



Dave Yost • Auditor of State



**FINANCIAL CONDITION  
COLUMBIANA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	4
Statement of Net Position – Cash Basis .....	13
Statement of Activities – Cash Basis .....	14
Statement of Cash Basis Assets and Fund Balances - Governmental Funds .....	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities – Cash Basis .....	16
Statement of Cash Receipts, Disbursements and Changes In Cash Basis Fund Balances – Governmental Funds .....	17
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes In Cash Basis Fund Balances of Governmental Funds to the Statement of Activities – Cash Basis .....	18
Statement of Cash Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis) – General Fund .....	19
Statement of Cash Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis) – Motor Vehicle and Gasoline Tax Fund.....	20
Statement of Cash Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis) – Mental Health Fund .....	21
Statement of Cash Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Budget Basis) – Board of Developmental Disabilities Fund .....	22
Statement of Fund Net Position – Cash Basis - Proprietary Funds.....	23
Statement of Cash Receipts, Disbursements and Changes in Fund Net Position – Cash Basis - Proprietary Funds .....	24
Statement of Fiduciary Net Position – Cash Basis - Fiduciary Funds .....	25
Statement of Changes in Fiduciary Net Position – Cash Basis - Fiduciary Funds .....	26
Notes to the Basic Financial Statements .....	27
Federal Awards Expenditures Schedule .....	57
Notes to the Federal Awards Expenditures Schedule .....	60
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	63
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133 .....	65

**FINANCIAL CONDITION  
COLUMBIANA COUNTY**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Schedule of Findings.....	69
Schedule of Prior Audit Findings.....	79
Corrective Action Plan.....	81



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Columbiana County Board of Commissioners  
Columbiana County  
105 South Market Street  
Lisbon, Ohio 44432

To the Board of Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund of Columbiana County, Ohio (the County) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Columbiana County, Ohio (the County) as of December 31, 2012, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, Mental Health, and Board of Developmental Disabilities funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

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

**Other Matters**

*Supplemental and Other Information*

We audited to opine on the County's financial statements that collectively comprise its basic financial statements.

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

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2013, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

October 28, 2013

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2012*  
*(Unaudited)*

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The discussion and analysis of Columbiana County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2012, within the limitations of the County's cash basis accounting. Readers should also review the cash basis financial statements and notes to enhance their understanding of the County's financial performance.

### **Financial Highlights**

Key financial highlights for 2012 are as follows:

- Total net position decreased \$44,610, with the net position of governmental activities decreasing \$188,356 and business-type activities increasing \$143,746.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$37,630,263, a decrease of \$760,125 from the prior year.

### **Using this Annual Financial Report**

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

### ***Report Components***

The statement of net position and the statement of activities provide information about the cash activities of the County as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the County as a way to segregate money whose use is restricted to a particular specified purpose.

These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### ***Basis of Accounting***

The basis of accounting is a set of guidelines that determine when financial events are recorded. The County has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the County's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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



**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2012*  
(Unaudited)

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### **Reporting the County as a Whole**

The statement of net position and the statement of activities reflect how the County did financially during 2012, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances of the governmental and business-type activities of the County at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the County's general receipts.

These statements report the County's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the County's financial health. Over time, increases or decreases in the County's cash position is one indicator of whether the County's financial health is improving or deteriorating. When evaluating the County's financial condition, you should also consider other nonfinancial factors as well such as the County's property tax base, the extent of the County's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and sales taxes.

In the statement of net position and the statement of activities, we divide the County into two types of activities:

***Governmental Activities*** – Most of the County's basic services are reported here, including public safety, public works, health and human services. State and federal grants and sales and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

***Business-Type Activities*** –The County has three business-type activities, the provision of sewer, police communication and water. Business-type activities are financed by a fee charged to the customers receiving the service.

### **Reporting the Columbiana County's Most Significant Funds**

Fund financial statements provide detailed information about the County's major funds – not the County as a whole. The County establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the County are split into three categories: governmental, proprietary and fiduciary.

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2012*  
*(Unaudited)*

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*Governmental Funds* – Most of the County's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the County's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the County's programs. The County's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Columbiana County's major governmental funds are the General fund, the Motor Vehicle and Gas Tax, the Mental Health, the Board of Developmental Disabilities special revenue funds and the Debt Service fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

*Proprietary Funds* – When the County charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The County has three enterprise funds, the sewer, police communications and water fund. When the services are provided to other departments of the County, the service is reported as an internal service fund. The County has one internal service fund to account for employee health-care claims.

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

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
For the Year Ended December 31, 2012  
(Unaudited)

**Columbiana County as a Whole**

Table 1 provides a summary of the County's net position for 2012 compared to 2011 on a cash basis:

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Equity in Pool Cash and Cash Equivalents	\$ 35,681,587	\$ 35,567,427	\$ 1,953,520	\$ 1,809,774	\$ 37,635,107	\$ 37,377,201
Cash and Cash Equivalents with Fiscal Agents	2,544,209	2,846,725	0	0	2,544,209	2,846,725
<i>Total Assets</i>	<u>38,225,796</u>	<u>38,414,152</u>	<u>1,953,520</u>	<u>1,809,774</u>	<u>40,179,316</u>	<u>40,223,926</u>
<b>Net Position</b>						
Restricted for:						
Capital Projects	3,124,035	5,552,253	0	0	3,124,035	5,552,253
Debt Service	2,169,263	2,012,431	0	0	2,169,263	2,012,431
Public Safety	2,489,151	2,433,786	0	0	2,489,151	2,433,786
Public Works	3,024,262	2,691,349	0	0	3,024,262	2,691,349
Health Services	4,761,251	4,964,771	0	0	4,761,251	4,964,771
Human Services	15,849,325	16,182,017	0	0	15,849,325	16,182,017
Unclaimed Monies	307,914	320,880	0	0	307,914	320,880
Other Purposes	2,470,590	1,737,262	0	0	2,470,590	1,737,262
Unrestricted	4,030,005	2,519,403	1,953,520	1,809,774	5,983,525	4,329,177
<i>Total Net Position</i>	<u>\$ 38,225,796</u>	<u>\$ 38,414,152</u>	<u>\$ 1,953,520</u>	<u>\$ 1,809,774</u>	<u>\$ 40,179,316</u>	<u>\$ 40,223,926</u>

Net position of governmental activities decreased \$188,356. Net position restricted for capital projects decreased \$2,428,218 due to the County paying for the construction of a new government services building which began during 2011.

**Columbiana County, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2012**  
**(Unaudited)**

Table 2 shows the changes in net position for 2012 compared to 2011.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Receipts</b>						
<i>Program Receipts</i>						
Charges for Services	\$ 8,706,395	\$ 8,084,078	\$ 2,320,958	\$ 2,060,617	\$ 11,027,353	\$ 10,144,695
Operating Grants & Contributions	32,798,210	37,107,103	0	0	32,798,210	37,107,103
Capital Grants & Contributions	5,118,869	4,274,309	810,819	2,487,225	5,929,688	6,761,534
<i>Total Program Receipts</i>	<u>46,623,474</u>	<u>49,465,490</u>	<u>3,131,777</u>	<u>4,547,842</u>	<u>49,755,251</u>	<u>54,013,332</u>
<i>General Receipts</i>						
Property Taxes	8,892,151	8,822,939	0	0	8,892,151	8,822,939
Permissive Sales Tax	14,544,533	13,185,196	0	0	14,544,533	13,185,196
Grants and Entitlements	2,034,396	2,358,762	0	0	2,034,396	2,358,762
Investment Income	154,670	501,421	455	370	155,125	501,791
General Obligation Bonds Issued	7,405,000	0	0	0	7,405,000	0
Proceeds of OPWC Loans	0	0	460,006	203,584	460,006	203,584
Proceeds of OWDA Loans	0	0	162,206	0	162,206	0
Mortgage Revenue Bonds Issued	0	0	0	194,144	0	194,144
Proceeds of Loans	801,370	0	0	0	801,370	0
Premium on Debt Issued	157,679	0	0	0	157,679	0
Oil and Gas Lease	3,435,807	0	0	0	3,435,807	0
Other	735,542	876,281	60,322	150,516	795,864	1,026,797
<i>Total General Receipts</i>	<u>38,161,148</u>	<u>25,744,599</u>	<u>682,989</u>	<u>548,614</u>	<u>38,844,137</u>	<u>26,293,213</u>
<i>Total Receipts</i>	<u>84,784,622</u>	<u>75,210,089</u>	<u>3,814,766</u>	<u>5,096,456</u>	<u>88,599,388</u>	<u>80,306,545</u>
<b>Program Disbursements</b>						
<i>General Government:</i>						
Legislative and Executive	6,096,875	6,159,918	0	0	6,096,875	6,159,918
Judicial	5,762,687	5,884,321	0	0	5,762,687	5,884,321
Public Safety	8,332,581	7,517,302	0	0	8,332,581	7,517,302
Public Works	10,682,683	10,628,436	0	0	10,682,683	10,628,436
Health	7,986,108	9,572,220	0	0	7,986,108	9,572,220
Human Services	28,063,624	28,324,607	0	0	28,063,624	28,324,607
Conservation and Recreation	53,437	38,753	0	0	53,437	38,753
Economic Development and Assistance	479,151	1,029,618	0	0	479,151	1,029,618
Lawsuit Settlement	1,500,000	0	0	0	1,500,000	0
Capital Outlay	5,699,590	6,837,032	0	0	5,699,590	6,837,032
Debt Service	10,288,220	2,867,164	0	0	10,288,220	2,867,164
Outside Contributions	10,292	533,110	0	0	10,292	533,110
Employee Contributions	17,730	17,862	0	0	17,730	17,862
Sewer	0	0	2,905,408	4,640,741	2,905,408	4,640,741
Police Communications	0	0	59,760	38,577	59,760	38,577
Water	0	0	705,852	511,544	705,852	511,544
<i>Total Program Disbursements</i>	<u>84,972,978</u>	<u>79,410,343</u>	<u>3,671,020</u>	<u>5,190,862</u>	<u>88,643,998</u>	<u>84,601,205</u>
<i>Change in Net Position</i>	(188,356)	(4,200,254)	143,746	(94,406)	(44,610)	(4,294,660)
<i>Net Position Beginning of Year</i>	<u>38,414,152</u>	<u>42,614,406</u>	<u>1,809,774</u>	<u>1,904,180</u>	<u>40,223,926</u>	<u>44,518,586</u>
<i>Net Position End of Year</i>	<u>\$ 38,225,796</u>	<u>\$ 38,414,152</u>	<u>\$ 1,953,520</u>	<u>\$ 1,809,774</u>	<u>\$ 40,179,316</u>	<u>\$ 40,223,926</u>

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2012*  
*(Unaudited)*

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***Governmental Activities***

Program receipts represent only 55 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money and grant money for various programs.

General receipts represent 45 percent of the County's total receipts, and of this amount 61 percent is property and sales taxes. State and federal grants and entitlements make up 5 percent of the County's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

During 2012, the County received \$3,435,807 of receipts from oil and gas leases in which the County entered into with Chesapeake Exploration, L.L.C. The County leased several acres of land to Chesapeake Exploration, L.L.C. for the purpose of drilling, operating for, producing and removing oil and gas and all the constituents thereof. See Note 13 for further information.

Operating grants and contributions decreased \$4,308,893 due to decreases in state and federal funding of the mental health program and motor vehicle and gas tax fund. The decrease in the mental health program is due to the state taking over the Medicaid program. The decrease in the motor vehicle and gas tax fund is due to a decrease in the receipts from townships for chip and sealing.

The \$1,500,000 lawsuit disbursement was for a lawsuit settlement with Buckeye Water District.

Debt service disbursements increased \$7,421,056 due to the repayment of the government services building notes, in which the County issued \$7,405,000 of general obligation bonds to repay the notes.

***Business-Type Activities***

Business-type activities include the County's sewer, police communication and water operations. Net position for 2012 increased \$143,746.

The \$1,735,333 decrease in sewer fund disbursements is a direct result of decreased capital grants due to the decrease in state and federal funding for sewer capital projects.

The statement of activities shows the cost of program services and the charges for services and grants and contributions offsetting those services. The following table shows the total cost of services and the net cost of services. The table identifies the cost of services supported by tax revenue and unrestricted state grants and entitlements.

