | 48,670           | 243,524               | 367,853            |
| Claims                                 | 0                        | 0                  | 0                | 0                     | 3,257,646          |
| Other                                  | 45,626                   | 180,964            | 468,481          | 695,071               | 0                  |
| Depreciation                           | 39,655                   | 3,871              | 44,970           | 88,496                | 0                  |
| Total Operating Expenses               | <u>1,092,324</u>         | <u>343,783</u>     | <u>934,886</u>   | <u>2,370,993</u>      | <u>3,625,499</u>   |
| Operating Income (Loss)                | (401,973)                | (89,013)           | 2,448            | (488,538)             | (38,093)           |
| Transfers In                           | 380,872                  | 0                  | 0                | 380,872               | 30,000             |
| Changes in Net Assets                  | (21,101)                 | (89,013)           | 2,448            | (107,666)             | (8,093)            |
| Net Assets (Deficit) Beginning of Year | <u>706,074</u>           | <u>(734,113)</u>   | <u>390,207</u>   |                       | <u>(398,505)</u>   |
| Net Assets (Deficit) End of Year       | <u>\$684,973</u>         | <u>(\$823,126)</u> | <u>\$392,655</u> |                       | <u>(\$406,598)</u> |

The change in net assets reported for business-type activities on the statement of activities is different because it includes a proportionate share of the net loss of the internal service fund.

(4,704)

Change in Net Assets of Business-Type Activities

(\$112,370)

See Accompanying Notes to the Basic Financial Statements



Ashland County  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2008

|  | Business-Type Activities |             |           | Governmental     |
|--|--------------------------|-------------|-----------|------------------|
|  | County Home              | Landfill    | Recycling | Internal Service |
| Increase (Decrease) in Cash and Cash Equivalents   |                          |             |           |                  |
| <u>Cash Flows from Operating Activities</u>  |                          |             |           |                  |
| Cash Received from Customers   | \$678,740                | \$248,301   | \$937,355 | \$1,864,396      |
| Cash Received from Transactions with Other Funds   | 0                        | 0           | 0         | 0                |
| Cash Received from Other Revenues  | 11,164                   | 4,528       | 6,568     | 22,260           |
| Cash Payments for Personal Services  | (619,102)                | (50,053)    | (309,087) | (978,242)        |
| Cash Payments to Suppliers   | (260,446)                | (127,900)   | (52,535)  | (440,881)        |
| Cash Payments for Claims   | 0                        | 0           | 0         | 0                |
| Cash Payments for Transactions with Other Funds  | (159,837)                | (12,943)    | (53,917)  | (226,697)        |
| Cash Payments for Other Expenses   | (43,533)                 | (185,823)   | (468,843) | (698,199)        |
| Net Cash Provided by (Used for) Operating Activities   | (393,014)                | (123,890)   | 59,541    | (457,363)        |
| <u>Cash Flows from Noncapital Financing Activities</u>   |                          |             |           |                  |
| Transfers In   | 380,872                  | 0           | 0         | 380,872          |
| <u>Cash Flows from Capital and Related Financing Activities</u>  |                          |             |           |                  |
| Acquisition of Capital Assets  | 0                        | 0           | (66,625)  | (66,625)         |
| Net Increase (Decrease) in Cash and Cash Equivalents   | (12,142)                 | (123,890)   | (7,084)   | (143,116)        |
| Cash and Cash Equivalents Beginning of Year  | 63,060                   | 980,721     | 60,152    | 1,103,933        |
| Cash and Cash Equivalents End of Year  | \$50,918                 | \$856,831   | \$53,068  | \$960,817        |
| Reconciliation of Operating Income (Loss) to<br><u>Net Cash Provided by (Used for) Operating Activities</u>        |                          |             |           |                  |
| Operating Income (Loss)  | (\$401,973)              | (\$89,013)  | \$2,448   | (\$488,538)      |
| Adjustments to Reconcile Operating Income (Loss) to<br><u>Net Cash Provided by (Used for) Operating Activities</u> |                          |             |           |                  |
| Depreciation   | 39,655                   | 3,871       | 44,970    | 88,496           |
| Changes in Assets and Liabilities  |                          |             |           |                  |
| (Increase) Decrease in Accounts Receivable   | (447)                    | (1,941)     | 6,589     | 4,201            |
| Increase in Due from External Parties  | 0                        | 0           | 0         | 0                |
| (Increase) Decrease in Prepaid Items   | 0                        | 117         | (104)     | 13               |
| Decrease in Materials and Supplies Inventory   | 750                      | 0           | 0         | 750              |
| Decrease in Inventory Held for Resale  | 0                        | 0           | 17,927    | 17,927           |
| Increase in Accrued Wages Payable  | 2,512                    | 329         | 3,032     | 5,873            |
| Decrease in Accounts Payable   | (25,217)                 | (3,626)     | (18,511)  | (47,354)         |
| Increase (Decrease) in Compensated Absences Payable  | (11,968)                 | 2,211       | 1,385     | (8,372)          |
| Increase in Due to Other Governments   | 5,831                    | 422         | 3,245     | 9,498            |
| Decrease in Interfund Payable  | (2,157)                  | 0           | (1,440)   | (3,597)          |
| Increase in Claims Payable   | 0                        | 0           | 0         | 0                |
| Decrease in Postclosure Costs Payable  | 0                        | (36,260)    | 0         | (36,260)         |
| Total Adjustments  | 8,959                    | (34,877)    | 57,093    | 31,175           |
| Net Cash Provided by (Used for) Operating Activities   | (\$393,014)              | (\$123,890) | \$59,541  | (\$457,363)      |

See Accompanying to the Basic Financial Statements

Non-cash transactions - A prior \$30,000 interfund loan payable from the internal service fund was liquidated by being converted to an operating transfer.

Ashland County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
December 31, 2008

Assets

|  |             |
|--|-------------|
| Equity in Pooled Cash and Cash Equivalents       | \$2,420,117 |
| Cash and Cash Equivalents in Segregated Accounts | 520,537     |
| Other Local Taxes Receivable                     | 9,355       |
| Due from Other Governments                       | 2,455,388   |
| Due from External Parties                        | 31,774      |
| Property Taxes Receivable                        | 45,860,633  |
| Special Assessments Receivable                   | 51,538      |

Total Assets \$51,349,342

Liabilities

|                          |              |
|--------------------------|--------------|
| Due to Other Governments | \$49,929,396 |
| Due to External Parties  | 10,062       |
| Undistributed Assets     | 1,409,884    |

Total Liabilities \$51,349,342

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 1 - Reporting Entity**

Ashland County, Ohio (the County) was created in 1846. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Court Judge.

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

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

**A. Primary Government**

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Ashland County, this includes the Ashland County Board of Mental Retardation and Developmental Disabilities (MRDD), Mental Health and Recovery Board of Ashland County, Heartland Home, Children Services Board, and departments and activities that are directly operated by the elected County officials.

**B. Component Units**

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

**Discretely Presented Component Unit**

The component unit column on the financial statements identifies the financial data of the County's component unit, D-R Services, Inc. It is reported separately to emphasize that it is legally separate from the County. Information about this component unit is presented in Note 21 to the basic financial statements.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 1 - Reporting Entity** (continued)

D-R Services, Inc. - D-R Services, Inc. is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. D-R Services, Inc., under a contractual agreement with the Ashland County Board of Mental Retardation and Developmental Disabilities (MRDD), provides sheltered employment for mentally retarded or handicapped adults in Ashland County. The Ashland County Board of MRDD provides D-R Services, Inc. with all expenses and personnel for the operation of D-R Services, Inc. including staff salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of D-R Services, Inc. Based on the significant services and resources provided by the County to D-R Services, Inc. and D-R Services, Inc.'s sole purpose of providing assistance to the retarded and handicapped adults of Ashland County, D-R Services, Inc. is presented as a component unit of Ashland County. Exclusion of D-R Services, Inc. from the County's financial statements would result in misleading financial statements for Ashland County. D-R Services, Inc. operates on a fiscal year ended December 31. D-R Services, Inc. does not issue separate financial statements.

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

Ashland County Soil and Water Conservation District  
Ashland City-County Health Department  
Local Emergency Planning Commission  
Ashland County Family and Children First Council

The County participates in several jointly governed organizations and insurance pools, and is associated with a related organization. These organizations are presented in Notes 22, 23, and 24 to the basic financial statements. These organizations are:

Northern Ohio Juvenile Community Corrections Facility  
Ashland Community Improvement Corporation (CIC)  
Ashland Area Council for Economic Development  
County Risk Sharing Authority, Inc. (CORSA)  
County Commissioners Association of Ohio Service Corporation (CCAOSC)  
Ashland County Airport Authority

**Note 2 - Summary of Significant Accounting Policies**

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and business-type 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

**Fund Financial Statements**

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

**B. Fund Accounting**

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

**Governmental Funds**

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

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

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

Job and Family Services - This fund accounts for federal, state, and local monies used to provide general relief and to pay providers of medical assistance and social services.

Alcohol, Drug Addiction, and Mental Health Services - This fund accounts for a county-wide property tax levy and federal and state grants that are primarily used to pay the costs of contracts with local mental health agencies that provide services to the public.