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
For the Year Ended December 31, 2012  
(Unaudited)

Table 3  
**Total and Net Cost of Program Services**

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
<b>Program Disbursements</b>				
General Government:				
Legislative and Executive	\$ 6,096,875	\$ 6,159,918	\$ 2,427,166	\$ 3,181,167
Judicial	5,762,687	5,884,321	2,820,005	3,209,197
Public Safety	8,332,581	7,517,302	6,305,982	5,798,090
Public Works	10,682,683	10,628,436	(199,051)	167,205
Health	7,986,108	9,572,220	2,127,773	894,492
Human Services	28,063,624	28,324,607	7,882,027	7,858,323
Conservation and Recreation	53,437	38,753	17,788	30,353
Economic Development and Assistance	479,151	1,029,618	60,276	218,358
Lawsuit Settlement	1,500,000	0	1,500,000	0
Capital Outlay	5,699,590	6,837,032	5,118,496	5,660,843
Debt Service	10,288,220	2,867,164	10,288,220	2,867,164
Outside Contributions	10,292	533,110	302	57,727
Employee Contribution	17,730	17,862	520	1,934
Sewer	2,905,408	4,640,741	192,877	519,974
Police Communications	59,760	38,577	19,360	(51,223)
Water	705,852	511,544	327,006	174,269
<i>Total</i>	<b>\$ 88,643,998</b>	<b>\$ 84,601,205</b>	<b>\$ 38,888,747</b>	<b>\$ 30,587,873</b>

The negative amounts indicated in Table 3 should not be construed as something bad; they are merely indicative of whether a particular function of government relies on general revenues for financing or is a net contributor of resources to the general government. The increase in the net cost of service for the health disbursement is due to the County receiving less state and federal funding for the mental health department.

**Columbiana County's Funds**

***Governmental Funds***

Total governmental funds had receipts and other financing sources of \$89,377,444 and disbursements and other financing uses of \$90,137,569.

The General fund is the primary operating fund of the County. At the end of 2012, ending fund balance was \$3,742,386, which is an increase of \$925,867 from 2011. The receipts from the oil and gas lease are the primary reason for the increase in fund balance.

The fund balance of the Motor Vehicle and Gas Tax fund increased \$343,516 during 2012 due to increases in intergovernmental receipts from state granting agencies.

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2012*  
*(Unaudited)*

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During 2012, the fund balance of the Mental Health fund decreased \$168,953, due to a decrease in the state and federal funding.

The fund balance of the Board of Developmental Disabilities fund decreased \$292,765 during 2012. The decrease in fund balance is due to increases in the costs of providing services to the developmentally disabled residents of the County, along with a transfer out to the construction fund.

The fund balance of the debt service fund increased \$156,832 primarily through the issuance of new bonds and the repayment of existing notes.

***Enterprise Funds***

Total enterprise funds had operating receipts of \$2,381,280 and operating disbursements of \$3,016,574. The enterprise funds had an operating loss of \$635,294 as the County continues to improve the various sewer lines throughout the County.

**General Fund Budgeting Highlights**

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

During 2012 the County amended its general fund budget several times to reflect changing circumstances. Actual receipts were \$202,948 above final budgeted receipts of \$23,366,956. This was primarily due to the County receiving more sales tax receipts than expected.

Actual disbursements (including other financing uses) of \$24,324,451 were \$200,023 lower than the final budget of \$24,524,474, primarily due to conservative spending patterns.

**Capital Assets and Debt Administration**

***Capital Assets***

The County does not currently keep track of its capital assets and infrastructure. The County is researching various methods for a cost efficient way of tracking their capital assets and infrastructure.

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2012*  
*(Unaudited)*

**Debt**

At December 31, 2012, Columbiana County had the following debt outstanding:

Table 4  
**Outstanding Debt at Year End**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Notes	\$ 1,010,180	\$ 8,251,000	\$ 0	\$ 0	\$ 1,010,180	\$ 8,251,000
Mortgage Revenue Notes	0	0	33,400	41,750	33,400	41,750
General Obligation Bonds	23,233,622	16,463,757	0	0	23,233,622	16,463,757
Mortgage Revenue Bonds	0	0	6,729,239	6,887,826	6,729,239	6,887,826
OWDA Loans	573,545	628,113	33,805	0	607,350	628,113
OPWC Loans	0	0	1,097,495	694,256	1,097,495	694,256
Capital Leases	0	266,292	0	0	0	266,292
<i>Total</i>	<u>\$ 24,817,347</u>	<u>\$ 25,609,162</u>	<u>\$ 7,893,939</u>	<u>\$ 7,623,832</u>	<u>\$ 32,711,286</u>	<u>\$ 33,232,994</u>

For further information regarding the County's debt, refer to Note 10 to the basic financial statements.

**Current Issues**

Columbiana County is in a period posing both significant challenges and opportunities. Management is committed to working with all stakeholders to craft solutions that will most effectively use the available resources to continue to provide excellent services to the residents of the County.

Columbiana County is positioning itself to benefit from the gas and oil exploration with at least ten companies having a vested interest in our County's future.

Over two hundred million dollars to date have been spent by these companies, with millions more to be spent in the coming decade.

In 2011 the electorate of Ohio has approved a Constitutional amendment permitting gaming in the state of Ohio. We anticipate receiving approximately \$1,000,000 a year in additional revenue.

**Contacting Columbiana County's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the County's finances and to reflect the County's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Nancy Milliken, Columbiana County Auditor, 105 Market Street, Lisbon, Ohio 44432.



**Columbiana County, Ohio**  
*Statement of Net Position - Cash Basis*  
*December 31, 2012*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 35,681,587	\$ 1,953,520	\$ 37,635,107
Cash and Cash Equivalents with Fiscal Agent	2,544,209	0	2,544,209
<i>Total Assets</i>	<u>\$ 38,225,796</u>	<u>\$ 1,953,520</u>	<u>\$ 40,179,316</u>
<b>Net Position</b>			
Restricted for:			
Capital Outlay	3,124,035	0	3,124,035
Debt Service	2,169,263	0	2,169,263
Public Safety	2,489,151	0	2,489,151
Public Works	3,024,262	0	3,024,262
Health Services	4,761,251	0	4,761,251
Human Services	15,849,325	0	15,849,325
Unclaimed Monies	307,914	0	307,914
Other Purposes	2,470,590	0	2,470,590
Unrestricted	4,030,005	1,953,520	5,983,525
<i>Total Net Position</i>	<u>\$ 38,225,796</u>	<u>\$ 1,953,520</u>	<u>\$ 40,179,316</u>

See accompanying notes to the basic financial statements.

**Columbiana County, Ohio**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2012*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position			
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Interest and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General Government:							
Legislative and Executive	\$ 6,096,875	\$ 3,669,709	\$ 0	\$ 0	\$ (2,427,166)	\$ 0	\$ (2,427,166)
Judicial	5,762,687	2,749,613	193,069	0	(2,820,005)	0	(2,820,005)
Public Safety	8,332,581	1,149,881	876,718	0	(6,305,982)	0	(6,305,982)
Public Works	10,682,683	138,457	6,100,685	4,642,592	199,051	0	199,051
Health	7,986,108	236,158	5,622,177	0	(2,127,773)	0	(2,127,773)
Human Services	28,063,624	594,911	19,586,686	0	(7,882,027)	0	(7,882,027)
Conservation and Recreation	53,437	35,649	0	0	(17,788)	0	(17,788)
Economic Development and Assistance	479,151	0	418,875	0	(60,276)	0	(60,276)
Lawsuit Settlement	1,500,000	0	0	0	(1,500,000)	0	(1,500,000)
Capital Outlay	5,699,590	104,817	0	476,277	(5,118,496)	0	(5,118,496)
Debt Service	10,288,220	0	0	0	(10,288,220)	0	(10,288,220)
Outside Contributions to Health Insurance	10,292	9,990	0	0	(302)	0	(302)
Employee Contributions to Health Insurance	17,730	17,210	0	0	(520)	0	(520)
<i>Total Governmental Activities</i>	<u>84,972,978</u>	<u>8,706,395</u>	<u>32,798,210</u>	<u>5,118,869</u>	<u>(38,349,504)</u>	<u>0</u>	<u>(38,349,504)</u>
<b>Business-Type Activities:</b>							
Sewer	2,905,408	1,979,090	0	733,441	0	(192,877)	(192,877)
Police Communications	59,760	0	0	40,400	0	(19,360)	(19,360)
Water	705,852	341,868	0	36,978	0	(327,006)	(327,006)
<i>Total Business-Type Activities</i>	<u>3,671,020</u>	<u>2,320,958</u>	<u>0</u>	<u>810,819</u>	<u>0</u>	<u>(539,243)</u>	<u>(539,243)</u>
<i>Total - Primary Government</i>	<u>\$ 88,643,998</u>	<u>\$ 11,027,353</u>	<u>\$ 32,798,210</u>	<u>\$ 5,929,688</u>	<u>(38,349,504)</u>	<u>(539,243)</u>	<u>(38,888,747)</u>
<b>General Receipts</b>							
Property Taxes Levied for:							
Human Services					6,763,815	0	6,763,815
Health Services					1,851,089	0	1,851,089
Debt Service					277,247	0	277,247
Permissive Sales Taxes					14,544,533	0	14,544,533
Grants and Entitlements not Restricted to Specific Programs					2,034,396	0	2,034,396
Interest					154,670	455	155,125
General Obligation Bonds Issued					7,405,000	0	7,405,000
Proceeds of Loans					801,370	0	801,370
Proceeds of OPWC Loans					0	460,006	460,006
Proceeds of OWDA Loans					0	162,206	162,206
Premium on Debt Issued					157,679	0	157,679
Gas and Oil Lease					3,435,807	0	3,435,807
Miscellaneous					735,542	60,322	795,864
<i>Total General Receipts</i>					<u>38,161,148</u>	<u>682,989</u>	<u>38,844,137</u>
<i>Change in Net Position</i>					<u>(188,356)</u>	<u>143,746</u>	<u>(44,610)</u>
<i>Net Position, Beginning of Year</i>					<u>38,414,152</u>	<u>1,809,774</u>	<u>40,223,926</u>
<i>Net Position, End of Year</i>					<u>\$ 38,225,796</u>	<u>\$ 1,953,520</u>	<u>\$ 40,179,316</u>

See accompanying notes to the basic financial statements.

**Columbiana County, Ohio**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2012*

	General	Motor Vehicle and Gas Tax	Mental Health	Board of Developmental Disabilities	Debt Service	All Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 3,742,386	\$ 3,024,262	\$ 4,725,426	\$ 8,525,900	\$ 2,169,263	\$ 12,898,817	\$ 35,086,054
Cash and Cash Equivalents with Fiscal Agent	0	0	0	2,544,209	0	0	2,544,209
<i>Total Assets</i>	<u>\$ 3,742,386</u>	<u>\$ 3,024,262</u>	<u>\$ 4,725,426</u>	<u>\$ 11,070,109</u>	<u>\$ 2,169,263</u>	<u>\$ 12,898,817</u>	<u>\$ 37,630,263</u>
<b>Fund Balances</b>							
Nonspendable	307,914	0	0	0	0	0	307,914
Restricted	0	3,024,262	4,725,426	11,070,109	2,131,051	10,933,301	31,884,149
Committed	1,000,000	0	0	0	38,212	1,965,516	3,003,728
Assigned	502,344	0	0	0	0	0	502,344
Unassigned	1,932,128	0	0	0	0	0	1,932,128
<i>Total Fund Balances</i>	<u>\$ 3,742,386</u>	<u>\$ 3,024,262</u>	<u>\$ 4,725,426</u>	<u>\$ 11,070,109</u>	<u>\$ 2,169,263</u>	<u>\$ 12,898,817</u>	<u>\$ 37,630,263</u>

See accompanying notes to the basic financial statements.

**Columbiana County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities - Cash Basis  
December 31, 2012*

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**Total Governmental Fund Balances** \$ 37,630,263

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

An internal service fund is used by management to charge the costs  
of insurance to individual funds. The assets of the internal  
service fund are included in governmental activities in the  
statement of net position.

595,533

*Net Position of Governmental Activities*

\$ 38,225,796

See accompanying notes to the basic financial statements.

**Columbiana County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
**Governmental Funds**  
*For the Year Ended December 31, 2012*

	General	Motor Vehicle and Gas Tax	Mental Health	Board of Developmental Disabilities	Debt Service	All Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property Taxes	\$ 0	\$ 0	\$ 1,851,089	\$ 5,921,519	\$ 277,247	\$ 842,296	\$ 8,892,151
Permissive Sales Taxes	14,544,533	0	0	0	0	0	14,544,533
Charges for Services	2,972,212	74,385	0	5,712	0	3,772,134	6,824,443
Licenses and Permits	6,094	0	0	0	0	0	6,094
Fines and Forfeitures	151,392	47,143	0	0	0	227,822	426,357
Intergovernmental	1,906,191	10,728,682	5,562,865	7,219,516	128,204	14,376,492	39,921,950
Conveyance Fees	1,063,752	0	0	0	0	0	1,063,752
Interest	146,872	14,595	0	0	7,798	214	169,479
Rent	102,116	1,400	0	0	255,033	0	358,549
Contributions and Donations	0	0	300	13,973	0	442	14,715
Gas and Oil Lease	3,434,574	1,233	0	0	0	0	3,435,807
Other	130,418	0	38,186	46,257	0	520,682	735,543
<b>Total Receipts</b>	<b>24,458,154</b>	<b>10,867,438</b>	<b>7,452,440</b>	<b>13,206,977</b>	<b>668,282</b>	<b>19,740,082</b>	<b>76,393,373</b>
<b>Disbursements</b>							
Current:							
General Government:							
Legislative and Executive	5,199,682	0	0	0	0	859,589	6,059,271
Judicial	4,694,014	0	0	0	73,408	948,449	5,715,871
Public Safety	6,459,346	0	0	0	0	1,848,242	8,307,588
Public Works	47,592	10,635,091	0	0	0	0	10,682,683
Health	1,776	0	7,621,393	0	0	358,197	7,981,366
Human Services	1,437,603	0	0	12,966,657	0	13,654,814	28,059,074
Conservation and Recreation	53,437	0	0	0	0	0	53,437
Economic Development and Assistance	31,000	0	0	0	0	447,514	478,514
Lawsuit Settlement	1,500,000	0	0	0	0	0	1,500,000
Capital Outlay	38,984	0	0	0	0	5,660,606	5,699,590
Debt Service:							
Principal Retirements	137,666	21,368	0	0	8,339,816	511,200	9,010,050
Interest and Fiscal Charges	42,454	2,641	0	0	859,092	166,977	1,071,164
Issuance Costs	0	0	0	0	64,706	142,300	207,006
<b>Total Disbursements</b>	<b>19,643,554</b>	<b>10,659,100</b>	<b>7,621,393</b>	<b>12,966,657</b>	<b>9,337,022</b>	<b>24,597,888</b>	<b>84,825,614</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>4,814,600</b>	<b>208,338</b>	<b>(168,953)</b>	<b>240,320</b>	<b>(8,668,740)</b>	<b>(4,857,806)</b>	<b>(8,432,241)</b>
<b>Other Financing Sources and (Uses)</b>							
General Obligation Bonds Issued	0	0	0	0	7,405,000	0	7,405,000
Proceeds of Loans	38,984	135,178	0	0	0	627,208	801,370
Premium on Debt Issued	0	0	0	0	157,679	0	157,679
Transfers In	10,604	0	0	0	1,262,893	3,294,993	4,568,490
Transfers Out	(3,938,321)	0	0	(533,085)	0	(789,017)	(5,260,423)
Advances In	25,766	0	0	0	0	25,766	51,532
Advances Out	(25,766)	0	0	0	0	(25,766)	(51,532)
<b>Total Other Financing Sources and (Uses)</b>	<b>(3,888,733)</b>	<b>135,178</b>	<b>0</b>	<b>(533,085)</b>	<b>8,825,572</b>	<b>3,133,184</b>	<b>7,672,116</b>
<b>Net Change in Fund Balance</b>	<b>925,867</b>	<b>343,516</b>	<b>(168,953)</b>	<b>(292,765)</b>	<b>156,832</b>	<b>(1,724,622)</b>	<b>(760,125)</b>
<b>Fund Balance, Beginning of Year</b>	<b>2,816,519</b>	<b>2,680,746</b>	<b>4,894,379</b>	<b>11,362,874</b>	<b>2,012,431</b>	<b>14,623,439</b>	<b>38,390,388</b>
<b>Fund Balance, End of Year</b>	<b>\$ 3,742,386</b>	<b>\$ 3,024,262</b>	<b>\$ 4,725,426</b>	<b>\$ 11,070,109</b>	<b>\$ 2,169,263</b>	<b>\$ 12,898,817</b>	<b>\$ 37,630,263</b>

See accompanying notes to the basic financial statements.

**Columbiana County, Ohio**  
*Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
of Governmental Funds to the Statement of Activities - Cash Basis  
For The Year Ended December 31, 2012*

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<b>Net Change in Fund Balance - Total Governmental Funds</b>	\$ (760,125)
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*Amounts reported for governmental activities in the statement  
of activities are different because*

Internal service funds charge insurance costs to other funds. The entity-wide statements eliminate governmental fund disbursements and related internal service fund charges. Governmental activities report allocated net internal service fund receipts (disbursements).

571,769

*Change in Net Position of Governmental Activities*

\$ (188,356)

See accompanying notes to the basic financial statements.

**Columbiana County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Year Ended December 31, 2012*

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Receipts</b>				
Permissive Sales Taxes	\$ 10,297,954	\$ 14,419,296	\$ 14,544,533	\$ 125,237
Charges for Services	1,525,802	2,136,442	2,154,998	18,556
Licenses and Permits	4,315	6,042	6,094	52
Fines and Forfeitures	105,370	147,540	148,821	1,281
Intergovernmental	1,349,639	1,889,778	1,906,191	16,413
Conveyance Fees	753,168	1,054,593	1,063,752	9,159
Interest	103,990	145,607	146,872	1,265
Rent	72,301	101,237	102,116	879
Gas and Oil Lease	2,431,779	3,405,001	3,434,574	29,573
Other	43,865	61,420	61,953	533
<i>Total Receipts</i>	<u>16,688,183</u>	<u>23,366,956</u>	<u>23,569,904</u>	<u>202,948</u>
<b>Disbursements</b>				
Current:				
General Government:				
Legislative and Executive	4,907,175	5,227,231	5,154,540	72,691
Judicial	3,993,894	4,243,023	4,210,334	32,689
Public Safety	6,295,676	6,823,846	6,782,740	41,106
Public Works	50,000	50,000	47,592	2,408
Health	2,000	1,776	1,776	0
Human Services	1,512,796	1,531,392	1,462,498	68,894
Conservation and Recreation	10,000	20,772	53,437	(32,665)
Economic Development and Assistance	1,000	31,000	31,000	0
Lawsuit Settlement	0	1,500,000	1,500,000	0
Debt Service:				
Principal Retirement	140,278	138,121	137,666	455
Interest and Fiscal Charges	0	45,000	42,454	2,546
<i>Total Disbursements</i>	<u>16,912,819</u>	<u>19,612,161</u>	<u>19,424,037</u>	<u>188,124</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(224,636)</u>	<u>3,754,795</u>	<u>4,145,867</u>	<u>391,072</u>
<b>Other Financing Sources and (Uses)</b>				
Transfers In	0	0	340,604	340,604
Advances In	0	0	25,766	25,766
Transfers Out	(955,337)	(4,912,313)	(4,874,648)	37,665
Advances Out	0	0	(25,766)	(25,766)
<i>Total Other Financing Sources and (Uses)</i>	<u>(955,337)</u>	<u>(4,912,313)</u>	<u>(4,534,044)</u>	<u>378,269</u>
<i>Net Change in Fund Balance</i>	(1,179,973)	(1,157,518)	(388,177)	769,341
<i>Fund Balance, Beginning of Year</i>	1,748,231	1,748,231	1,748,231	0
<i>Prior Year Encumbrances Appropriated</i>	379,974	379,974	379,974	0
<i>Fund Balance, End of Year</i>	<u>\$ 948,232</u>	<u>\$ 970,687</u>	<u>\$ 1,740,028</u>	<u>\$ 769,341</u>

See accompanying notes to the basic financial statements.

**Columbiana County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*Motor Vehicle and Gasoline Tax Fund*  
*For the Year Ended December 31, 2012*

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Receipts</b>				
Charges for Services	\$ 49,967	\$ 78,722	\$ 74,385	(4,337)
Fines and Forfeitures	31,667	49,891	47,143	(2,748)
Intergovernmental	7,206,794	11,354,147	10,728,682	(625,465)
Interest	9,804	15,446	14,595	(851)
Rent	940	1,482	1,400	(82)
Gas and Oil Lease	828	1,305	1,233	(72)
<i>Total Receipts</i>	<u>7,300,000</u>	<u>11,500,993</u>	<u>10,867,438</u>	<u>(633,555)</u>
<b>Disbursements</b>				
Current:				
Public Works	7,300,000	12,778,077	10,760,405	2,017,672
Debt Service:				
Principal Retirements	0	22,000	21,368	632
Interest and Fiscal Charges	0	3,000	2,641	359
<i>Total Disbursements</i>	<u>7,300,000</u>	<u>12,803,077</u>	<u>10,784,414</u>	<u>2,018,663</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>0</u>	<u>(1,302,084)</u>	<u>83,024</u>	<u>1,385,108</u>
<b>Other Financing Source</b>				
Proceeds of Loans	0	0	135,178	135,178
<i>Net Change in Fund Balance</i>	0	(1,302,084)	218,202	1,520,286
<i>Fund Balance, Beginning of Year</i>	2,612,510	2,612,510	2,612,510	0
<i>Prior Year Encumbrances Appropriated</i>	<u>68,236</u>	<u>68,236</u>	<u>68,236</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$ 2,680,746</u>	<u>\$ 1,378,662</u>	<u>\$ 2,898,948</u>	<u>\$ 1,520,286</u>

See accompanying notes to the basic financial statements.



**Columbiana County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*Mental Health Fund*  
*For the Year Ended December 31, 2012*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Receipts</b>				
Property Taxes	\$ 2,024,152	\$ 2,024,152	\$ 1,851,089	\$ (173,063)
Intergovernmental	5,258,306	5,258,306	5,562,865	304,559
Contributions and Donations	284	284	300	16
Other	36,095	36,095	38,186	2,091
<i>Total Receipts</i>	<u>7,318,837</u>	<u>7,318,837</u>	<u>7,452,440</u>	<u>133,603</u>
<b>Disbursements</b>				
Current:				
Health	<u>7,318,837</u>	<u>12,185,595</u>	<u>7,621,393</u>	<u>4,564,202</u>
<i>Net Change in Fund Balance</i>	0	(4,866,758)	(168,953)	4,697,805
<i>Fund Balance, Beginning of Year</i>	<u>4,894,379</u>	<u>4,894,379</u>	<u>4,894,379</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$ 4,894,379</u>	<u>\$ 27,621</u>	<u>\$ 4,725,426</u>	<u>\$ 4,697,805</u>

See accompanying notes to the basic financial statements.

**Columbiana County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*Board of Developmental Disabilities Fund*  
*For the Year Ended December 31, 2012*

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Receipts</b>				
Property Taxes	\$ 6,577,278	\$ 6,577,278	\$ 5,921,519	(655,759)
Charges for Services	4,587	4,376	5,712	1,336
Intergovernmental	5,797,851	5,531,020	7,219,516	1,688,496
Contributions and Donations	11,221	10,705	13,973	3,268
Other	37,148	35,438	46,257	10,819
<i>Total Receipts</i>	<u>12,428,085</u>	<u>12,158,817</u>	<u>13,206,977</u>	<u>1,048,160</u>
<b>Disbursements</b>				
Current:				
Human Services	12,274,823	13,806,738	12,664,141	1,142,597
<i>Total Disbursements</i>	<u>12,274,823</u>	<u>13,806,738</u>	<u>12,664,141</u>	<u>1,142,597</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>153,262</u>	<u>(1,647,921)</u>	<u>542,836</u>	<u>2,190,757</u>
<b>Other Financing Sources and Uses</b>				
Transfers In	0	0	205,000	205,000
Transfers Out	0	(738,085)	(738,085)	0
<i>Total Other Financing Sources and (Uses)</i>	<u>0</u>	<u>(738,085)</u>	<u>(533,085)</u>	<u>205,000</u>
<i>Net Change in Fund Balance</i>	153,262	(2,386,006)	9,751	2,395,757
<i>Fund Balance, Beginning of Year</i>	<u>8,516,149</u>	<u>8,516,149</u>	<u>8,516,149</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$ 8,669,411</u>	<u>\$ 6,130,143</u>	<u>\$ 8,525,900</u>	<u>\$ 2,395,757</u>

See accompanying notes to the basic financial statements.

**Columbiana County, Ohio**  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*December 31, 2012*

	Business-Type Activities Nonmajor Enterprise	Governmental Activities - Internal Service Fund
<b>Assets</b>		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$ 1,953,520	\$ 595,533
<b>Net Position</b>		
Unrestricted	\$ 1,953,520	\$ 595,533

See accompanying notes to the basic financial statements.

**Columbiana County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes in Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2012*

	Business-Type Activities <u>Nonmajor Enterprise</u>	Governmental Activities - <u>Internal Service Fund</u>
<b>Operating Receipts</b>		
Charges for Services	\$ 2,320,958	\$ 3,975,154
Other	60,322	5,366
<i>Total Operating Receipts</i>	<u>2,381,280</u>	<u>3,980,520</u>
<b>Operating Disbursements</b>		
Personal Services	656,648	5,795
Contractual Services	912,869	494,374
Materials and Supplies	135,058	0
Claims	0	3,600,515
Capital Outlay	1,194,370	0
Other	117,629	0
<i>Total Operating Disbursements</i>	<u>3,016,574</u>	<u>4,100,684</u>
<i>Operating Income (Loss)</i>	<u>(635,294)</u>	<u>(120,164)</u>
<b>Non-Operating Receipts (Disbursements)</b>		
Proceeds of OPWC Loans	460,006	0
Proceeds of OPWC Loans	162,206	0
Interest	455	0
Capital Grants	810,819	0
Principal Retirement	(352,105)	0
Interest and Fiscal Charges	(302,341)	0
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>779,040</u>	<u>0</u>
<i>Income (Loss) Before Transfers</i>	143,746	(120,164)
Transfers In	0	691,933
<i>Change in Net Position</i>	143,746	571,769
<i>Net Position, Beginning of Year</i>	<u>1,809,774</u>	<u>23,764</u>
<i>Net Position, End of Year</i>	<u>\$ 1,953,520</u>	<u>\$ 595,533</u>

See accompanying notes to the basic financial statements.