Mental Retardation and Developmental Disabilities - This fund accounts for the operation of a school for the mentally retarded and developmentally disabled financed by a county-wide property tax levy and federal and state grants.

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

**Proprietary Funds**

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the County's major enterprise funds:

County Home - This fund accounts for the daily operations of the County nursing home. Revenue is generated from resident fees and charges for services and is used to pay other agencies for services, to fund the daily costs of operations, and to provide services to the residents such as laundry, transportation, personal care items, and incidental medical supplies.

Landfill - This fund accounts for ongoing postclosure activities at the landfill, which closed in 1997. In addition, the fund receives a remittance on the fees collected by the landfill in Richland County for the dumping of Ashland County waste.

**Note 2 - Summary of Significant Accounting Policies** (continued)

Recycling - This fund accounts for the operations of the County recycling center.

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. The County's internal service fund accounts for monies received for the activities of the self insurance program for employee health benefits.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. The County did not have any trust funds in 2008. The County's agency funds account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

Fund Financial Statements

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

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

**D. Basis of Accounting**

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

**Revenues - Exchange and Nonexchange Transactions**

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

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

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), grants, interest, and rent.

**Deferred Revenues**

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim at December 31, 2008, but were levied to finance 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.



**Note 2 - Summary of Significant Accounting Policies** (continued)

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. Budgetary information for the Commissary special revenue fund and D-R Services, Inc. is not reported because they are not included in the entity for which the “appropriated budget” is adopted. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners’ authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object level for all funds.

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

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

F. Cash and Investments

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

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

Cash and cash equivalents of D-R Services, Inc. are held by the component unit and are recorded as “Cash and Cash Equivalents in Segregated Accounts”.

**Note 2 - Summary of Significant Accounting Policies** (continued)

During 2008, the County invested in nonnegotiable certificates of deposit, repurchase agreements, federal agency securities, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit and repurchase agreements which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2008.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2008 was \$783,436, which includes \$706,872 assigned from other County funds.

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**H. Inventory**

With the exception of the Motor Vehicle and Gasoline Tax special revenue fund, all inventory of the County is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory in the Motor Vehicle and Gasoline Tax special revenue fund is based on average cost. Inventory consists of expendable supplies held for consumption.

**I. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that have a legal restriction on their use are reported as restricted. Monies required to be set aside for postclosure costs at the landfill are also reported as restricted.

**J. Capital Assets**

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements. Capital assets used by the proprietary funds are reported in both the business-type activities column on the government-wide statement of net assets and in the respective funds.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 2 - Summary of Significant Accounting Policies** (continued)

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The County maintains a capitalization threshold of fifteen thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. The County reports all infrastructure, including that acquired prior to 1980. Depreciation is computed using the straight-line method over the following useful lives:

|                       | Governmental<br>Activities | Business-Type<br>Activities |
|-----------------------|----------------------------|-----------------------------|
| Land Improvements     | 20-50 years                | 20 years                    |
| Buildings             | 40-125 years               | 60 years                    |
| Building Improvements | 20-40 years                | 20 years                    |
| Roads                 | 10-50 years                | n/a                         |
| Bridges               | 50 years                   | n/a                         |
| Equipment             | 5-20 years                 | 10-20 years                 |
| Vehicles              | 10-20 years                | 10 years                    |

**K. Interfund Receivables/Payables**

On fund financial statements, outstanding interfund loans and unpaid amounts for internal services provided are reported as "Interfund Receivables/Payables". Interfund balances are eliminated on the statement of net assets, except for any net residual amounts due between governmental and business-type activities. These amounts are presented as "Internal Balances".

**L. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the County's past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on length of service and department policy.

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

**M. Accrued Liabilities and Long-Term Obligations**

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

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

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include resources restricted for various law enforcement activities and activities of the County's courts. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. As of December 31, 2008, there were no net assets restricted by enabling legislation.

**O. Fund Balance Reserves**

The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Fund balance reserves have been established for unclaimed monies, notes receivable, and encumbrances.

**P. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for the county home, landfill, and recycling center, as well as charges for internal service fund activities. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as nonoperating.

**Note 2 - Summary of Significant Accounting Policies** (continued)

**Q. Capital Contributions**

Capital contributions arise from outside contributions of capital assets.

**R. Interfund Transactions**

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

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

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.

**S. Estimates**

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

**Note 3 - Changes in Accounting Principles and Restatement of Fund Balance/Net Assets**

**A. Changes in Accounting Principles**

For 2008, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", Statement No. 51, "Accounting and Financial Reporting for Intangible Assets" and Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments".

GASB Statement No. 49 establishes accounting and financial reporting requirements for pollution remediation obligations by requiring more timely and complete reporting of the obligations and by requiring all governments to account for pollution remediation obligations in the same manner. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any changes to the financial statements.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

**Note 3 - Changes in Accounting Principles and Restatement of Fund Balance/Net Assets** (continued)

GASB Statement No. 52 establishes consistent standards for reporting land and other real estate held as investments. It requires endowments to report land and other real estate investments at fair value, to report the changes in fair value as investment income, and to disclose the methods and significant assumptions used to determine fair value. The implementation of this statement did not result in any changes to the financial statements.

**B. Restatement of Fund Balance/Net Assets**

In the prior year, the County's receivables for permissive sales taxes and payment in lieu of taxes was understated and due from other governments was overstated. The restatement due to the above corrections had the following effect on fund balance of the major and nonmajor funds of the County as they were previously reported.

|   | General            | Motor<br>Vehicle and<br>Gasoline Tax | Job and<br>Family<br>Services | Alcohol,<br>Drug Addiction,<br>and Mental Health<br>Services |
|---|--------------------|--------------------------------------|-------------------------------|--|
| Fund Balance at<br>December 31, 2007        | \$3,820,682        | \$2,368,047                          | \$569,255                     | \$1,070,663  |
| Permissive Sales<br>Taxes Receivable        | 529,119            | 0                                    | 0                             | 0  |
| Due from Other<br>Governments               | 0                  | 0                                    | 0                             | 0  |
| Payment in Lieu of<br>Taxes Receivable      | 107,410            | 0                                    | 0                             | 0  |
| Deferred Revenue                            | (623,950)          | 0                                    | 0                             | 0  |
| Adjusted Fund Balance at<br>January 1, 2008 | <u>\$3,833,261</u> | <u>\$2,368,047</u>                   | <u>\$569,255</u>              | <u>\$1,070,663</u>   |

|   | Mental<br>Retardation and<br>Developmental<br>Disabilities | Other<br>Governmental | Total<br>Governmental<br>Funds |
|---|--|-----------------------|--------------------------------|
| Fund Balance at<br>December 31, 2007        | \$4,042,791  | \$5,100,477           | \$16,971,915                   |
| Permissive Sales<br>Taxes Receivable        | 0  | 132,273               | 661,392                        |
| Due from Other<br>Governments               | 0  | (23,091)              | (23,091)                       |
| Payment in Lieu of<br>Taxes Receivable      | 154,096  | 0                     | 261,506                        |
| Deferred Revenue                            | (140,876)  | (109,182)             | (874,008)                      |
| Adjusted Fund Balance at<br>January 1, 2008 | <u>\$4,056,011</u>   | <u>\$5,100,477</u>    | <u>\$16,997,714</u>            |

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 3 - Changes in Accounting Principles and Restatement of Fund Balance/Net Assets** (continued)

The restatement had the following effect on net assets.

|                                       | Total<br>Governmental<br>Activities |
|---------------------------------------|-------------------------------------|
| Net Assets December 31, 2007          | \$60,242,740                        |
| Permissive Sales Taxes Receivable     | 661,392                             |
| Due from Other Governments            | (23,091)                            |
| Payment in Lieu of Taxes Receivable   | 261,506                             |
| Adjusted Net Assets December 31, 2007 | \$61,142,547                        |

**Note 4 - Accountability and Compliance**

**A. Accountability**

At December 31, 2008, the Child Support Enforcement Agency Contract and Children’s Services special revenue funds, and the American Augers capital projects fund had a deficit fund balance, in the amount of \$13, \$18,442, \$240,000, respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Landfill enterprise fund and the Medical Insurance internal service fund had deficit net assets, in the amount of \$823,126 and \$406,598, respectively. The deficit net assets in the Landfill enterprise fund resulted from the requirement to report future postclosure costs. The deficit net assets in the Medical Insurance internal service fund is due to claims and administration expenses exceeding premiums being charged. Management is analyzing both of these situations to alleviate future deficits.

**B. Compliance**

Contrary to Ohio Revised Code Section 5705.41(D), the County did not certify the availability of funds for all expenditures in 2008.

Contrary to Ohio Administrative Code Section 3745.27-.16 (C) and CFR Part 258 Subpart 6, the County operated at a deficit exceeding five percent of total annual revenue.

**Note 5 - Budgetary Basis of Accounting**

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual for the General Fund; and the Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; and Mental Retardation and Developmental Disabilities special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

**Note 5 - Budgetary Basis of Accounting** (continued)

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. The County has certain activities within the General Fund that are not budgeted by the County Commissioners. However, this activity is included as part of the reporting entity when preparing financial statements that conform with GAAP.

Adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

|  | Changes in Fund Balance |                                      |                               |  |  |
|--|-------------------------|--------------------------------------|-------------------------------|--|--|
|  | General                 | Motor<br>Vehicle and<br>Gasoline Tax | Job and<br>Family<br>Services | Alcohol,<br>Drug Addiction,<br>and Mental Health<br>Services | Mental<br>Retardation and<br>Developmental<br>Disabilities |
| GAAP Basis   | (\$2,811,766)           | (\$403,402)                          | (\$137,618)                   | (\$1,747)  | \$1,536,056  |
| <u>Increase (Decrease) Due To</u>                                    |                         |                                      |                               |  |  |
| Revenue Accruals   |                         |                                      |                               |  |  |
| Accrued 2007, Received<br>in Cash 2008                               | 565,316                 | 329,679                              | 131,782                       | 102,723  | 96,110   |
| Accrued 2008, Not Yet<br>Received in Cash                            | (525,401)               | (316,075)                            | 0                             | (107,490)  | (68,110)   |
| Expenditure Accruals   |                         |                                      |                               |  |  |
| Accrued 2007, Paid<br>in Cash 2008                                   | (479,765)               | (111,524)                            | (107,142)                     | (40,327)   | (208,084)  |
| Accrued 2008, Not Yet<br>Paid in Cash                                | 679,678                 | 188,652                              | (71,259)                      | 33,683   | 332,547  |
| Cash Adjustments   |                         |                                      |                               |  |  |
| Unrecorded Activity 2007   | 166,977                 | 0                                    | 0                             | 26,707   | 129,364  |
| Unrecorded Activity 2008   | (177,759)               | 0                                    | 0                             | (21,362)   | (103,670)  |
| Prepaid Items  | (598)                   | 0                                    | (104)                         | (2,877)  | 135  |
| Materials and Supplies Inventory                                     | 3,022                   | (74,980)                             | 2,126                         | 0  | 1,558  |
| Transfers Out  | 30,000                  | 0                                    | 0                             | 0  | 0  |
| Excess of Revenues Under<br>Expenditures for Nonbudgeted<br>Activity | 10                      | 0                                    | 0                             | 0  | 0  |
| Encumbrances Outstanding at<br>Year End (Budget Basis)               | (114,514)               | (243,056)                            | (29,714)                      | (442,220)  | (52,477)   |
| Budget Basis   | <u>(\$2,664,800)</u>    | <u>(\$630,706)</u>                   | <u>(\$211,929)</u>            | <u>(\$452,910)</u>   | <u>\$1,663,429</u>   |



**Note 6 - Deposits and Investments**

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange similar securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
  - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation, and which mature within two hundred seventy days after purchase;
  - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;

**Note 6 - Deposits and Investments** (continued)

10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and
12. Up to 1 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,936,776 of the County's bank balance of \$7,159,526 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 6 - Deposits and Investments** (continued)

Investments

As of December 31, 2008, the County had the following investments:

|   | <u>Fair Value</u>   | <u>Maturity</u> |
|---|---------------------|-----------------|
| Repurchase Agreement                        | \$954,562           | 1/2/09          |
| Federal National Mortgage Association Notes | 503,440             | 10/22/10        |
| Federal National Mortgage Association Notes | 501,565             | 6/22/11         |
| Federal National Mortgage Association Notes | 504,690             | 12/15/11        |
| Federal Home Loan Bank Bonds                | 510,315             | 11/5/10         |
| Federal Home Loan Bank Notes                | 517,030             | 8/25/10         |
| Federal Home Loan Bank Notes                | 503,750             | 3/4/11          |
| Federal Home Loan Bank Notes                | 516,405             | 11/17/11        |
| Federal Home Loan Bank Notes                | 511,565             | 11/25/11        |
| Federal Home Loan Bank Notes                | 505,470             | 12/29/11        |
| STAR Ohio                                   | 6,107,328           | 54.7 days       |
|   | <u>\$11,636,120</u> |                 |

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the County. The investment policy also requires a minimum of 20 percent of the County's portfolio to mature in less than thirty days and no more than 30 percent may be invested beyond twelve months.

The securities underlying the repurchase agreements (U.S. Treasury Notes and Federal National Mortgage Association Notes), Federal National Mortgage Association Notes, and Federal Home Loan Bank Bonds and Notes carry a rating of AAA by Moody's. STAR Ohio carries a rating of AAAM by Standard and Poor's. The County has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that repurchase agreements must be limited to investments listed in items 1 or 2 on page 45 provided that the market value of securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent, be marked to market daily, and must not exceed thirty days. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

The County places no limit on the amount of its inactive monies it may invest in a particular security. The following table indicates the percentage of each investment to the County's total portfolio.

|                                       | <u>Fair Value</u> | <u>Percentage of Portfolio</u> |
|---------------------------------------|-------------------|--------------------------------|
| Repurchase Agreement                  | \$954,562         | 8.20%                          |
| Federal National Mortgage Association | 1,509,695         | 12.97                          |
| Federal Home Loan Bank                | 3,064,535         | 26.34                          |

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 7 - Receivables**

Receivables at December 31, 2008, consisted of accounts (e.g., billings for user charged services, including unbilled charges); accrued interest; permissive sales taxes; other local taxes; intergovernmental receivables arising from grants, entitlements, and shared revenues; amounts due from external parties; interfund; property taxes; payment in lieu of taxes, and notes. All receivables are considered fully collectible within one year, except for property taxes, payment in lieu of taxes, and notes receivable. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Payment in lieu of taxes and notes receivable, in the amount of \$188,716 and \$24,852, respectively, will not be received within one year.

Notes receivable represent low interest loans for development projects granted to eligible County businesses under the Federal Community Development Block Grant program. The notes have an annual interest rate of 3.5 percent and are repaid over twelve years. A summary of the changes in notes receivable during 2008 follows:

|                      | Balance<br>December 31,<br>2007 | New<br>Loans | Repayments | Balance<br>December 31,<br>2008 |
|----------------------|---------------------------------|--------------|------------|---------------------------------|
| Special Revenue Fund |                                 |              |            |                                 |
| CDBG Revolving Loan  | \$33,965                        | \$0          | \$4,857    | \$29,108                        |

**Note 7 - Receivables (continued)**

A summary of the principal items of intergovernmental receivables follows:

|                                      | Amount    |
|--------------------------------------|-----------|
| Governmental Activities              |           |
| Major Funds                          |           |
| General Fund                         |           |
| Local Government Revenue Assistance  | \$604,244 |
| Estate Tax                           | 12,455    |
| Auditor of State                     | 3,680     |
| Public Defender Grant                | 7,378     |
| Homestead and Rollback               | 162,914   |
| Personal Property Phase-Out          | 30,396    |
| \$10,000 Personal Property Exemption | 2,370     |
| Total General Fund                   | 823,437   |
| Motor Vehicle and Gasoline Tax       |           |
| Gasoline Tax                         | 1,189,184 |
| Motor Vehicle License Fees           | 892,450   |
| Other                                | 48        |
| Total Motor Vehicle and Gasoline Tax | 2,081,682 |

(continued)

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 7 - Receivables** (continued)

|   | Amount    |
|---|-----------|
| Governmental Activities (continued)                       |           |
| Job and Family Services                                   |           |
| Public Assistance   | \$46,549  |
| Nonmajor Funds  |           |
| Alcohol, Drug Addiction, and Mental Health Services       |           |
| Medicaid  | \$471,735 |
| Block Grant - Federal                                     | 21,851    |
| State Disbursement  | 12,564    |
| Youth Mentoring Initiative                                | 2,651     |
| Homestead and Rollback                                    | 48,506    |
| Personal Property Phase-Out                               | 11,691    |
| \$10,000 Personal Property Exemption                      | 911       |
| Total Alcohol, Drug Addiction, and Mental Health Services | 569,909   |
| Mental Retardation and Developmental Disabilities         |           |
| Subsidy Program   | 4,688     |
| Title V   | 75        |
| Title VI-B  | 39,509    |
| Preschool   | 9,536     |
| Title XX  | 30,334    |
| Family Resources/Respite                                  | 15,050    |
| Homestead and Rollback                                    | 230,729   |
| Personal Property Phase-Out                               | 57,286    |
| \$10,000 Personal Property Exemption                      | 4,466     |
| Other   | 2,331     |
| Total Mental Retardation and Developmental Disabilities   | 394,004   |
| Total Major Funds   | 3,915,581 |
| Nonmajor Funds  |           |
| Victims of Crime Assistance                               |           |
| Victims of Crime Grant                                    | \$25,887  |
| Children Services   |           |
| Title IV-E  | 58,971    |
| Other   | 1,827     |
| CHIP Grant  |           |
| CHIP Grant  | 26,404    |
| Child Support Enforcement Agency                          |           |
| Child Support Enforcement Agency Grant                    | 72,443    |
| Workforce Investment Act                                  |           |
| Workforce Investment Act Grant                            | 9,208     |
| Senior Citizens Services                                  |           |
| Homestead and Rollback                                    | 35,432    |
| \$10,000 Personal Property Exemption                      | 547       |
| Community Corrections                                     |           |
| Community Corrections Grant                               | 55,273    |

(continued)

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 7 - Receivables** (continued)

|                                      | Amount      |
|--------------------------------------|-------------|
| Governmental Activities (continued)  |             |
| American Augers                      |             |
| CDBG Grant                           | \$240,000   |
| Total Nonmajor Funds                 | 525,992     |
| Total Governmental Activities        | 4,441,573   |
| Agency Funds                         |             |
| Local Government                     | 550,654     |
| Library Local Government             | 963,904     |
| Gasoline Tax                         | 662,257     |
| Motor Vehicle License Fees           | 253,398     |
| Permissive Motor Vehicle License Tax | 9,067       |
| Homestead and Rollback               | 11,150      |
| Personal Property Phase-Out          | 1,463       |
| Other                                | 3,495       |
| Total Agency Funds                   | \$2,455,388 |

**Note 8 - Permissive Sales and Use Tax**

The County Commissioners, by resolution, imposed a 1.25 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. The allocation of the sales tax is 1 percent to the County's General Fund and .25 percent for the repayment of the debt and operations of the County Jail. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month.

**Note 9 - Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the County. Real property tax revenues received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2006, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 9 - Property Taxes** (continued)

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2008 is 6.25 percent. This will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2008, and for which there was an enforceable legal claim. In the governmental funds, the entire receivable for property taxes has been deferred since current taxes were not levied to finance 2008 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent real property taxes have been recorded as a receivable and revenue while the remainder of the receivable is deferred.

The full tax rate for all County operations for the year ended December 31, 2008, was \$9.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

|                               |               |
|-------------------------------|---------------|
| Real Property                 |               |
| Residential                   | \$644,728,940 |
| Agriculture                   | 86,871,070    |
| Commercial/Industrial/Mineral | 131,626,850   |
| Public Utility Property       |               |
| Real                          | 327,470       |
| Personal                      | 54,595,910    |
| Tangible Personal Property    | 25,941,458    |
| Total Assessed Value          | \$944,091,698 |

**Note 10 - Payment in Lieu of Taxes**

According to State law, Ashland County has entered into agreements with a number of property owners under which the County has granted property tax exemptions to those property owners. The property owners have agreed to make payments to the County which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been exempted. The property owners' contractually promise to make these payments in lieu of taxes until the agreement expires.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

**Note 11 - Capital Assets**

Capital asset activity for the year ended December 31, 2008, was as follows:

|   | Balance<br>December 31,<br>2007 | Additions          | Reductions         | Balance<br>December 31,<br>2008 |
|---|---------------------------------|--------------------|--------------------|---------------------------------|
| Governmental Activities                     |                                 |                    |                    |                                 |
| Nondepreciable Capital Assets               |                                 |                    |                    |                                 |
| Land  | \$862,547                       | \$0                | \$0                | \$862,547                       |
| Construction in Progress                    | 259,506                         | 6,315              | (265,821)          | 0                               |
| Total Nondepreciable Capital Assets         | <u>1,122,053</u>                | <u>6,315</u>       | <u>(265,821)</u>   | <u>862,547</u>                  |
| Depreciable Capital Assets                  |                                 |                    |                    |                                 |
| Land Improvements                           | 285,596                         | 0                  | 0                  | 285,596                         |
| Buildings                                   | 19,936,530                      | 0                  | 0                  | 19,936,530                      |
| Building Improvements                       | 860,654                         | 20,000             | 0                  | 880,654                         |
| Roads                                       | 43,298,100                      | 994,286            | 0                  | 44,292,386                      |
| Bridges                                     | 12,719,039                      | 522,953            | (134,093)          | 13,107,899                      |
| Equipment                                   | 1,923,549                       | 325,561            | 0                  | 2,249,110                       |
| Vehicles                                    | 2,594,446                       | 130,037            | 0                  | 2,724,483                       |
| Total Depreciable Capital Assets            | <u>81,617,914</u>               | <u>1,992,837</u>   | <u>(134,093)</u>   | <u>83,476,658</u>               |
| Less Accumulated Depreciation for           |                                 |                    |                    |                                 |
| Land Improvements                           | (20,437)                        | (11,100)           | 0                  | (31,537)                        |
| Buildings                                   | (4,817,468)                     | (435,885)          | 0                  | (5,253,353)                     |
| Building Improvements                       | (641,578)                       | (23,875)           | 0                  | (665,453)                       |
| Roads                                       | (23,054,091)                    | (1,312,085)        | 0                  | (24,366,176)                    |
| Bridges                                     | (6,874,272)                     | (262,158)          | 75,092             | (7,061,338)                     |
| Equipment                                   | (1,405,312)                     | (93,760)           | 0                  | (1,499,072)                     |
| Vehicles                                    | (1,588,971)                     | (157,422)          | 0                  | (1,746,393)                     |
| Total Accumulated Depreciation              | <u>(38,402,129)</u>             | <u>(2,296,285)</u> | <u>75,092</u>      | <u>(40,623,322)</u>             |
| Total Depreciable Capital Assets, Net       | <u>43,215,785</u>               | <u>(303,448)</u>   | <u>(59,001)</u>    | <u>42,853,336</u>               |
| Governmental Activities Capital Assets, Net | <u>\$44,337,838</u>             | <u>(\$297,133)</u> | <u>(\$324,822)</u> | <u>\$43,715,883</u>             |

During 2008, the County accepted contributions of nondepreciable capital assets for governmental activities with a fair value of \$6,315.



Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

**Note 11 - Capital Assets** (continued)

|  | Balance<br>December 31,<br>2007 | Additions  | Reductions | Balance<br>December 31,<br>2008 |
|--|---------------------------------|------------|------------|---------------------------------|
| Business-Type Activities                     |                                 |            |            |                                 |
| Nondepreciable Capital Assets                |                                 |            |            |                                 |
| Land   | \$118,865                       | \$0        | \$0        | \$118,865                       |
| Depreciable Capital Assets                   |                                 |            |            |                                 |
| Land Improvements                            | 49,072                          | 0          | 0          | 49,072                          |
| Buildings                                    | 1,516,614                       | 0          | 0          | 1,516,614                       |
| Building Improvements                        | 267,311                         | 0          | 0          | 267,311                         |
| Equipment                                    | 450,998                         | 43,625     | 0          | 494,623                         |
| Vehicles                                     | 169,455                         | 23,000     | 0          | 192,455                         |
| Total Depreciable Capital Assets             | 2,453,450                       | 66,625     | 0          | 2,520,075                       |
| Less Accumulated Depreciation for            |                                 |            |            |                                 |
| Land Improvements                            | (40,042)                        | (2,454)    | 0          | (42,496)                        |
| Buildings                                    | (767,335)                       | (25,276)   | 0          | (792,611)                       |
| Building Improvements                        | (134,155)                       | (12,054)   | 0          | (146,209)                       |
| Equipment                                    | (345,334)                       | (35,170)   | 0          | (380,504)                       |
| Vehicles                                     | (103,053)                       | (13,542)   | 0          | (116,595)                       |
| Total Accumulated Depreciation               | (1,389,919)                     | (88,496)   | 0          | (1,478,415)                     |
| Total Depreciable Capital Assets, Net        | 1,063,531                       | (21,871)   | 0          | 1,041,660                       |
| Business-Type Activities Capital Assets, Net | \$1,182,396                     | (\$21,871) | \$0        | \$1,160,525                     |

Depreciation expense was charged to governmental functions as follows:

|  |             |
|--|-------------|
| Governmental Activities                              |             |
| General Government                                   |             |
| Legislative and Executive                            | \$52,552    |
| Judicial   | 10,598      |
| Public Safety  |             |
| Sheriff  | 312,409     |
| Public Works   | 1,756,300   |
| Health   |             |
| Alcohol, Drug Addiction, and Mental Health Services  | 9,063       |
| Mental Retardation and Developmental Disabilities    | 90,892      |
| Other  | 1,219       |
| Human Services                                       |             |
| Job and Family Services                              | 32,751      |
| Other  | 8,723       |
| Conservation and Recreation                          | 21,778      |
| Total Depreciation Expense - Governmental Activities | \$2,296,285 |

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 12 - Interfund Receivables/Payables**

Interfund balances at December 31, 2008, consisted of the following receivables and payables:

|   |                  |
|---|------------------|
| Due to General Fund from:                 |                  |
| Other Governmental                        | \$11,418         |
| County Home                               | 4,753            |
| Recycling                                 | 306              |
| Total General Fund                        | <u>\$16,477</u>  |
| <br>                                      |                  |
| Due to Job and Family Services Fund from: |                  |
| Other Governmental                        | <u>\$376,446</u> |
| <br>                                      |                  |
| Due to Other Governmental Funds from:     |                  |
| General Fund                              | <u>\$1,732</u>   |

The balance due to the General Fund consists of loans made to provide working capital for operations or projects. All of these amounts are expected to be received within one year.

The amount due to the Job and Family Services Fund was for services provided to other governmental funds. This amount is expected to be received within one year.

The amount due to Other Governmental Funds resulted from the time lag between dates that payments between funds are made. This amount is expected to be received within one year.