**Columbiana County, Ohio**  
*Statement of Fiduciary Net Position - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2012*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 4,591,505
Cash and Cash Equivalents in Segregated Accounts	84,773	2,362,432
<i>Total Assets</i>	\$ 84,773	\$ 6,953,937
<b>Net Position</b>		
Held in Trust for Children Services	84,773	0
Undistributed Assets	0	6,953,937
	\$ 84,773	\$ 6,953,937

See accompanying notes to the basic financial statements.

**Columbiana County, Ohio**  
*Statement of Changes in Fiduciary Net Position - Cash Basis*  
*Fiduciary Funds*  
*For the Year Ended December 31, 2012*

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	<u>Private Purpose Trust</u>
<b>Additions</b>	
Interest	\$ 422
Contributions and Donations	<u>13,804</u>
<i>Total Additions</i>	<u>14,226</u>
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	<u>14,110</u>
<i>Change in Net Position</i>	116
<i>Net Position, Beginning of Year</i>	<u>84,657</u>
<i>Net Position, End of year</i>	<u><u>\$ 84,773</u></u>

See accompanying notes to the basic financial statements.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**Note 1 – Reporting Entity**

Columbiana County (the “County”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County operates under the direction of a three-member elected Board of County Commissioners. A county auditor and a county treasurer, both of whom are elected, are responsible for fiscal control of the resources of the County which are maintained in the funds described below. Other officials elected by the voters of the County that manage the County’s operations are the county recorder, clerk of courts, coroner, engineer, prosecuting attorney, sheriff, two common pleas judges, a probate/juvenile court judge, two county municipal court judges, and one municipal court judge. Although these elected officials manage the internal operations of their respective departments, the Board of County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting authority and the chief administrators of public services of the County. Services provided by the County include general government, both executive and judicial, law enforcement, public works, public safety, health and welfare, conservation, and maintenance of highways, roads and bridges. Taxes are levied, collected and distributed to schools, townships, municipalities and appropriate County funds.

*A. Primary Government*

The primary government of the County consists of all funds, departments, board and agencies that are not legally separate from the County. For the County this includes the departments and agencies that provide the following services: Columbiana County Mental Health and Recovery Board, Columbiana County Mental Health Center, Columbiana County Board of Developmental Disabilities (which includes the Robert Bycroft School for Retarded Children, the Columbiana County Adult Mentally Handicapped Workshop and all 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 for which the County authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the County. The County has no component units.

The County Treasurer, as the custodian of public funds, invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activities of the following districts and agencies are presented as agency funds within the County’s financial statements:

- Columbiana County Park District
- Columbiana County General Health District
- Columbiana County Soil and Water Conservation District

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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The County is associated with one shared risk pool and one related organization, the County Risk Sharing Authority, Inc. and the Columbiana County Airport Authority, which are presented in Notes 15 and 17, respectively, to the basic financial statements. The County is also involved in the following jointly governed organizations:

Columbiana County Planning Commission  
Carroll/Columbiana/Harrison Solid Waste Management District  
Multi-County Juvenile Attention System  
North East Ohio Network (N.E.O.N.)  
Northeast Ohio Trade and Economic Consortium

These organizations are presented in Note 16 to the basic financial statements.

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

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements** The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the County at year end. The statement of activities compares disbursements and program receipts for each program or function of the County's governmental activities and business-type activities of the County. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that are required to be used to support a particular program.



**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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Receipts which are not classified as program receipts are presented as general receipts of the County, certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which governmental program or business-type activity is self-financing on a cash basis or draws from the general receipts of the County.

***Fund Financial Statements*** During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental 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.

Proprietary fund statements distinguish operating transactions and nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

***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.

***Governmental Funds*** Governmental funds are those through which most governmental functions of the County are financed. The following are the County's major governmental funds:

***General Fund*** – The general fund accounts for 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 Fund*** – The motor vehicle and gas tax fund accounts for receipts derived from motor vehicle licenses, gasoline taxes, grants and interest. Disbursements in this fund are restricted by state law to County road and bridge repair/improvements programs.

***Mental Health Fund*** – The mental health fund accounts for the operation of a center that provides services to mental patients and individuals considering taking their lives. Revenue sources include State and Federal grants and two County-wide property tax levies.

***Board of Developmental Disabilities Fund*** – The board of developmental disabilities fund accounts for the operation and the costs of administering a workshop for the developmentally disabled residents of the County. Receipt sources are federal and state grant monies and a county-wide property tax levy.

***Debt Service Fund*** – The retirement of principal, interest and related costs of general obligation debt. Receipt sources include property taxes, rent and transfers.

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

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**Proprietary Funds** The County classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

**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 County has three nonmajor enterprise funds: sewer which accounts for sanitary sewer services provided to County individual and commercial users in the majority of the unincorporated areas of the County, police communications which accounts for dispatching services and water which accounts for water services to individual and commercial users in the majority of the unincorporated areas of the County.

**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 reports on the operations of the self-insurance program for health insurance.

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

**C. Basis of Accounting**

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

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

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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***D. Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on cash disbursements 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, program, department, and object level for all funds.

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

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

***E. Cash and Cash Equivalents***

To improve cash management, cash received by the County, except cash held by a fiscal agent, 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." The County has segregated bank accounts for monies held separate from the County's central bank account. These monies are presented in the financial statements as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the County treasury.

The County utilizes a jointly governed organization (NEON) to service developmentally disabled residents within the County. The balance in this account is presented as "cash and cash equivalents with fiscal agent" and represents the monies held for the County.

During 2012, investments were limited to certificates of deposit federal farm credit bank notes, federal home loan mortgage corporation notes, federal home loan bank notes, first national mortgage association notes, corporate bonds, money markets and STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2012.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2012 amounted to \$146,872, which includes \$73,831 assigned from other County funds.

The County values investments and cash equivalents at cost. For presentation on the financial statements, the County classifies investments of the cash management pool as cash and cash equivalents.

***F. Inventory and Prepaid Items***

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

***G. Capital Assets***

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

***H. Interfund Receivables/Payables***

The County reports advances and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

***I. Accumulated Leave***

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

***J. Employer Contributions to Cost-Sharing Pension Plans***

The County recognizes the disbursement for employer contributions to cost-sharing plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

***K. Long-Term Obligations***

The County's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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***L. Net Position***

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily include real estate assessment, indigent guardianship and probate business.

The County's policy is to first apply restricted resources when a disbursement is incurred for purposes for which restricted and unrestricted resources are available.

***M. Fund Balance***

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

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

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

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the County Commissioners. The County Commissioners has by resolution authorized the auditor to assign fund balance. The County Commissioners may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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

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

***N. Interfund Activity***

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

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

***O. Changes in Accounting Principles***

For the year ended December 31, 2012, the County has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an Amendment of GASB Statement No. 53."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the County.

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the County.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting requirements of GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the County.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Disbursements and Change in Cash Basis Fund Balance – (Budget Basis) for the General Fund and each major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Unrecorded cash, which consists of N.E.O.N. activity is not reported by the County on the operating statements (budgetary basis), but is reported on the cash basis operating statements.
3. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Motor Vehicle & Gasoline Tax	Mental Health	Board of Developmental Disabilities
Cash Basis	\$ 925,867	\$ 343,516	\$ (168,953)	\$ (292,765)
Beginning Unrecorded Cash	0	0	0	2,846,725
Ending Unrecorded Cash	0	0	0	(2,544,209)
Funds Budgeted Elsewhere*	(874,502)	0	0	0
Encumbrances	(439,542)	(125,314)	0	0
Budget Basis	\$ (388,177)	\$ 218,202	\$ (168,953)	\$ 9,751

\* As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting," certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes clerk of courts title, inmate transportation, recorders equipment, Ohio EPA tipping fees, juvenile court maintenance, general fund escrow and unclaimed monies funds.

**Note 4 – Deposits and Investments**

Monies held by the County are classified by State statute into two categories, active and inactive. Active monies are public deposits 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.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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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 obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal governmental agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above, and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either 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, which are rated in the highest classification established by two nationally recognized standard rating services, which do not need exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;
  - b. Banker's acceptances eligible for purchase by the Federal Reserve System and which mature within 180 days after purchase.



**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual fund 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 of instrumentality, and/or highly rated commercial paper; and,
12. Up to one percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in the United States.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity.

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

## **Deposits**

### ***A. Cash on Hand***

At year end, the County had \$72,868 in undeposited cash on hand, which is included on the financial statements of the County as part of "Equity in Pooled Cash and Cash Equivalents."

### ***B. Cash with Fiscal Agent***

At year end, the County had \$2,544,209 in cash held by an outside party which is included on the financial statements of the County as "Cash and Cash Equivalents with Fiscal Agent." The amount is not included in deposits with financial institutions below.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**C. 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, the carrying amount of the County's deposits was \$15,229,092. \$2,110,897 of the County's bank balance of \$15,845,588 was exposed to custodial credit because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

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 one hundred five percent of the deposits being secured.

Deposits in interest-bearing accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a coverage limit of \$250,000 per financial institution through December 31, 2012. Insurance on deposits in noninterest-bearing accounts is unlimited through December 31, 2012. The County has both interest-bearing and noninterest-bearing accounts.

Beginning January 1, 2013, noninterest-bearing accounts will no longer be insured separately from the County's other accounts at the same financial institution. Instead, noninterest-bearing and interest-bearing accounts will collectively be insured up to a coverage limit of \$250,000, at each separate financial institution.

**D. Investments**

At December 31, 2012, the County had the following investments (market value):

	Maturity in Years			Total
	Less Than 1	1 - 3	3 - 5	
Federal Farm Credit Bank Notes	\$ 0	\$ 6,933,844	\$ 2,003,705	\$ 8,937,549
Federal Home Loan Mortgage Corporation Notes	0	3,100,511	2,506,095	5,606,606
Federal Home Loan Bank Notes	0	750,898	1,012,960	1,763,858
First National Mortgage Association Notes	0	4,483,940	7,003,285	11,487,225
Corporate Bonds	0	527,137	264,130	791,267
Money Market	317,577	0	0	317,577
STAROhio	571,236	0	0	571,236
<b>Total Investments</b>	<b>\$ 888,813</b>	<b>\$ 15,796,330</b>	<b>\$ 12,790,175</b>	<b>\$ 29,475,318</b>

The market value is greater than the carrying value of investments by \$103,461.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**Interest Rate Risk** Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The County’s investment policy addresses interest rate risk by requiring that the County’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short term investments.

**Credit Risk** The Federal Farm Credit Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes and First National Mortgage Association Notes all carry a credit rating of AAA by Standard and Poor’s. The money market carries a rating of AAAM by Standard and Poor’s. The corporate bonds carry ratings of AA and AA+ by Standard and Poor’s. STAROhio carries a rating of AAAM by Standard and Poor’s. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Farm Credit Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes and First National Mortgage Association Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by counterparty’s trust department or agent but not in the County’s name. The County has no investment policy dealing with investment custodial credit risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

**Concentration of Credit Risk** The County places no limit on the amount it may invest in any one issuer. The following is the County’s allocation as of December 31, 2012:

Investment Issuer	Percentage of Investments
Federal Farm Credit Bank Notes	30.32%
Federal Home Loan Mortgage Corporation Notes	19.02%
Federal Home Loan Bank Notes	5.99%
First National Mortgage Association Notes	38.97%
Corporate Bonds	2.68%
Money Market	1.08%
STAROhio	1.94%

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**Note 5 – Permissive Sales Tax**

Beginning in 2001, the County levied a 1 percent permissive sales tax. The proceeds of the tax are credited to the County's general fund. During September 2002, the County Commissioners approved an increase in the permissive sales tax from 1 percent to 1.5 percent. On May 3, 2005, the County renewed 1 percent of the 1.5 percent sales tax. In November 2005, the County's remaining 0.5 percent of the sales tax did not get renewed. 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 from the State Auditor. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County. The County received \$14,544,533 in sales tax receipts in 2012.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes.

2012 real property taxes are levied after October 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values are established by State statute at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

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

Public Utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2012 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2012, was \$9.25 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2012 property tax receipts were based are as follows:

Real Property	\$ 1,771,980,530
Public Utility	86,559,010
Total Assessed Value	<u>\$ 1,858,539,540</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the County. The County Auditor periodically remits to the County its portion of the taxes collected.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**Note 7 – Risk Management**

***A. Property and Liability***

The County is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries, and natural disasters. During 2012, the County contracted with the County Risk Sharing Authority (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

	<u>Limits of Coverage</u>
General Liability	\$ 1,000,000
Employee Benefit Liability	1,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Errors and Omissions Liability	1,000,000
Automobile Liability	1,000,000
Uninsured Motorist Liability	250,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	1,000,000
Building and Contents - Replacement Cost	146,181,403
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 Orders/Counterfeit Currency	1,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

***B. Self-Insurance***

The County has elected to provide a comprehensive medical benefits package to the employees through a fully-insured program. This package provides a comprehensive medical, prescription and dental plan, which is administered by Anthem. Total claims disbursements in the internal service fund during 2012 were \$3,600,515.

***C. Workers' Compensation***

Workers' compensation coverage is provided by the State of Ohio. The County pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**Note 8 – Defined Benefit Pension Plans**

***A. Ohio Public Employees Retirement System***

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

For the year ended December 31, 2012, members in state and local classifications contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed 11.5 percent and 12.1 percent, respectively.

The County's 2012 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2012.

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2012, 2011, and 2010 were \$2,169,916, \$2,232,797 and \$1,638,540, respectively; 85 percent has been contributed for 2012 and 100 percent for 2011 and 2010. Contributions to the member-directed plan for 2012 were \$31,406 made by the County and \$22,433 made by plan members.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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

Plan Description - The County participates in the State Teachers Retirement System of Ohio (“STRS Ohio”), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

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

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

Funding Policy - For fiscal year 2012, 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 employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County’s required contribution for pension obligations for the STRS Ohio for the fiscal years ended December 31, 2012, 2011, and 2010 were \$93,779, \$101,287 and \$103,249, respectively; 100 percent has been contributed for 2012, 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$4,606 made by the County and \$3,290 made by the plan members.

**Note 9 – Postemployment Benefits**

***A. Ohio Public Employees Retirement System***

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution OPERS is set aside for the funding of post-retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2012.



**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and coverage selected.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$850,861, \$873,900 and \$1,590,838, respectively; 85 percent has been contributed for 2012 and 100 percent for 2011 and 2010.

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

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

**Plan Description** - The County contributes to the cost sharing, multiple-employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free (888) 227-7877.

**Funding Policy** - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care benefits for the years ended December 31, 2012, 2011 and 2010 were \$7,234, \$7,791 and \$7,942 respectively; 100 percent has been contributed for 2012, 2011 and 2010.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2012

**Note 10 – Long-Term Obligations**

Original issue amounts and interest rates of the County’s debt issues were as follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Year of Maturity</u>
<b><i>Governmental Activities Debt</i></b>			
General Obligation Notes:			
County EMA	4.73%	\$ 112,000	2016
Data Processing Loan	4.10%	1,000,000	2014
Clerk of Courts Server Upgrade & Computers	2.75%	471,532	2017
Clerk of Courts Office Equipment	2.75%	38,984	2017
Auditors & Veterans Services Upgrades	2.75%	155,676	2017
Engineer's Property	2.50%	135,178	2016
Government Services Building	1.50%-2.50%	7,895,000	2015*
General Obligation Bonds:			
Refunding Jail Facilities Bonds	4.00%-4.12%	8,490,000	2024
Courthouse Window Renovations	4.13%	844,000	2037
Courthouse Renovations	4.25%	2,714,000	2036
Ohio Wellsville Water System	3.25%	1,332,000	2039
Murray Trucking Old Farm Village	4.50%	502,000	2041
Municipal Court Bonds #1	4.38%	300,000	2034
Municipal Court Bonds #2	4.38%	2,865,000	2034
Government Services Building 2010A Bonds	2.00%-4.00%	490,000	2020
Government Services Building 2010B Bonds	6.85%-7.85%	1,615,000	2038
Government Services Building 2012	2.00%-4.375%	7,405,000	2052
Ohio Water Development Authority Loan:			
Hanoverton Planning Permanent Financing	6.04%	1,178,054	2021

\*This note was paid off in 2012.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2012

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Year of Maturity</u>
<b><i>Business-Type Activities Debt</i></b>			
Mortgage Revenue Notes:			
Vodry State Route 170/Duke Road Sewer	4.97%	\$ 83,500	2016
Mortgage Revenue Bonds:			
Guilford Lake Sewer	5.00%	350,000	2019
Ohio Elkrun Sewer	4.50%	2,051,000	2039
Winona Area Waste System #1	4.25%	595,000	2045
Winona Area Waste System #2	4.50%	360,000	2046
Winona Sanitary Sewer	4.75%	118,776	2018
Beaver Local Wastewater #1	4.70%	383,000	2018
Beaver Local Wastewater #2	4.15%	192,250	2014
Roseview Acres	4.85%	46,500	2018
Glenmoor/Lacroft Sanitary Sewer	4.25%	3,534,000	2049
Ohio Public Works Commission Loans:			
State Route 7 Water Line Extension #1	0.00%	50,000	2022
State Route 7 Water Line Extension #2	0.00%	96,000	2023
Stagecoach-Dairy Lane	0.00%	122,347	2014
State Route 45 Water Line Extension	0.00%	375,000	2017
Roseview Acres Treatment Plant	0.00%	1,816,619	2037
Glenmoor Sewer System	0.00%	203,584	2037
Home Road Sewer Project	0.00%	600,000	2043
Ohio Water Development Authority Loans:			
Glenmoor Sewer System	0.00%	314,000	N/A
County Home Road Sanitary Sewer	0.00%	883,963	2033

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2012

The changes in governmental long-term obligations during the year were as follows:

	Outstanding 1/1/2012	Additions	Reductions	Outstanding 12/31/2012	Amounts Due Within One Year
<b>Governmental Activities:</b>					
<i>General Obligation Notes:</i>					
County EMA	\$ 56,000	\$ 0	\$ (11,200)	\$ 44,800	\$ 11,200
Data Processing Loan	300,000	0	(100,000)	200,000	100,000
Clerk of Courts Server Upgrade	0	471,532	0	471,532	89,195
Clerk of Courts Office Equipment	0	38,984	0	38,984	7,374
Auditors & Veterans Services Upgrades	0	155,676	(14,622)	141,054	29,845
Engineer's Property	0	135,178	(21,368)	113,810	26,231
Government Services Building Notes	7,895,000	0	(7,895,000)	0	0
<b>Total General Obligation Notes</b>	<b>8,251,000</b>	<b>801,370</b>	<b>(8,042,190)</b>	<b>1,010,180</b>	<b>263,845</b>
<i>General Obligation Bonds:</i>					
Refunding Jail Facilities Bonds	6,990,000	0	(420,000)	6,570,000	440,000
Unamortized Premium	60,920	0	(4,686)	56,234	0
Unamortized Accounting Loss	(215,163)	0	16,551	(198,612)	0
<b>Total Refunding Jail Facilities Bonds</b>	<b>6,835,757</b>	<b>0</b>	<b>(408,135)</b>	<b>6,427,622</b>	<b>440,000</b>
Courthouse Window Renovations	781,000	0	(17,000)	764,000	18,000
Courthouse Renovations	2,462,000	0	(57,000)	2,405,000	60,000
Ohio Wellsville Water System	1,093,000	0	(24,000)	1,069,000	25,000
Murray Trucking Old Farm Village	444,000	0	(7,000)	437,000	8,000
Municipal Court Bonds #1	261,000	0	(7,000)	254,000	7,000
Municipal Court Bonds #2	2,482,000	0	(65,000)	2,417,000	68,000
Government Services Bldg 2010A Bonds	490,000	0	(50,000)	440,000	50,000
Government Services Bldg 2010B Bonds	1,615,000	0	0	1,615,000	0
Government Services Bldg 2012 Bonds	0	7,405,000	0	7,405,000	150,000
<b>Total General Obligation Bonds</b>	<b>16,463,757</b>	<b>7,405,000</b>	<b>(635,135)</b>	<b>23,233,622</b>	<b>826,000</b>
<i>Ohio Water Development Authority Loan:</i>					
Hanoverton Planning Permanent Financing	628,113	0	(54,568)	573,545	57,864
Capital Leases	266,292	0	(266,292)	0	0
<b>Total Governmental Activities</b>	<b>\$25,609,162</b>	<b>\$ 8,206,370</b>	<b>\$(8,998,185)</b>	<b>\$24,817,347</b>	<b>\$ 1,147,709</b>

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2012

The changes in business-type long-term obligations during the year were as follows:

	Outstanding 1/1/2012	Additions	Reductions	Outstanding 12/31/2012	Amounts Due Within One Year
<b>Business-Type Activities:</b>					
<i>Mortgage Revenue Notes:</i>					
Vodry State Route 170 Duke Road Sewer	\$ 41,750	\$ 0	\$ (8,350)	\$ 33,400	\$ 8,350
<i>Mortgage Revenue Bonds:</i>					
Guilford Lake Sewer	134,000	0	(14,000)	120,000	15,000
Ohio Elkrun Sewer	1,755,000	0	(33,000)	1,722,000	34,000
Winona Area Waste System #1	556,000	0	(8,000)	548,000	8,000
Winona Area Waste System #2	342,000	0	(4,000)	338,000	4,000
Winona Sanitary Sewer	92,191	0	(11,384)	80,807	11,944
Beaver Local Wastewater #1	337,579	0	(13,298)	324,281	13,976
Beaver Local Wastewater #2	102,080	0	(32,611)	69,469	34,011
Roseview Acres	34,976	0	(4,294)	30,682	4,514
Glenmoor/Lacroft Sanitary Sewer	3,534,000	0	(38,000)	3,496,000	40,000
<i>Total Mortgage Revenue Bonds</i>	<u>6,887,826</u>	<u>0</u>	<u>(158,587)</u>	<u>6,729,239</u>	<u>165,445</u>
<i>OWPC Loans:</i>					
State Route 7 Water Line Extension #1	26,250	0	(2,500)	23,750	2,500
State Route 7 Water Line Extension #2	55,200	0	(4,800)	50,400	4,800
Stagecoach-Dairy Lane	17,738	0	(5,913)	11,825	5,913
State Route 45 Water Line Extension	225,000	0	(37,500)	187,500	37,500
Roseview Acres Treatment Plant	166,484	0	(6,054)	160,430	6,054
Glenmoor Sewer System	203,584	0	0	203,584	8,143
Home Road Sewer Project	0	460,006	0	460,006	0
<i>Total OWPC Loans</i>	<u>694,256</u>	<u>460,006</u>	<u>(56,767)</u>	<u>1,097,495</u>	<u>64,910</u>
<i>OWDA Loans:</i>					
Glenmoor Sewer System	0	128,401	(128,401)	0	0
County Home Road Sanitary Sewer	0	33,805	0	33,805	0
<i>Total OWDA Loans</i>	<u>0</u>	<u>162,206</u>	<u>(128,401)</u>	<u>33,805</u>	<u>0</u>
<b>Total Business-Type Activities</b>	<u>\$ 7,623,832</u>	<u>\$ 622,212</u>	<u>\$ (352,105)</u>	<u>\$ 7,893,939</u>	<u>\$ 238,705</u>

The general obligation notes are paid from the general fund, the emergency management and motor vehicle and gas tax special revenue funds and the bond retirement debt service fund. The mortgage revenue notes and bonds are paid with user charges from the recorders' equipment special revenue fund and the sewer enterprise fund. The general obligation bonds are paid from the bond retirement debt service fund. The OWDA and OPWC loans are paid with user charges from the general fund and the water and sewer enterprise funds. The capital lease was paid from the bond retirement debt service fund.

During 2009, the County issued \$3,534,000 of mortgage revenue bonds for the purpose of acquiring, constructing and improving the Glenmoor/LaCroft sanitary sewer system.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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***Government Services Building Notes/Bonds***

The \$10,000,000 debt issue consists of notes, serial and term bonds. The notes were issued with a varying interest rate of 1.5-2.5 percent. The notes were paid off during 2012 with the issuance of bonds. The serial bonds were issued with a varying interest rate of 2.0-4.0 percent. The Series 2010B term bonds that mature in the year 2025, with an interest rate of 6.85 percent are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1 in each of the years 2021 through 2024 (with the balance of \$75,000 to be paid at stated maturity on December 1, 2025) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2021	\$65,000
2022	65,000
2023	70,000
2024	70,000

The Series 2010B term bonds maturing on December 1, 2030 are subject to mandatory sinking fund redemption. The mandatory redemption is to occur on December 1 in each of the years 2026 through 2029 (with the balance of \$90,000 to be paid at stated maturity on December 1, 2030) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2026	\$75,000
2027	80,000
2028	80,000
2029	85,000

The Series 2010B term bonds maturing on December 1, 2038 are subject to mandatory sinking fund redemption. The mandatory redemption is to occur on December 1 in each of the years 2031 through 2037 (with the balance of \$125,000 to be paid at stated maturity on December 1, 2038) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2031	\$90,000
2032	95,000
2033	100,000
2034	105,000
2035	110,000
2036	115,000
2037	120,000

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2012

During 2012, the County issued \$7,405,000 of general obligation bonds to repay the government services building notes.

During 2011, the County was awarded a loan from Ohio Public Works Commission (OPWC) in the amount of \$300,000 for the Glenmoor Sewer System project. As of December 31, 2012, the County had received proceeds of \$203,584.

During 2012, the County was awarded loans from Ohio Water Development Authority and Ohio Public Works Commission for various sewer projects. These loans have not been fully disbursed as of December 31, 2012, therefore are not reflected in the amortization schedule below.