**Note 13 - Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 13 - Risk Management** (continued)

Coverage provided by CORSA is as follows:

|   |                   |
|---|-------------------|
| General Liability   | \$1,000,000       |
| Excess Liability  | 9,000,000         |
| Medical Professional Liability                            | 11,000,000        |
| Law Enforcement Professional Liability                    | 1,000,000         |
| Public Officials Errors and Omissions Liability           | 1,000,000         |
| Automobile Liability                                      | 1,000,000         |
| Uninsured Motorists Liability                             | 250,000           |
| Ohio Stop Gap (Additional Workers' Compensation Coverage) | 1,000,000         |
| Building and Contents                                     | 72,929,224        |
| Other Property Insurance                                  |                   |
| Automobile Physical Damage                                | Actual Cash Value |
| Flood and Earthquake                                      | 100,000,000       |
| Comprehensive Boiler and Machinery                        | 100,000,000       |
| Crime Insurance   |                   |
| Faithful Performance                                      | 1,000,000         |
| Money and Securities                                      | 1,000,000         |
| Depositor's Forgery                                       | 1,000,000         |
| Money Order and Counterfeit Paper                         | 1,000,000         |

With the exceptions of medical coverage, dental coverage for MRDD employees, and workers' compensation, all insurance is held with CORSA. There has been no significant reduction in insurance coverage from 2007, and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

For 2008, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 13 - Risk Management** (continued)

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

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

The County provides employee medical coverage through a self insured program. The County established a Medical Insurance fund (an internal service fund) to account for and finance employee health benefits. Under this program, the Medical Insurance fund provides coverage up to a maximum of \$80,000 for each individual. The County purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in the past three years.

All funds of the County, except the Board of Mental Retardation and Developmental Disabilities (MRDD), participate in the program and make payments to the Medical Insurance fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at December 31, 2008, was estimated by the third party administrator at \$481,402.

The changes in the claims liability for 2008 and 2007 were:

|      | Beginning<br>Balance | Current Year<br>Claims and<br>Changes in<br>Estimates | Claims<br>Payments | Ending<br>Balance |
|------|----------------------|---|--------------------|-------------------|
| 2008 | \$374,642            | \$3,257,646   | \$3,150,886        | \$481,402         |
| 2007 | 391,729              | 2,841,775   | 2,858,862          | 374,642           |

Employees of the Board of Mental Retardation and Developmental Disabilities (MRDD) receive medical and dental insurance coverage provided by commercial insurance providers. Employees participate in the payment of premiums for this coverage.

**Note 14 - Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

Plan Description - The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs, and township police) and public safety divisions exist only within the traditional pension plan.

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The County's contribution rate for 2008 was 14 percent of covered payroll, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.4 percent of covered payroll. For 2008, a portion of the County's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment health care plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the County of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 was \$969,474, \$1,106,787, and \$1,170,529, respectively; 87 percent has been contributed for 2008 and 100 percent for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$20,473 made by the County and \$14,623 made by the plan members.

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

Plan Description - Certified teachers, employed by the school for Mental Retardation and Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. 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 the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

**Note 14 - Defined Benefit Pension Plans** (continued)

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or an allowance based on member contributions and earned interest matched by STRS Ohio funds multiplied by an actuarially determined annuity factor. The DCP allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The CP offers features of both the DBP and the DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits.

Funding Policy - For the fiscal year ended June 30, 2008, 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. 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 contribution for pension obligations to the DBP for the years ended December 31, 2008, 2007, and 2006 were \$97,776, \$85,591, and \$83,850, respectively; 96 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

**Note 15 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

**Note 15 - Postemployment Benefits** (continued)

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14 percent of covered payroll (17.4 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The amount of the employer contributions which was allocated to fund postemployment health care was 7 percent of covered payroll for 2008.

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

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2008, 2007, and 2006 was \$930,697, \$706,472, and \$561,157, respectively; 87 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan which 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 of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contribution for health care for years ended December 31, 2008, 2007, and 2006 was \$7,521, \$6,584, and \$6,450, respectively; 96 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

Ashland County  
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For the Year Ended December 31, 2008

**Note 16 - Other Employer Benefits**

**A. Compensated Absences**

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. Currently, employees are not permitted to accrue or carry over, beyond an anniversary date, more than the equivalent of one year's vacation leave, except as otherwise defined in union agreements. All accumulated unused vacation time is paid upon separation from the County. Sick leave is earned at a rate of four and six-tenths hours for every eighty hours worked. Sick leave is pro-rated for those employees working less than a standard eighty hour pay period. Any County employee who has ten or more years of service is paid upon retirement for one-fourth of the value of their accumulated unused sick leave up to a maximum of thirty to sixty days, depending on department policy or union contract.

**B. Employee Health Insurance**

Ashland County provides employee medical benefits to most employees through a self insured program. The County pays the full cost of premiums for employees under the program. Coverage is provided up to a maximum \$80,000 per individual. The County purchases commercial insurance for claims in excess of this coverage. All claims under the plan are administered by the County's third-party administrator.

**Note 17 - Long-Term Obligations**

The County's long-term obligations activity for the year ended December 31, 2008, was as follows:

|   | Interest<br>Rate | Balance<br>December 31,<br>2007 | Additions        | Reductions       | Balance<br>December 31,<br>2008 | Due Within<br>One Year |
|---|------------------|---------------------------------|------------------|------------------|---------------------------------|------------------------|
| <b><u>Governmental Activities</u></b>                         |                  |                                 |                  |                  |                                 |                        |
| General Obligation Bonds                                      |                  |                                 |                  |                  |                                 |                        |
| 1991 Job and Family Services<br>(Original Amount \$1,500,000) | 5.0%             | \$470,000                       | \$0              | \$105,000        | \$365,000                       | \$115,000              |
| 1994 County Garage<br>(Original Amount \$1,100,000)           | 5.0              | 100,000                         | 0                | 100,000          | 0                               | 0                      |
| 2001 County Jail<br>(Original Amount \$5,100,000)             | 4.75             | 3,255,000                       | 0                | 205,000          | 3,050,000                       | 215,000                |
| Total General Obligation Bonds                                |                  | 3,825,000                       | 0                | 410,000          | 3,415,000                       | 330,000                |
| OPWC Loans  | 0.0              | 22,557                          | 0                | 22,557           | 0                               | 0                      |
| Other Long-Term Obligations                                   |                  |                                 |                  |                  |                                 |                        |
| Capital Leases  |                  | 0                               | 253,521          | 63,380           | 190,141                         | 35,176                 |
| Compensated Absences  |                  | 991,246                         | 98,282           | 65,975           | 1,023,553                       | 308,139                |
| Total Governmental Activities                                 |                  | <u>\$4,838,803</u>              | <u>\$351,803</u> | <u>\$561,912</u> | <u>\$4,628,694</u>              | <u>\$673,315</u>       |
| <b><u>Business-Type Activities</u></b>                        |                  |                                 |                  |                  |                                 |                        |
| Compensated Absences Payable                                  |                  | \$39,679                        | 0                | 8,372            | 31,307                          | 17,123                 |
| Closure/Postclosure Costs<br>Payable                          |                  | 1,807,249                       | 0                | 36,260           | 1,770,989                       | 39,468                 |
| Total Business-Type Activities                                |                  | <u>\$1,846,928</u>              | <u>\$0</u>       | <u>\$44,632</u>  | <u>\$1,802,296</u>              | <u>\$56,591</u>        |



Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 17 - Long-Term Obligations** (continued)

All general obligation bonds are supported by the full faith and credit of Ashland County and are payable from unvoted property tax revenues to the extent that other resources are not available to meet annual principal and interest payments.

1991 Job and Family Services Bonds - The Job and Family Services general obligation bonds include serial and term bonds. The term bonds have annual mandatory sinking fund redemption requirements and there are optional redemption provisions for the serial bonds. The term bonds mature on December 1, 2011, in the amount of \$900,000, at a redemption price equal to 100 percent of the principal plus accrued interest to the redemption date. The serial bonds maturing on or after December 1, 2003, are subject to early redemption, at the sole option of the County, either in whole or in part on any date on or after December 1, 2003, in multiples of \$5,000, at a redemption price equal to 100 percent of the principal plus accrued interest to the redemption date.

OPWC loans consist of money owed to the Ohio Public Works Commission for road improvements. OPWC loans will be repaid from the Motor Vehicle and Gasoline Tax special revenue fund. The loans were fully retired in 2008.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund; the Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; Mental Retardation and Developmental Disabilities; Dog and Kennel; Real Estate Assessment; Child Support Enforcement Agency Contract, DARE; Victims of Crime; Child Support Enforcement Agency; DRETAC; Felony Delinquent Care/Custody, and County Prosecutor Seizure special revenue funds and the County Home, Landfill, and Recycling enterprise funds.

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

|           | General Obligation Bonds |                   |
|-----------|--------------------------|-------------------|
|           | Principal                | Interest          |
|           | <u>          </u>        | <u>          </u> |
| 2009      | \$330,000                | \$170,425         |
| 2010      | 345,000                  | 152,162           |
| 2011      | 365,000                  | 133,075           |
| 2012      | 250,000                  | 112,813           |
| 2013      | 260,000                  | 100,937           |
| 2014-2018 | 1,535,000                | 304,950           |
| 2019      | 330,000                  | 0                 |
|           | <u>\$3,415,000</u>       | <u>\$974,362</u>  |

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 17 - Long-Term Obligations** (continued)

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1 percent of the total assessed valuation of the County. The Revised Code further provides that total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000. The effect of the debt limitations at December 31, 2008, were an overall debt margin of \$22,424,504 and a unvoted debt margin of \$9,763,129.