The County has pledged future water revenue and sewer revenue, net of specified operating expenses to repay \$7,893,939 of mortgage revenue notes and bonds, Ohio Public Works Commission (OPWC) and Ohio Water Development Authority (OWDA) loans. Annual principal and interest payments, as a percentage of net customer revenues, on the loans are expected to be similar over the term of the loans as in the current year, which were 28.2 percent. The total principal and interest remaining to be paid on the debt is \$13,586,944. Principal and interest paid for the current year and total net revenues were \$654,446 and \$798,192, respectively.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2012 are as follows:

***Governmental Activities***

	General Obligation Notes		General Obligation Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 263,845	\$ 26,862	\$ 826,000	\$ 1,003,556	\$ 57,864	\$ 34,642
2014	268,048	20,229	848,000	974,211	61,358	31,148
2015	172,364	13,080	877,000	943,824	65,065	27,442
2016	176,784	8,134	915,000	812,259	68,996	23,512
2017	129,139	3,254	937,000	878,914	73,162	19,344
2018-2022	0	0	5,170,000	3,801,848	247,100	30,415
2023-2027	0	0	3,938,000	2,720,421	0	0
2028-2032	0	0	3,003,000	2,023,136	0	0
2033-2037	0	0	2,720,000	1,263,017	0	0
2038-2042	0	0	1,467,000	758,409	0	0
2043-2047	0	0	1,305,000	472,062	0	0
2048-2052	0	0	1,370,000	180,907	0	0
<i>Total</i>	<u>\$ 1,010,180</u>	<u>\$ 71,559</u>	<u>\$23,376,000</u>	<u>\$15,832,564</u>	<u>\$ 573,545</u>	<u>\$ 166,503</u>

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2012

***Business-Type Activities***

	Mortgage Revenue Notes		Mortgage Revenue Bonds		OPWC
	Principal	Interest	Principal	Interest	Loans Principal
2013	\$ 8,350	\$ 1,683	\$ 166,445	\$ 293,032	\$ 64,910
2014	8,350	1,262	172,363	285,547	64,910
2015	8,350	841	144,450	278,164	58,997
2016	8,350	422	151,025	271,601	58,997
2017	0	0	157,765	264,649	58,998
2018-2022	0	0	893,198	1,180,794	106,236
2023-2027	0	0	726,000	1,024,647	73,386
2028-2032	0	0	898,000	850,122	70,987
2033-2037	0	0	1,109,000	634,725	70,987
2038-2042	0	0	1,030,000	390,901	9,081
2043-2047	0	0	926,000	191,828	0
2048-2049	0	0	355,000	22,780	0
<i>Total</i>	<u>\$ 33,400</u>	<u>\$ 4,208</u>	<u>\$ 6,729,246</u>	<u>\$ 5,688,790</u>	<u>\$ 637,489</u>

**Note 11 – Capital Leases**

In prior years, the County entered into a capitalized lease obligation for a Sheriff’s radio and cabling equipment installed in the courthouse. These leases meet the criteria of a capital lease as they transfer benefits and risks of ownership to the lessee. These leases were paid off during 2012.

**Note 12 – Interfund Transfers**

Interfund transfers for the year ended December 31, 2012 consisted of the following:

Transfer To	Transfer From			Total
	General	Board of Developmental Disabilities	Other Governmental	
General	\$ 0	\$ 0	\$ 10,604	\$ 10,604
Debt Service	949,479	0	313,414	1,262,893
Other Governmental	2,296,909	533,085	464,999	3,294,993
Internal Service	691,933	0	0	691,933
<i>Total Transfers</i>	<u>\$ 3,938,321</u>	<u>\$ 533,085</u>	<u>\$ 789,017</u>	<u>\$ 5,260,423</u>



**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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Transfers were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed.

The transfer from other governmental funds to the general fund was for a residual equity transfer to close out a fund. The transfer from the general fund to the public assistance fund was for the mandated share. The Board of Developmental Disabilities fund transferred money to other governmental funds for the Board of Developmental Disabilities construction. The transfers from the other governmental funds to the debt service fund were from the municipal court funds for debt payments. The transfers from other governmental funds to other governmental funds were for capital projects. The transfer from the general fund to the internal service fund was to provide additional resources for current operations.

**Note 13 – Operating Lease**

On May 11, 2012, the County entered into a lease agreement with Chesapeake Exploration, L.L.C. (the “Lessee”). The County leased approximately 5 acres of land to the Lessee. The Lessee will pay the County lease royalty payments of 20 percent of the gross proceeds attributable to the applicable well.

On May 24, 2012, the County entered into a lease agreement with Chesapeake Exploration, L.L.C. (the “Lessee”). The County leased approximately 26 acres of land to the Lessee. The Lessee will pay the County lease royalty payments of 20 percent of the gross proceeds attributable to the applicable well. In addition, the County received a bonus payment of \$5,850 per acre, or approximately \$152,603.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2012

**Note 14 – Fund Balances**

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

	General	Motor Vehicle and Gas Tax	Mental Health	Board of Developmental Disabilities	Debt Service	Other Governmental Funds	Total
Nonspendable for:							
Unclaimed Monies	\$ 307,914	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 307,914
Restricted for:							
Debt Service	0	0	0	0	2,131,051	0	2,131,051
Capital Outlay	0	0	0	0	0	1,158,519	1,158,519
Public Safety	0	0	0	0	0	2,489,151	2,489,151
Public Works	0	3,024,262	0	0	0	0	3,024,262
Human Services	0	0	0	11,070,109	0	4,779,216	15,849,325
Health Services	0	0	4,725,426	0	0	35,825	4,761,251
Other Purposes	0	0	0	0	0	2,470,590	2,470,590
Total Restricted	0	3,024,262	4,725,426	11,070,109	2,131,051	10,933,301	31,884,149
Committed for:							
Debt Service	0	0	0	0	38,212	0	38,212
Capital Outlay	0	0	0	0	0	1,965,516	1,965,516
General Escrow	1,000,000	0	0	0	0	0	1,000,000
Total Committed	1,000,000	0	0	0	38,212	1,965,516	3,003,728
Assigned for:							
Human Services	24,895	0	0	0	0	0	24,895
Legislative & Executive	91,254	0	0	0	0	0	91,254
Public Safety	323,394	0	0	0	0	0	323,394
Other Purposes	62,801	0	0	0	0	0	62,801
Total Assigned	502,344	0	0	0	0	0	502,344
Unassigned	1,932,128	0	0	0	0	0	1,932,128
<b>Total Fund Balance</b>	<b>\$ 3,742,386</b>	<b>\$ 3,024,262</b>	<b>\$ 4,725,426</b>	<b>\$ 11,070,109</b>	<b>\$ 2,169,263</b>	<b>\$ 12,898,817</b>	<b>\$ 37,630,263</b>

**Note 15 – Public Entity Risk Pool**

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

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board 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.

**Note 16 – Jointly Governed Organizations**

***Columbiana County Planning Commission*** The County participates in the Columbiana County Planning Commission (the "Commission") which is a statutorily created, political subdivision of the State of Ohio. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. The Commission is jointly governed by Columbiana County and local municipalities and townships. In 2012, the County did not contribute to the Commission.

***Carroll/Columbiana/Harrison Solid Waste Management District*** The County participates in the Carroll/Columbiana/Harrison Solid Waste Management District (the "District"), which is a statutorily created, political subdivision of the State of Ohio. The District is a jointly governed organization including Columbiana, Carroll, Harrison counties and local municipalities and townships. Of the nine members of the District's governing board, the County Commissioners represent three. Each member's control over the operation of the District is limited to its representation on the Board. In 2012, the County did not contribute to the District.

***Multi-County Juvenile Attention System*** The County also participates in the Multi-County Juvenile Attention System (the "System"), a jointly governed organization between the following counties: Stark, Holmes, Carroll, Columbiana, Tuscarawas and Wayne. The operation of the System is controlled by a nineteen member Board of Trustees, three members from each county with the exception of Stark which has four members. The degree of control exercised by any of the participating Counties is limited to its representation on the Board. The County paid \$928,649 to the System during 2012.

***North East Ohio Network (N.E.O.N)*** N.E.O.N is a council of governments formed to provide a regional effort in administering, managing and operating programs for certain individuals with development disabilities. Participating counties include Columbiana, Portage, Trumbull, Geauga, Lake, Mahoning and Stark Counties. N.E.O.N operation is controlled by their board which is comprised of the superintendents of the Board of Developmental Disabilities of each participating county. N.E.O.N received sufficient revenues from State grant monies and no additional funds were needed from the participants.

***Northeast Ohio Trade and Economic Consortium (Consortium)*** The consortium is a jointly governed organization by the counties of Columbiana, Portage, Stark, Mahoning, Trumbull and Summit. A six member regional council oversees the operations of the Consortium. Each county appoints one council member. The Council exercises total authority for the day-to-day operations of the Consortium. These include budgeting, appropriating, contracting and designating management. The County has no financial responsibility for any of the Consortium's liabilities. Complete financial statements may be obtained from the Northeast Ohio Trade and Economic Consortium, Akron, Ohio.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2012*

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**Note 17 – Related Organization**

***Columbiana County Airport Authority***

The Columbiana County Airport Authority (the “Airport Authority”), was created by resolution of the County Commissioners under the authority of Section 308 of the Ohio Revised Code. The Airport Authority is governed by a seven-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 law. These powers include the ability to sue or be sued in its corporate name; the power to establish and collect 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 a facility or permanent improvement. The Airport Authority serves as custodian of its own funds and maintains all records and accounts independent of Columbiana County. The County contributed \$9,829 to the Airport Authority in 2012.

**Note 18 – Contingencies**

***A. Grants***

The County received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have an overall effect on the overall financial position of the County at December 31, 2012.

***B. Litigation***

The County is currently involved in several pending and threatened lawsuits. The outcomes of these matters and the potential effect on the County’s financial position is unknown at this time.

**Note 19 - Noncompliance**

Contrary to Ohio law, the County did not comply with various requirements of Ohio Revised Code Section 135.35, and various requirements of Ohio Revised Code Section 321.46.

COLUMBIANA COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
<b>United States Department of Agriculture</b>			
<i>Passed through Ohio Department of Education</i>			
National School Lunch Program	10.555	03-PU-06-12	\$ 28,519
			28,519
<i>Passed through USDA Rural Development</i>			
Water & Waste Disposal Systems	10.760	Glenmoor Sewer Proj	380,975
Water & Waste Disposal Systems	10.760	Glenmoor Sewer Proj	11,822
			392,797
<i>Passed through Ohio Dept of Job &amp; Family</i>			
Food Assistance	10.561	JFSFFB11, JFSFFB12, JFSFFB13	637,729
<b>Total U.S. Department of Agriculture</b>			<b>1,059,045</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>(Passed through Ohio Development Services Agency)</i>			
Community Development Block Grant			
	14.228	B-F-11-1A0-1	106,006
	14.228	B-C-11-1A0-1	19,730
	14.228	B-F-10-1A0-1	188,560
Total CDBG			314,296
<i>(Passed through Ohio Development Services Agency)</i>			
HOME Investment Partnerships Program	14.239	B-C-11-1A0-2	65,527
<b>Total U.S. Department of Housing and Urban Development</b>			<b>379,823</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>(Passed through Ohio Department of Transportation)</i>			
Highway Planning and Construction	20.205	COL-418-0.00 Road	1,117,018
	20.205	COL-428-0.00 Road	27,368
	20.205	STW-2013	6,650
	20.205	COL-929-1031-1038	56,123
	20.205	COL-400-0.00 Road	1,421,347
			2,628,506
<i>(Passed through Ohio Environmental Protection Agency)</i>			
State Emergency Response Commission	20.703	HMEO1016090	25,411
<b>Total U.S. Department of Transportation</b>			<b>2,653,917</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>(Passed through Governor's Office of Criminal Justice)</i>			
Crime Victim's Assistance-VOCA	16.575	2012VAGENE174	
Crime Victim's Assistance-VOCA	16.575	2013VAGENE174	57,173
Crime Victim's Assistance-SVAA	16.575	2012VACHAE174	
Crime Victim's Assistance-SVAA	16.575	2013SAGENE174	17,928
VOCA Court Advocate	16.575		7,425
Juvenile Justice/Mental Health	16.745		0
<b>Total</b>			82,526
Edward Byrne Memorial Justice Assistance Grant	16.738		25,766
Bulletproof Vest Partnership	16.607		689
<b>Total</b>			26,455
<b>Total U.S. Department of Justice</b>			<b>108,981</b>
<b>HELP AMERICA VOTE</b>			
US Election Assistance/HAVA Title II	90.401		2,464
<b>Total</b>			<b>2,464</b>