The County has issued industrial revenue bonds for the following organizations:

|   | <u>Date of Issue</u> | <u>Amount<br/>of Issue</u> | <u>Amount<br/>Outstanding<br/>December 31, 2008</u> |
|---|----------------------|----------------------------|---|
| Good Shepherd Home for the Aged Project       | 1/21/99              | \$3,960,000                | \$3,280,000   |
| Good Shepherd Home-Assisted Living Facilities | 11/15/99             | 4,750,000                  | 4,310,000   |
| Bretheran Care, Inc.                          | 1/1/05               | 16,160,000                 | 14,600,000  |
| Hospice of North Central Ohio                 | 9/1/06               | 5,800,000                  | 5,228,646   |
|   |                      | <u>\$30,670,000</u>        | <u>\$27,418,646</u>                                 |

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

**Note 18 - Capital Leases - Lessee Disclosure**

The County has entered into a capitalized lease for equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The new capital lease is reflected in the accounts "Public Works" and "Inception of Capital Lease" in the fund which will be making the lease payments. Principal payments in 2008 were \$63,380 for the governmental funds.

|                                   | <u>Governmental<br/>Activities</u> |
|-----------------------------------|------------------------------------|
| Equipment                         | \$253,521                          |
| Less Accumulated Depreciation     | (12,676)                           |
| Carrying Value, December 31, 2008 | <u>\$240,845</u>                   |

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

**Note 18 - Capital Leases - Lessee Disclosure** (continued)

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2008.

| Year  | Governmental Activities |          |
|-------|-------------------------|----------|
|       | Principal               | Interest |
| 2009  | \$35,176                | \$7,414  |
| 2010  | 36,548                  | 6,042    |
| 2011  | 37,973                  | 4,617    |
| 2012  | 39,453                  | 3,137    |
| 2013  | 40,991                  | 1,598    |
| Total | \$190,141               | \$22,808 |

**Note 19 - Postclosure Costs**

State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The County's landfill was closed in 1997. The \$1,770,989 reported as the landfill postclosure liability at December 31, 2008, represents the estimated costs of maintenance and monitoring through 2027. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The December 31, 2008 liability decreased from the prior year by \$36,260.

The County is required by state and federal laws and regulations to provide assurances that financial resources will be available to provide for postclosure care and remediation or containment of environmental hazards at the landfill. As indicated in Note 4, the County has not passed its financial accountability test.

**Note 20 - Interfund Transfers**

During 2008, the following transfers were made:

|                               | Transfers Out |   |                       |             |
|-------------------------------|---------------|---|-----------------------|-------------|
|                               | General       | Motor<br>Vehicle and<br>Gasoline<br>Tax | Other<br>Governmental | Total       |
| Governmental Activities       |               |   |                       |             |
| General                       | \$0           | \$0                                     | \$158,854             | \$158,854   |
| Job and Family Services       | 129,977       | 0                                       | 0                     | 129,977     |
| Other Governmental            | 972,014       | 33,424                                  | 500                   | 1,005,938   |
| Total Governmental Activities | 1,101,991     | 33,424                                  | 159,354               | 1,294,769   |
| Business-Type Activities      |               |   |                       |             |
| Enterprise Fund               |               |   |                       |             |
| County Home                   | 380,872       | 0                                       | 0                     | 380,872     |
| Internal Service Fund         |               |   |                       |             |
| Medical Insurance             | 30,000        | 0                                       | 0                     | 30,000      |
| Total                         | \$1,512,863   | \$33,424                                | \$159,354             | \$1,705,641 |

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 20 - Interfund Transfers** (continued)

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, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 21 - D-R Services, Inc.**

A. Summary of Significant Accounting Policies

Reporting Entity

D-R Services, Inc. utilizes the governmental model for accounting and financial reporting as established by NCGA Statement 1, "Governmental Accounting and Financial Reporting Principles", as modified by subsequent NCGA and GASB pronouncements.

Basis of Presentation

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

Materials and Supplies Inventory

Inventory is presented at cost on a first-in, first-out basis and is expensed when used. Inventory consists of expendable supplies held for consumption.

Capital Assets

Equipment and vehicles are recorded at cost. Donated equipment is recorded at fair market value on the date donated. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

| Asset Category | Estimated Lives |
|----------------|-----------------|
| Equipment      | 5-12 years      |
| Vehicles       | 5-10 years      |

B. Capital Assets

A summary of capital assets at December 31, 2008, follows:

|                               |           |
|-------------------------------|-----------|
| Equipment                     | \$297,641 |
| Vehicles                      | 50,348    |
|                               | 347,989   |
| Less Accumulated Depreciation | (273,667) |
| Net Capital Assets            | \$74,322  |

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008

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**Note 21 - D-R Services, Inc.** (continued)

C. Loan Payable

The changes in D-R Services, Inc. loan payable during 2008 were as follows:

|                   | Interest<br>Rate | Balance<br>December 31,<br>2007 | Additions | Reductions | Balance<br>December 31,<br>2008 | Due Within<br>One Year |
|-------------------|------------------|---------------------------------|-----------|------------|---------------------------------|------------------------|
| 2005 Vehicle Loan | 7.14%            | \$13,581                        | \$0       | \$4,788    | \$8,793                         | \$5,149                |

On August 30, 2005, D-R Services, Inc. obtained a vehicle loan, in the amount of \$23,500, for the purchase of a box truck. The loan was obtained for a five year period, with final maturity in 2010. The loan has an interest rate of 7.14 percent.

D. Capital Leases

D-R Services, Inc. has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Principal payments in 2008 were \$9,385.

|                                   |          |
|-----------------------------------|----------|
| Equipment                         | \$37,543 |
| Less Accumulated Depreciation     | (13,408) |
| Carrying Value, December 31, 2008 | \$24,135 |

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2008.

| Year  | Principal |
|-------|-----------|
| 2009  | \$9,385   |
| 2010  | 5,489     |
| Total | \$14,874  |

**Note 22 - Jointly Governed Organizations**

A. Northern Ohio Juvenile Community Corrections Facility

The Northern Ohio Juvenile Community Corrections Facility is a jointly governed organization between Ashland, Erie, Huron, Sandusky, and Seneca Counties. The Corrections Facility provides for juvenile rehabilitation and correction for juvenile offenders who would otherwise be eligible for commitment to the Ohio Department of Youth Services. The Corrections Facility is controlled by a governing board consisting of the juvenile court judge from each of the participating counties. Each County's ability to influence the operations of the Corrections Facility is limited to their representation on the governing board. Erie County serves as the fiscal agent.

**Note 22 - Jointly Governed Organizations** (continued)

**B. Ashland Community Improvement Corporation**

The County participates in the Ashland Community Improvement Corporation (CIC), a 501(c)(3) not-for-profit corporation established under Ohio Revised Code Section 1724.10. The CIC administers the CDBG revolving loan program in conjunction with the Ashland City revolving loan fund.

The CIC board consists of thirty members, two-fifths of whom are required by the Ohio Revised Code to be from the participating governments. Ashland County has one representative on the CIC board. Financial information can be obtained from the Ashland Community Improvement Corporation, 47 West Main Street, Ashland, Ohio 44805.

**C. Ashland Area Council for Economic Development**

The Ashland Area Council for Economic Development (Council) is a jointly governed organization between Ashland County and the City of Ashland. The Council was organized to undertake joint programs for economic development in the Ashland County area. The Council's board consists of the President of Council from the City of Ashland, a representative appointed by City Council, a member of the Board of County Commissioners, and a representative appointed by the Board of County Commissioners. Each term is for three years. In 2008, the County contributed \$42,500 to the Council. Financial information can be obtained from the Ashland Area Council for Economic Development, 206 Claremont Avenue, Ashland, Ohio 44805.

**Note 23 - Insurance Pools**

**A. County Risk Sharing Authority, Inc.**

The County Risk Sharing Authority, Inc. (CORSA), is a jointly governed organization among sixty-one counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

Each member county has one vote on all matters requiring a vote to be cast by a designated representative. The affairs of CORSA 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 of Trustees. No county may have more than one representative on the Board of Trustees 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.

**B. County Commissioners Association of Ohio Service Corporation**

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

**Note 23 - Insurance Pools** (continued)

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

**Note 24 - Related Organization**

The Ashland County Airport Authority was created by resolution of the County Commissioners under the authority of Chapter 308 of the Ohio Revised Code. The Airport Authority is governed by a five member board of trustees appointed by the County Commissioners. The Board of Trustees has the authority to exercise all of the powers and privileges provided under the law. These powers include the ability to sue or be sued in its corporate name; the power to establish and collect rates, rentals, and other charges; the authority to acquire, construct, operate, manage, and maintain airport facilities; the authority to buy and sell real and personal property; and the authority to issue debt for acquiring or constructing any facility or permanent improvement. The Airport Authority serves as custodian of its own funds and maintains all records and accounts independent of Ashland County.

Although the County has no obligation to provide financial resources to the airport, the County Commissioners have in prior years allocated certain funds to the Airport Authority. In 2008, this allocation was \$32,932.

**Note 25 - Related Party Transactions**

During 2008, Ashland County provided facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs to D-R Services, Inc. D-R Services, Inc., a discretely presented component unit of Ashland County, reported \$4,506 for such contributions. D-R Services, Inc. recorded operating revenues and expenses at cost or fair market value, as applicable, to the extent the contribution was related to the vocational purpose of D-R Services, Inc. Additional habilitative services provided directly to D-R Services, Inc. clients by the County was \$2,695,156.

**Note 26 - Contingent Liabilities**

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

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

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ASHLAND COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2008

| <u>Federal Grantor/<br/>Pass Through Grantor/<br/>Program Title</u>   | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass Through<br/>Entity<br/>Number</u> | <u>Federal<br/>Receipts</u> | <u>Non-Cash<br/>Receipts</u> | <u>Federal<br/>Expenditures</u> | <u>Non-Cash<br/>Expenditures</u> |
|---|------------------------------------|---|-----------------------------|------------------------------|---------------------------------|----------------------------------|
| <b><u>U.S. Department of Agriculture</u></b>  |                                    |   |                             |                              |                                 |                                  |
| <i>Passed through the Ohio Department of Education:</i>   |                                    |   |                             |                              |                                 |                                  |
| Child Nutrition Cluster:  |                                    |   |                             |                              |                                 |                                  |
| School Breakfast Program  | 10.553                             | N/A                                       | \$18,628                    |                              | \$18,628                        |                                  |
| National School Lunch Program   | 10.555                             | N/A                                       | 30,626                      | \$5,673                      | 30,626                          | \$5,673                          |
| Total Child Nutrition Cluster   |                                    |   | 49,254                      | 5,673                        | 49,254                          | 5,673                            |
| <i>Direct:</i>  |                                    |   |                             |                              |                                 |                                  |
| Watershed Rehabilitation Program  | 10.916                             | N/A                                       | 524,399                     |                              | 786,747                         |                                  |
| <b>Total U.S. Department of Agriculture</b>   |                                    |   | <b>573,653</b>              | <b>5,673</b>                 | <b>836,001</b>                  | <b>5,673</b>                     |
| <b><u>U.S. Department of Housing and Urban Development</u></b>  |                                    |   |                             |                              |                                 |                                  |
| <i>Passed through the Ohio Department of Development:</i>   |                                    |   |                             |                              |                                 |                                  |
| Community Development Block Grants/State's Program  | 14.228                             | BF-06-003-1                               | 24,700                      |                              | 24,700                          |                                  |
|   |                                    | BF-07-003-1                               | 109,000                     |                              | 109,000                         |                                  |
|   |                                    | BC-05-003-1                               | 15,233                      |                              | 15,233                          |                                  |
|   |                                    | BC-05-003-2                               | 1,167                       |                              | 1,167                           |                                  |
|   |                                    | BC-07-003-1                               | 92,911                      |                              | 82,188                          |                                  |
|   |                                    | BC-07-003-2                               | 200,769                     |                              | 166,598                         |                                  |
| <b>Total U.S. Department of Housing and Urban Development/<br/>Community Development Block Grants/State's Program</b> |                                    |   | <b>443,780</b>              |                              | <b>398,886</b>                  |                                  |
| <b><u>U.S. Department of Justice</u></b>  |                                    |   |                             |                              |                                 |                                  |
| <i>Passed through the Ohio Criminal Justice Service:</i>  |                                    |   |                             |                              |                                 |                                  |
| Crime Victim Assistance   | 16.575                             | 2008-VAGENE-306                           | 27,759                      |                              | 27,099                          |                                  |
|   |                                    | 2009-VAGENE-306                           | 8,631                       |                              | 4,872                           |                                  |
|   |                                    | 2009-SAGENE-306                           | 3,882                       |                              |                                 |                                  |
| <b>Total U.S. Department of Justice/Crime Victim Assistance</b>   |                                    |   | <b>40,272</b>               |                              | <b>31,971</b>                   |                                  |
| <b><u>U.S. Department of Labor</u></b>  |                                    |   |                             |                              |                                 |                                  |
| <i>Passed through the Ohio Department of Jobs and Family Services:<br/>Passed through WIA Area 7:</i>                 |                                    |   |                             |                              |                                 |                                  |
| Workforce Investment Act (WIA) Cluster:   |                                    |   |                             |                              |                                 |                                  |
| WIA Adult Program   | 17.258                             | N/A                                       | 42,015                      |                              | 72,444                          |                                  |
| WIA Adult Program/Administration  |                                    | N/A                                       | 1,140                       |                              | 5,317                           |                                  |
| Total WIA Adult Program   |                                    |   | 43,155                      |                              | 77,761                          |                                  |
| WIA Youth Activities  | 17.259                             | N/A                                       | 142,949                     |                              | 194,555                         |                                  |
| WIA Dislocated Workers  | 17.260                             | N/A                                       | 321,659                     |                              | 216,041                         |                                  |
| WIA Dislocated Workers/Administration   |                                    | N/A                                       | 8,725                       |                              | 15,855                          |                                  |
| Total WIA Dislocated Workers  |                                    |   | 330,384                     |                              | 231,896                         |                                  |
| Total Workforce Investment Act Cluster  |                                    |   | 516,488                     |                              | 504,212                         |                                  |
| <b>Total U.S. Department of Labor</b>   |                                    |   | <b>516,488</b>              |                              | <b>504,212</b>                  |                                  |
| <b><u>U.S. Department of Education</u></b>  |                                    |   |                             |                              |                                 |                                  |
| <i>Passed through the Ohio Department of Education:</i>   |                                    |   |                             |                              |                                 |                                  |
| Special Education Cluster:  |                                    |   |                             |                              |                                 |                                  |
| Special Education_Grants to States  | 84.027                             | N/A                                       | 48,836                      |                              | 51,623                          |                                  |
| Special Education_Preschool Grants  | 84.173                             | N/A                                       | 21,172                      |                              | 21,596                          |                                  |
| Total Special Education Cluster   |                                    |   | 70,008                      |                              | 73,219                          |                                  |
| State Grants for Innovative Programs  | 84.298                             | N/A                                       | 249                         |                              | 331                             |                                  |
| <b>Total U.S. Department of Education</b>   |                                    |   | <b>70,257</b>               |                              | <b>73,550</b>                   |                                  |

ASHLAND COUNTY  
**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
(Continued)

| Federal Grantor/<br>Pass Through Grantor/<br>Program Title  | Federal<br>CFDA<br>Number | Pass Through<br>Entity<br>Number | Federal<br>Receipts          | Non-Cash<br>Receipts | Federal<br>Expenditures      | Non-Cash<br>Expenditures |
|---|---------------------------|----------------------------------|------------------------------|----------------------|------------------------------|--------------------------|
| <b><u>General Services Administration</u></b>   |                           |                                  |                              |                      |                              |                          |
| <i>Passed through the Ohio Secretary of State:</i>  |                           |                                  |                              |                      |                              |                          |
| <b>Total General Services Administration/Election Reform Payments</b>                               | 90.401                    | SOS-HAVA                         | <b>9,016</b>                 |                      | <b>9,016</b>                 |                          |
| <b><u>U.S. Department of Health and Human Services</u></b>  |                           |                                  |                              |                      |                              |                          |
| <i>Passed through the Ohio Department of Mental Health:</i>   |                           |                                  |                              |                      |                              |                          |
| Promoting Safe and Stable Families Grant  | 93.556                    | N/A                              | 12,317                       |                      | 12,317                       |                          |
| Social Services Block Grant   | 93.667                    | N/A                              | 37,567                       |                      | 50,389                       |                          |
| <i>Passed through the Ohio Department of Mental Retardation and<br/>Developmental Disabilities:</i> |                           |                                  |                              |                      |                              |                          |
| Social Services Block Grant   | 93.667                    | N/A                              | 39,515                       |                      | 39,515                       |                          |
| <b>Total Social Services Block Grant</b>  |                           |                                  | <b>77,082</b>                |                      | <b>89,904</b>                |                          |
| Medical Assistance Program<br>TCM<br>Waiver   | 93.778                    | N/A<br>N/A                       | 22,823<br>193,455<br>216,278 |                      | 22,823<br>193,455<br>216,278 |                          |
| <i>Passed through the Ohio Department of Alcohol and Drug<br/>Addiction Services:</i>               |                           |                                  |                              |                      |                              |                          |
| Medical Assistance Program  | 93.778                    | N/A                              | 93,139                       |                      | 91,740                       |                          |
| <i>Passed through the Ohio Department of Mental Health:</i>   |                           |                                  |                              |                      |                              |                          |
| Medical Assistance Program  | 93.778                    | N/A                              | 1,168,364                    |                      | 1,170,263                    |                          |
| <b>Total Medical Assistance Program</b>   |                           |                                  | <b>1,477,781</b>             |                      | <b>1,478,281</b>             |                          |
| Capacity Expansion Program  | 93.950                    | N/A                              | 9,423                        |                      | 9,423                        |                          |
| Block Grants for Community Mental Health Services   | 93.958                    | N/A                              | 33,576                       |                      | 33,576                       |                          |
| <i>Passed through the Ohio Department of Alcohol and Drug<br/>Addiction Services:</i>               |                           |                                  |                              |                      |                              |                          |
| Block Grants for Prevention and Treatment of Substance Abuse  | 93.959                    | N/A                              | 190,357                      |                      | 150,586                      |                          |
| <b>Total U.S. Department of Health and Human Services</b>   |                           |                                  | <b>1,800,536</b>             |                      | <b>1,774,087</b>             |                          |
| <b><u>U.S. Department of Homeland Security</u></b>  |                           |                                  |                              |                      |                              |                          |
| <i>Passed through the Ohio Department of Homeland Security:</i>                                     |                           |                                  |                              |                      |                              |                          |
| Homeland Security Grant Program   | 97.073                    | 2006-GE-T6-0051                  | 38,669                       |                      | 38,669                       |                          |
| <b>Total U.S. Department of Homeland Security</b>   |                           |                                  | <b>38,669</b>                |                      | <b>38,669</b>                |                          |
| <b>Total</b>  |                           |                                  | <b>\$3,492,671</b>           | <b>\$5,673</b>       | <b>\$3,666,392</b>           | <b>\$5,673</b>           |

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

**ASHLAND COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2008**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the County's federal award programs. The Schedule has been prepared on the cash basis of accounting, except receipts and expenditures of assistance passed through the Ohio Department of Jobs and Family Services Workforce Investment Act are presented on an accrual basis.