COLUMBIANA COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
<i>(Passed through Ohio Department of Alcohol and Drug Addiction Services)</i>			
Substance Abuse Prevention & Treatment Block Grant			
Women's Focus Project	93.959		143,488
Federal Per Capita	93.959		276,356
TANF Prevention Services	93.959		30,764
Prevention at Work	93.959		0
Alcohol & Drug Federal Youth Led Prev Grant	93.959		3,598
Total Substance Abuse Prevention & Treatment Block Grant			454,206
Strategic Prevention Framework System Incentive Grant	93.243		115,400
Alcohol & Drug Federal Medicaid Assist	93.778		12,707
EFMAP ARRA	93.778		6,068
			18,775
<i>(Passed through Ohio Department of Mental Health)</i>			
Forensic Psychiatric Center of NE Ohio			
Counseling Center	93.958		79,474
Suicide Prevention Grant	93.958		2,000
Homeless Grant	93.958	Counseling Center	47,190
Total Block Grants for Community Mental Health Services			128,664
Path Homeless Grant	93.150		62,500
Mental Health Childcare Quality Grant	93.575		0
Title XX Social Services Block Grant	93.667		102,030
Mental health Federal Medicaid Assist	93.778		10,504
Family Centered Services & Support	93.556		45,888
<i>(Passed through Ohio Department of Aging)</i>			
Special Program for the Aging, Title IIIB	93.044		30,081
Special Program for the Aging, Title IIID	93.043		6,689
Older AM Act Passport	93.778		27,358
Older AM Act Passport Family Caregiver	93.052		0
<b>Total</b>			64,128
<i>(Passed through Ohio Department of Job &amp; Family Services)</i>			
TANF	93.558	JFSFTF12, JFSFTF13, JFSFTF10, JFSFTF12, JFSTF13	2,558,448
Quality Child Care Administration	93.575	JFSFCD12, JFSFCD13	241,162
Child Care Refunds	93.596	JFSFCM10, JFSFCM12	(35,073)
Social Services Block Grant, Title XX	93.667	JFSFSS11, JFSFSS12, JFSFSS13, JFSFTX11, JFSFTX12, JFSFTX13	1,468,128
SCHIP	93.767	JFSFH12	3,826
Medicaid	93.778	JFSFMT11, JFSMT12, JFSFMT13, JFSMP10	1,679,532
Child Support Enforcement, Title IV-D	93.563	JFSFCS10, JFSFCS12	733,641
Promoting Safe & Happy Families, Title IV-B	93.556	JFSMC12, JFSFPF12	64,211
Stephanie Tubbs Jones Child Welfare Services Program, Title IV-B	93.645	JFSFCW12	59,025
Community-Based Child Abuse Prevention Grant	93.590		2,000
Chafee Foster Care Independence Program	93.674	JFSFIL12	4,561
Foster Care_Title IV-E	93.658		16,843
Adoption Assistance, IVE-A	93.659	JFSFAA11, JFSFAA12, JFSFAA12	35,212
IV-E Foster Care Program	93.658	Subgrant agreement	78,931
IV-E Foster Care Program	93.658	#75-5-1545	20,725
Home Choice Program	93.791		200
<b>Total</b>			6,931,372
<b>Total for Dept Health &amp; Human Services</b>			<b>7,933,467</b>

COLUMBIANA COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
<b>U.S. DEPARTMENT OF EDUCATION:</b>			
<i>(Passed through Ohio Department of Education)</i>			
Special Education Cluster			
Special Education Part B	84.027	065920-6BSF-2012	45,765
	84.392	065920-6BSF-2011	<u>0</u>
			45,765
Early Childhood Special Education IDEA	84.173	065920-PGS1-2012P	<u>7,935</u>
			7,935
<b>Total U.S. Department of Education</b>			<b>53,700</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>			
<i>(Passed through Ohio Emergency Management Agency)</i>			
Emergency Management Performance Grant	97.042	2011-EP-00003-S01	66,792
Emergency Management Performance Grant	97.042	2012-EP-00-0003	86,097
Citizens Corp Grant	97.053	2008-GE-T8-0025	<u>0</u>
Total			152,889
State Homeland Security Program	97.067	2009-SS-T9-0089	69,936
	97.067	2011-SS-00070	<u>33,999</u>
			103,935
State Homeland Security Program	97.073	2009-SHSP-M467	<u>60,796</u>
			60,796
Total Homeland Security			
<i>(Passed through Emergency Food and Shelter Board)</i>			
Emergency Food and Shelter Program	97.024	671000-099	<u>4,164</u>
			4,164
<b>Total U.S. Department of Homeland Security</b>			<b>321,784</b>
<b>Department of Labor</b>			
<i>Passed through Ohio Dept of Job &amp; Family</i>			
Senior community Service Employment Program	17.235	Project 319	<u>243,880</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<b><u>\$ 12,757,061</u></b>

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

**FINANCIAL CONDITION  
COLUMBIANA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - SUBRECIPIENTS**

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

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

**NOTE C – MATCHING REQUIREMENTS**

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

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

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Development Services Agency. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to the same compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by equipment and mortgages.

Activity in the CDBG revolving loan fund during 2012 is as follows:

Beginning loans receivable balance as of January 1, 2012	\$43,239
Loans made	
Loan principal repaid	
Ending loans receivable balance as of December 31, 2012	\$43,239



**FINANCIAL CONDITION  
COLUMBIANA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2012  
(Continued)**

Activity in the CDBG microenterprise loan fund during 2012 is as follows:

Beginning loans receivable balance as of January 1, 2012	\$128,850
Loans made	
Loan principal repaid	
Ending loans receivable balance as of December 31, 2012	\$128,850

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# Dave Yost • Auditor of State

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

Columbiana County Board of Commissioners  
Columbiana County  
105 South Market Street  
Lisbon, Ohio 44432-1255

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Columbiana County, (the County) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 28, 2013, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Government's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-001 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2012-001 through 2012-008.

***Entity's Response to Findings***

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

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

October 28, 2013



# Dave Yost • Auditor of State

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

Columbiana County Board of Commissioners  
Columbiana County  
105 South Market Street  
Lisbon, Ohio 44432-1255

To the Board of Commissioners:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Columbiana County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Columbiana County's major federal programs for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the County's major federal programs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Basis for Qualified Opinion on the Community Development Block Grant Program***

As described in finding 2012-009 in the accompanying schedule of findings, the County did not comply with requirements regarding cash management applicable to its Community Development Block Grant major federal program. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to this program.

***Qualified Opinion on the Community Development Block Grant Program***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Community Development Block Grant Program* paragraph, Columbiana County complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Community Development Block Grant Program* for the year ended December 31, 2012.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, Columbiana County complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings for the year ended December 31, 2012.

***Other Matters***

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

***Report on Internal Control Over Compliance***

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2012-009 to be a material weakness.

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

Financial Condition  
Columbiana County  
Independent Auditor's Report on Compliance With Requirements  
Applicable to Each Major Federal Program and on Internal Control over Compliance  
Required by OMB Circular A-133  
Page 2

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

October 28, 2013

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**FINANCIAL CONDITION  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2012**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified (CFDA #14.228)
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Food Nutrition Service #10.561 Community Development Block Grant #14.228 Substance Abuse & Mental Health Service #93.243 Child Support Enforcement Grant #93.563 Social Services Block #93.667 Emergency Management Performance Grant # 97.042 State Homeland Security Program #97.067
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 382,712 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**

**1. Investments Not in County's Name**

<i>Finding Number</i>	2012-001
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NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Revised Code Section 135.35(H) states that any securities, certificates of deposit, deposit accounts, or any other documents evidencing deposits or investments made under authority of this section shall be issued in the name of the county with the county treasurer or investing authority as the designated payee. If any such deposits or investments are registrable either as to principal or interest, or both, they shall be registered in the name of the treasurer.

It was noted that the statements for the \$5,066,985 of investments, listed 1st National Community Bank, with the former County Treasurer listed on the second line. The heading on the "schedule of transactions" did not contain the name of the County Treasurer and only listed 1st National Community Bank. It was also noted that on June 6, 2013, 1st National Community Bank confirmed that WesBanco did not have the brokers/dealers make trades in the name of the County.

We recommend the Treasurer make sure that all investments are in the name of the County. As a compensating control, the County Investment Advisory Committee could monitor that all investments are in the name of the County.

**Official's Response:** Former Treasurer provided no response. Upon taking office in 2013, the current Treasurer determined the 1<sup>st</sup> National Community Bank investment account did not balance and had not been reconciled by the former Treasurer for 2 ½ years. The current Treasurer reconstructed the records for the 2 ½ year period and made a net adjusting entry of \$118,779 to bring the books into balance. The investment account was closed and the monies were safely returned to Columbiana County.

**2. Investment Policy Not Signed by Financial Institutions and Brokers/Dealers**

<i>Finding Number</i>	2012-002
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NONCOMPLIANCE

Ohio Revised Code Section 135.35(K) provides (1) except as otherwise provided in division (K)(2) of this section, no investing authority shall make an investment or deposit under this section, unless there is on file with the Auditor of State a written investment policy approved by the investing authority. The policy shall require that all entities conducting investment business with the investing authority shall sign the investment policy of that investing authority. All brokers, dealers, and financial institutions, described in division (J)(1) of this section, initiating transactions with the investing authority by giving advice or making investment recommendations shall sign the investing authority's investment policy thereby acknowledging their agreement to abide by the policy's contents. All brokers, dealers, and financial institutions, described in division (J)(1) of this section, executing transactions initiated by the investing authority, having read the policy's contents, shall sign the investment policy thereby acknowledging their comprehension and receipt. These same requirements are also in the County's own investment policy in sections X. and XVI.

**Finding Number 2012-002  
 (Continued)**

The former County Treasurer did not have a signed investment policy with Huntington National Bank, 1<sup>st</sup> National Community Bank, and WesBanco on file, three institutions the County dealt with directly. We could only locate a contractual agreement with WesBanco that stated WesBanco was provided with the County's investment policy. In addition, none of the seven brokers/dealers in which the County purchased securities with the aid of WesBanco signed the County's investment policy.

We recommend the Treasurer have all brokers, dealers, and financial institutions initiating transactions with the investing authority by giving advice or making investment recommendations sign the investing authority's investment policy thereby acknowledging their agreement to abide by the policy's contents.

**Official's Response:** Former Treasurer provided no response. The current Treasurer will correct.

**3. Financial Statement Presentation**

<i>Finding Number</i>	2012-003
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NONCOMPLIANCE

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

Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

The County chose to prepare its financial statements and notes on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than GAAP. The financial statements and notes omit assets/deferred outflows, liabilities/deferred inflows, net position/fund equities, and disclosures that are material, however cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

It is recommended that the County prepare its annual financial report in accordance with GAAP to enhance their financial statement reporting.

**Official's Response:** The County will prepare its annual financial report in accordance with GAAP beginning in 2014.

**4. Monthly Investment Portfolio Reports to be Given to Investment Advisory Board and Filed With the Board of County Commissioners**

<i>Finding Number</i>	2012-004
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NONCOMPLIANCE

Ohio Revised Code Section 135.35 (L) provides:

1. The investing authority shall establish and maintain an inventory of all obligations and securities acquired by the investing authority pursuant to this section. The inventory shall include a description of each obligation or security, including type, cost, par value, maturity date, settlement date, and any coupon rate.
2. The investing authority shall also keep a complete record of all purchases and sales of the obligations and securities made pursuant to this section.
3. The investing authority shall maintain a monthly portfolio report and issue a copy of the monthly portfolio report describing such investments to the county investment advisory committee, detailing the current inventory of all obligations and securities, all transactions during the month that affected the inventory, any income received from the obligations and securities, and any investment expenses paid, and stating the names of any persons effecting transactions on behalf of the investing authority.
4. The monthly portfolio report shall be a public record and available for inspection under section 149.43 of the Revised Code.
5. The inventory and the monthly portfolio report shall be filed with the board of county commissioners. The monthly portfolio report also shall be filed with the Treasurer of State.

Section IX of the County's investment policy includes these same requirements.

The former County Treasurer did not issue a copy of the monthly portfolio report describing investments to the county investment advisory committee, detailing the current inventory of all obligations and securities, all transactions during the month that affected the inventory, any income received from the obligations and securities, and any investment expenses paid. The former County Treasurer did provide monthly filings to the Treasurer of State, but the filings lacked cost amounts, settlement dates, coupon rates, expenses paid, income received, and all the transactions during the month that may have affected inventory.

We recommend the County follow Ohio Revised Code Section 135.35(L) and issue a copy of the monthly portfolio report describing investments to the county investment advisory committee and with the Board of Commissioners.

**Official's Response:** Former Treasurer provided no response. The current Treasurer has corrected.

**5. Investment Records Incomplete**

<i>Finding Number</i>	2012-005
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NONCOMPLIANCE

Ohio Revised Code Section 135.35(I) requires the investing authority to be responsible for the safekeeping of all documents evidencing a deposit or investment acquired under this section, including, but not limited to, safekeeping receipts evidencing securities deposited with a qualified trustee, as provided in section 135.37 of the Revised Code, and documents confirming the purchase of securities under any repurchase agreement under this section shall be deposited with a qualified trustee, provided, however, that the qualified trustee shall be required to report to the investing authority, Auditor of State, or an authorized outside auditor at any time upon request as to the identity, market value, and location of the document evidencing each security, and that if the participating institution is a designated depository of the county for the current period of designation, the securities that are the subject of the repurchase agreement may be delivered to the treasurer or held in trust by the participating institution on behalf of the investing authority. Sections VII. and XII. of the County's own Investment Policy have similar requirements.

Ohio Revised Code Section 149.43(B)(2) requires a public office or the person responsible for public records to organize and maintain public records in a manner that they can be made available for inspection or copying.

The records to support the investments for the 1<sup>st</sup> National Community Bank account were incomplete as follows:

1. Records were not maintained in any type of order (e.g., by date, by broker/dealer, etc) but were maintained haphazardly.
2. Records were incomplete and lacked pertinent information such as control numbers, cusip numbers, purchase price, accrued interest paid, premium, amortization of premium, and realized gain/loss amounts.
3. Sale records did not contain a summary of the gain/loss on investments sold.
4. The records did not contain any electronic confirmations and affirmed confirmations for any of the \$5,066,985 of investments, as of December 31, 2012. Without these confirmations, we could not confirm if these investments were actually owned by or in the name of Columbiana County.

In addition, we noted that information contained on the former Treasurer's computer was not backed up or stored on a server. The computer stopped working in October of 2012 and the information could not be recovered.

We recommend investment records be maintained in a manner in order to comply with the above mentioned guidelines.

**Official's Response:** Former Treasurer provided no response. Upon taking office in 2013, the current Treasurer determined the 1<sup>st</sup> National Community Bank investment account did not balance and had not been reconciled by the former Treasurer for 2 ½ years. The current Treasurer reconstructed the records for the 2 ½ year period and made a net adjusting entry of \$118,779 to bring the books into balance. The investment account was closed and the monies were safely returned to Columbiana County.

**6. Improper Investments**

<i>Finding Number</i>	2012-006
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NONCOMPLIANCE

Ohio Revised Code Section 135.35(A)(2) allows a County to deposit or invest in bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. And, such investments must mature within five years from the date of settlement, per Ohio Revised Code Section 135.35(C). In addition, the Columbiana County Investment Policy Section VI. states, in addition to other prohibitions in the Ohio Revised Code the investing authority shall not make any investment that matures more than five years after the date of its acquisition, unless the investment is matched to a specific obligation or debt of the County or to a specific obligation or debt of another Ohio political subdivision located wholly or partly within the County and the particular investment is specifically approved by the Investment Advisory Committee, all as provided by Revised Code Section 135.35(A).

The former County Treasurer invested in the following government securities that had a maturity of more than five years:

1. Invested \$508,825 in an FNMA agency note with an acquisition date of September 15, 2010 and a maturity date of December 25, 2015.
2. Invested \$504,345 in an FNMA agency note with an acquisition date of April 13, 2011 and a maturity date of September 1, 2016.
3. Invested \$514,550 in an FHLB agency note with an acquisition date of April 25, 2011 and a maturity date of October 25, 2016.
4. Invested \$250,000 in an FNMA agency note with a settlement date of October 30, 2012, and a maturity date of April 30, 2018.

Ohio Revised Code Section 135.35(A)(9) allows a County to deposit or invest up to fifteen per cent of the County's total average portfolio in notes issued by corporations that are incorporated under the laws of the United States and that are operating within the United States, or by depository institutions that are doing business under authority granted by the United States or any state and that are operating within the United States, provided both of the following apply:

- (a) 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.
- (b) The notes mature not later than two years after purchase.

Section V.9 of the County's investment policy includes these same requirements.

The former County Treasurer invested in the following corporate notes that had a maturity of more than two years:

1. Invested in a \$275,260 corporate note of GE Capital Corp Series through PNC Securities with a settlement date of February 17, 2012, and a maturity date of June 9, 2014.
2. Invested in a \$251,490 corporate note of PNC Funding with an acquisition date of September 23, 2011, and a maturity date of August 19, 2016.

**Finding Number 2012-006  
 (Continued)**

We recommend the County Treasurer and County Investment Advisory Committee and their investment companies follow the requirements of Ohio Revised Code Section 135.35 and the County's Investment Policy when investing monies.

**Official's Response:** Former Treasurer provided no response. Upon taking office in 2013, the current Treasurer determined the 1<sup>st</sup> National Community Bank investment account did not balance and had not been reconciled by the former Treasurer for 2 ½ years. The current Treasurer reconstructed the records for the 2 ½ year period and made a net adjusting entry of \$118,779 to bring the books into balance. The investment account was closed and the monies were safely returned to Columbiana County.

**7. Continuing Education Programs for Treasurers**

<i>Finding Number</i>	2012-007
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NONCOMPLIANCE

Ohio Revised Code Section 321.46(A) provides that to enhance the background and working knowledge of county treasurers in governmental accounting, portfolio reporting and compliance, investments, and cash management, the Auditor of State and the Treasurer of State shall conduct education programs for persons elected for the first time to the office of county treasurer and shall hold biennial continuing education programs for persons who continue to hold the office of county treasurer. Education programs for newly elected county treasurers shall be held between the first day of December and the first Monday of September next following that person's election to the office of county treasurer. Similar initial training may also be provided to any county treasurer who is appointed to fill a vacancy or who is elected at a special election.

Ohio Revised Code Section 321.46(B)(3)(a) provides that after completing one year in office, a county treasurer shall take not less than twenty-four hours of continuing education during each biennial cycle. For purposes of division (B)(3)(a) of this section, a biennial cycle for continuing education shall be every two calendar years after the treasurer's first year in office. The Treasurer of State shall determine the manner and content of the education programs in the subject areas of investments, cash management, the collection of taxes, ethics, and any other subject area that the Treasurer of State determines is reasonably related to the duties of the office of the county treasurer. The Auditor of State shall determine the manner and content of the education programs in the subject areas of governmental accounting, portfolio reporting and compliance, office management, and any other subject area that the auditor of state determines is reasonably related to the duties of the office of the county treasurer.

Ohio Revised Code Section 321.46(B)(3)(b) provides a county treasurer who accumulates more than twenty-four hours of continuing education in a biennial cycle described in division (B)(3)(a) of this section may credit the hours in excess of twenty-four hours to the next biennial cycle. However, regardless of the total number of hours earned, no more than six hours in the education programs determined by the treasurer of state pursuant to division (B)(3)(a) of this section and six hours in the education programs determined by the auditor of state pursuant to that division shall be carried over to the next biennial cycle.

**Finding Number 2012-007  
 (Continued)**

Ohio Revised Code Section 321.46(E)(2) provides if a county treasurer fails to complete continuing education programs as required by this section, the county treasurer is subject to divisions (B) to (E) of section 321.47 of the Revised Code, including possible suspension of the treasurer’s authority to invest county funds and to manage the county portfolio and transfer of this authority to the county’s investment advisory committee.

Ohio Revised Code Section 321.46(F)(1) states notwithstanding divisions (B) and (E) of this section, a county treasurer who fails to complete the initial or continuing education programs required by this section shall invest only in the Ohio subdivisions fund pursuant to division (A)(6) of section 135.35 of the Revised Code, in no load money market mutual funds pursuant to division (A)(5) of section 135.35 of the Revised Code, or in time certificates of deposit or savings or deposit accounts pursuant to division (A)(3) of section 135.35 of the Revised Code.

Ohio Revised Code Section 321.46(F)(3) states if a county treasurer fails to complete continuing education programs required by this section and invests in other than the investments permitted by division (F)(1) of this section, the county treasurer is subject to divisions (B) to (E) of section 321.47 of the Revised Code, including possible suspension of the treasurer’s authority to invest county funds and to manage the county portfolio and transfer of this authority to the county’s investment advisory committee.

The former County Treasurer failed to complete the 24 hours of continuing investment education approved by the Auditor of State (12 hours) and the Treasurer of State (12 hours) for the biennial period of January 1, 2011 to December 31, 2012. For the biennial cycle of January 1, 2011 to December 31, 2012 the former Treasurer had 13 hours of Auditor of State training (including 6 carryover hours from 2009-2010) and 3.5 hours of Treasurer of State investment training. Since the Treasurer did not obtain the required continuing education, he should have invested only in the Ohio subdivisions fund pursuant to division (A)(6) of section of the Revised Code 135.35, no load money market mutual funds pursuant to division (A)(5) of section 135.35 of the Revised Code or in certificates of deposit or savings or deposit accounts pursuant to division (A)(3) of section 135.35 of the Revised Code.

The former Treasurer invested in more than the aforementioned investments including corporate bonds, commercial paper, notes and government bonds at December 31, 2012 which totaled \$22,239,577 and \$5,066,985 through Huntington National Wealth Advisors and WesBanco, respectively.

**Official’s Response:** Former Treasurer provided no response.

**8. Treasury Reconciliation**

<i>Finding Number</i>	2012-008
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NONCOMPLIANCE

Ohio Revised Code Section 321.07 requires a county treasurer to keep an accurate account of all moneys received by him, showing the amount, the time, from what source received, and of all disbursements made by him, showing the amount, the time, and for what purpose paid. He shall so arrange his accounts that the amount received and paid on account of each separate and distinct fund shall be exhibited in a separate and distinct account.



**Finding Number 2012-008  
(Continued)**

The former County Treasurer did not accurately reconcile the County treasury reconciliation for the months of January thru December of 2012. The monthly reconciliations did not reflect the correct investment account balance at 1st National Community Bank/Wesbanco. This was due to the former Treasurer inaccurately booking interest and not posting other fees associated with this investment.

The former County Treasurer overstated the total investments on the monthly Treasury reconciliations for all of 2012 by \$118,779.

The County made an adjustment to their accounting system and 2012 financial statements to reduce the general fund fund balance by the aforementioned overstated amount.

The County Treasurer should accurately reconcile the total depository and investment balances, per financial institutions, with the total fund balances of the County. This may be accomplished by the proper posting of investments. We recommend investments be posted as follows:

- a. When the investment is purchased, the county would debit (record the investment in their investment record) and credit the cash paid for the investment:
  - i. If the County pays accrued interest at the time the investment is purchased, debit the investment for the amount of accrued interest paid when purchased and credit cash.
  - ii. Once the County receives its first interest payment, the entry would be a debit to cash, a credit to the investment for the same amount as the accrued interest paid at purchase, and the remaining amount credited to investment income.
  - iii. When the county pays a premium for investments on the cash basis, the premium amount should be reported as part of the cost of the investment (debit investment and credit cash). There is no amortization recorded on the cash basis. [The premium can be thought of as being recovered through the higher interest rate earned on the investments.]
- b. The County should record the interest income from the monthly statements as investment income (interest receipts) on the cash basis.
- c. Trustee Fees should be reported as disbursements.
- d. No entry should be needed for the amount reflected as amortization of premium on the cash basis.
- e. The "Realized Gains (Losses) occur when an investment is sold. For the cash basis, when an investment is sold the County should make an entry to debit cash and credit the investment (only credit off the carrying value of the investment). The remaining amount is recorded as a debit/credit to investment income as necessary to account for the gain or loss.

**Official's Response:** Former Treasurer provided no response. Upon taking office in 2013, the current Treasurer determined the 1<sup>st</sup> National Community Bank investment account did not balance and had not been reconciled by the former Treasurer for 2 ½ years. The current Treasurer reconstructed the records for the 2 ½ year period and made a net adjusting entry of \$118,779 to bring the books into balance. The investment account was closed and the monies were safely returned to Columbiana County.

**3. FINDINGS FOR FEDERAL AWARDS**

**1. Cash Management - 15 Day Rule**

<b>Finding Number</b>	2012-009
<b>CFDA Title and Number</b>	Community Development Block Grant 14.228
<b>Federal Award Number / Year</b>	BF10-1A0-1, BF11-1A0-1, & BC11-1A0-1 2010 and 2011
<b>Federal Agency</b>	Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Development Services Agency

NONCOMPLIANCE and MATERIAL WEAKNESS

OHCP Management Rules & Regulations, Section (A)(3)(f) states that grantees receiving Federal funds must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursements of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within 15 days of receipt of any funds. Lump sum draw-downs are not permitted. Escrow accounts are permitted only in the case of rehabilitation of private property. For the purpose of the Fifteen Day Rule only, funds deposited into an escrow account will be considered expended, but it should be noted that funds may only be in an escrow account for 20 days (Attachment 6-Common Rule 24 CFR Part 85, Attachment 7-24 CFR Part 84).

For the 2011 CDBG Formula Program, the 2010 CDBG Formula Program, and the 2011 CHIP Grant Program, we noted that eleven out of the twelve draw-downs tested did not comply with the Fifteen-Day Rule. For example, the County Development Department drew down \$85,700 on May 22, 2012 and on June 30, 2012 their fund balance was \$114,515.

We recommend the County Development department implement procedures to help ensure federal funds are disbursed promptly in compliance with the Fifteen-Day Rule.

**Official's Response:** The Development department will develop a more responsive cash management system in order to comply with the 15 day rule.

**FINANCIAL CONDITION  
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2011-01	Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03, the County failed to prepare its financial statements in accordance with generally accepted accounting principles	No	Re-issued as Finding 2012-003

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**FINANCIAL CONDITION  
COLUMBIANA COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
December 31, 2012**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-009	Develop an improved cash management system	1/1/14	Tad Herold

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# Dave Yost • Auditor of State

## COLUMBIANA COUNTY FINANCIAL CONDITION

### COLUMBIANA 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  
DECEMBER 24, 2013