**NOTE B – TITLE XIX MEDICAL ASSISTANCE GRANT**

Federal funds were commingled with other revenues for the Title XIX Medical Assistance Grant. It is assumed federal monies are expended first.

**NOTE C - CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE D – FOOD DONATION PROGRAM**

Program regulations do not require the County to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

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

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County. The initial loan of this money is recorded as a disbursement on the accompanying Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by the assets of the businesses or a lien on the mortgage of the homes. At December 31, 2008, the gross amount of loans outstanding under this program was \$137,942. Delinquent amounts due are \$20,863.

**NOTE F - MATCHING REQUIREMENTS**

Certain Federal programs require the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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# Mary Taylor, CPA

Auditor of State

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

Ashland County  
142 West 2<sup>nd</sup> Street  
Ashland, Ohio 44805

To the County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Ashland County, Ohio, (the County) as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 21, 2009. 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 expressing our opinions on the financial statements, but not to opine 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the County's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the County's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the County's management in a separate letter dated August 21, 2009.

### Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2008-001 and 2008-002.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the County's management in a separate letter dated August 21, 2009.

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

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

August 21, 2009



# Mary Taylor, CPA

## Auditor of State

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

Ashland County  
142 West 2<sup>nd</sup> Street  
Ashland, Ohio 44805

To the County Commissioners:

#### Compliance

We have audited the compliance of Ashland County, Ohio, (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2008. 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 express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of 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 those 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 those requirements.

In our opinion, Ashland County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2008.

#### 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 requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that the County's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the County's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



**Mary Taylor, CPA**  
Auditor of State

August 21, 2009



**ASHLAND COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2008**

**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>                        | No  |
| <b>(d)(1)(ii)</b>   | <b>Were there any other 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>                              | Yes   |
| <b>(d)(1)(iv)</b>   | <b>Were there any material internal control weaknesses reported for major federal programs?</b>                             | No  |
| <b>(d)(1)(iv)</b>   | <b>Were there any other 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>   | Unqualified   |
| <b>(d)(1)(vi)</b>   | <b>Are there any reportable findings under § .510?</b>  | No  |
| <b>(d)(1)(vii)</b>  | <b>Major Programs (list):</b>   | Workforce Investment Act Cluster<br>CFDA # 17.258, 17.259 and 17.260<br>Watershed Rehabilitation Program<br>CFDA # 10.916 |
| <b>(d)(1)(viii)</b> | <b>Dollar Threshold: Type A/B Programs</b>  | Type A: > \$ 300,000<br>Type B: all others  |
| <b>(d)(1)(ix)</b>   | <b>Low Risk Auditee?</b>  | Yes   |

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

**FINDING NUMBER 2008-001**

**Material Noncompliance:**

**Ohio Rev. Code Section 5705.41(D)** requires no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision stating the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

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

Amounts of less than \$100 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the County.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The County may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

**FINDING NUMBER 2008-001 (Continued)**

4. **County Commissioner Authorization** – A board of county commissioners, by resolution, may exempt purchases of \$1,000 or less from the prior certification requirement. The resolution must specify the dollar limit applicable to such purchases and whether it applies to all purchases, is limited to certain classes of purchases, or is limited to specific purchases. The board must notify the county auditor in writing of its intention to adopt such a resolution and the scope of the resolution. The County Auditor has 15 days to comment on the resolution before it may be adopted by the board. Where such a resolution has been adopted, any person authorized to make purchases, within 3 business days of making a purchase exempted under the resolution, must file with the County Auditor a written document stating the purpose, amount, and date of the purchase, and the name of the vendor.

20.6% of expenditures tested were not certified by the County Auditor prior to the purchase commitment being made. It was also found none of the exceptions above were utilized for the items found to be in non-compliance. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balance.

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

A similar matter was reported in the December 31, 2007 financial statement audit's management letter.

**Officials' Response:** Ashland County implemented a "then and now" program during 2008 (some of the 6 exceptions were prior to this). We hope this minimizes the issues in future years.

**FINDING NUMBER 2008-002**

**Material Noncompliance**

**Landfill Postclosure Care Costs**

Ashland County operated a landfill for which it will incur costs to prevent environmental contamination after its closing which occurred in 1997. In addition, the landfill must pay additional postclosure costs through 2027 to monitor the landfill for evidence of environmental contamination. To help assure that the County will have assets available to pay these costs in the future, the County must file an annual statement with the Ohio Environmental Protection Agency. The estimated amount of landfill postclosure as of December 31, 2008 is \$1,770,989.

**Ohio Admin. Code Section 3745-27-16(L)(2)(b)** indicates a local government must not have operated at a deficit equal to five per cent or more of total annual revenue in either of the past two fiscal years. The calculation of "operating deficit" is defined in **40 C.F.R. Section 258.74**.

**FINDING NUMBER 2008-002 (Continued)**

**Ohio Admin. Code Section 3745-27-16(L)(7)** indicates if a local government no longer meets the requirements of this rule, notice shall be sent to the director of the intent to establish alternate financial assurance as specified in this rule. The notice must be sent by certified mail or any other form of mail accompanied by a receipt not later than one hundred fifty days after the end of the fiscal year for which the year-end financial data show that the local government no longer meets the requirements. A copy of the notice shall also be placed in the operating record, if applicable. The local government shall provide alternate financial assurance not later than one hundred eighty days after the end of such fiscal year. Alternative financial assurance may consist of the following:

- Trust fund
- Surety bonds guaranteeing payment into a closure and postclosure trust funds
- Surety bond guaranteeing performance of closure and postclosure care
- Closure and postclosure letters of credit
- Closure and postclosure insurance
- Financial test and corporate guarantee for closure and postclosure care

Ashland County did not meet the five percent “operating deficit” test referred to in 40 C.F.R. Section 258.74. The County did not send notice to the director of the intent to establish alternate financial assurance within one hundred fifty days after fiscal year end, and did not provide alternative financial assurance within one hundred eighty days after fiscal year end.

The County should obtain the required alternative financial assurance and notify the director of the Ohio Environmental Protection agency as required. Additionally, the County’s Landfill fund had \$717,902 of restricted cash at December 31, 2008, which was held in the County’s pooled cash and cash equivalents. The County may be able to help meet its postclosure assurance requirements by transferring this cash to an independent trustee, per Ohio Admin. Code Section 3745-27-16(F). The County should consult with the Ohio EPA and its legal counsel to review this option.

**Officials’ Response:** The County has been in contact with the EPA and is working with them to arrive at a satisfactory financial assurance.

|                                       |
|---------------------------------------|
| <b>3. FINDINGS FOR FEDERAL AWARDS</b> |
|---------------------------------------|

None.

**ASHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2008**

| Finding Number | Finding Summary  | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b> |
|----------------|--|------------------|--|
| 2007-001       | Noncompliance Citation/Finding for Recovery – Ohio Rev. Code Section 9.44(C) – A finding for recovery issued jointly and severally against a former health department employee, the health department administrator and the county auditor in the amount of \$3,668 related to payment for accrued vacation leave. | No               | The finding for recovery remains unresolved.   |
| 2007-002       | Significant Deficiency – Review of Monthly Healthcare Billing Services (HBS) – The MRDD Board did not have evidence it reconciled its reports to the monthly HBS billing reports.  | Yes              | Finding No Longer Valid.   |
| 2007-003       | Significant Deficiency– Medical Assistance Program, CFDA 93.778 – Refer to finding 2007-002.   | Yes              | Finding No Longer Valid.   |
| 2007-004       | Questioned Cost/Material Weakness – Watershed Rehabilitation Program, CFDA 10.916 – Imputed interest earnings of \$15,858 were not credited to the federal grant's project fund.   | Yes              | Finding No Longer Valid.   |





**Mary Taylor, CPA**  
Auditor of State

**FINANCIAL CONDITION**

**ASHLAND COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 22, 2009**