



Dave Yost • Auditor of State

ASHLAND COUNTY
TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	22
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual	
General Fund	23
Motor Vehicle and Gasoline Tax Fund	24
Job and Family Services Fund	25
Alcohol, Drug Addiction, and Mental Health Services Fund	26
Developmental Disabilities Fund	27
Statement of Fund Net Position – Enterprise Funds.....	28
Statement of Revenues, Expenses, and Changes in Fund Net Position Enterprise Funds.....	29
Statement of Cash Flows – Enterprise Funds.....	30
Statement of Fiduciary Assets and Liabilities – Agency Funds.....	31
Notes to the Basic Financial Statements.....	33
Federal Awards Expenditures Schedule	67
Notes to the Federal Awards Expenditures Schedule	69
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	71
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A133.....	73
Schedule of Findings.....	77
Corrective Action Plan.....	81
Schedule of Prior Audit Findings	82

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Ashland County
142 West 2nd Street
Ashland, Ohio 44805

To the County 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 information of Ashland County, Ohio (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashland County, Ohio, as of December 31, 2013, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General; Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; and Developmental Disabilities Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

The Federal Awards Expenditures 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2014, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

July 30, 2014

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

The discussion and analysis of Ashland County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

Highlights

In total, the County's net position decreased \$2,084,645, or less than 4 percent. Governmental activities decreased \$2,023,949, or 3 percent, and business-type activities decreased \$60,696, or 8 percent.

Using this Annual Report

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

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

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

Reporting the County as a Whole

The statement of net position and the statement of activities reflect how the County did financially during 2013. These statements include all assets, liabilities, and deferred inflows using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

Reporting the County's Most Significant Funds

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

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

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

Proprietary Funds - The County's proprietary funds consist of enterprise funds. Enterprise funds use the accrual basis of accounting and are used to report the same functions presented as business-type activities on the government-wide financial statements.

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

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

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2013 and 2012.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<u>Assets</u>						
Current and Other Assets	\$29,453,163	\$29,469,835	\$454,085	\$498,578	\$29,907,248	\$29,968,413
Capital Assets, Net	37,599,765	39,931,049	321,253	342,668	37,921,018	40,273,717
Total Assets	67,052,928	69,400,884	775,338	841,246	67,828,266	70,242,130
<u>Liabilities</u>						
Current and Other Liabilities	1,244,534	1,278,986	23,012	30,811	1,267,546	1,309,797
Long-Term Liabilities	2,808,234	3,171,396	1,565,109	1,562,522	4,373,343	4,733,918
Total Liabilities	4,052,768	4,450,382	1,588,121	1,593,333	5,640,889	6,043,715
<u>Deferred Inflows of Resources</u>	6,775,317	6,701,710	0	0	6,775,317	6,701,710
<u>Net Position</u>						
Net Investment in Capital Assets	35,982,281	37,955,058	321,253	342,668	36,303,534	38,297,726
Restricted	16,959,249	17,630,466	0	0	16,959,249	17,630,466
Unrestricted (Deficit)	3,283,313	2,663,268	(1,134,036)	(1,094,755)	2,149,277	1,568,513
Total Net Position (Deficit)	\$56,224,843	\$58,248,792	(\$812,783)	(\$752,087)	\$55,412,060	\$57,496,705

There was an overall decrease in net position for governmental activities of 3 percent which was not significant. The most significant change is the decrease in net capital assets and the investment in capital assets and primarily related to annual depreciation.

The 8 percent decrease in net position for business-type activities is due to cash carryover spending as both the landfill and recycling operations had operating losses for 2013.

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

Table 2 reflects the change in net position for 2013 and 2012.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$3,666,438	\$3,560,179	\$792,566	\$865,377	\$4,459,004	\$4,425,556
Operating Grants, Contributions, and Interest	13,534,265	15,275,488	0	0	13,534,265	15,275,488
Capital Grants and Contributions	260,155	483,377	0	0	260,155	483,377
Total Program Revenues	<u>17,460,858</u>	<u>19,319,044</u>	<u>792,566</u>	<u>865,377</u>	<u>18,253,424</u>	<u>20,184,421</u>
General Revenues						
Property Taxes Levied for						
General Operations	2,194,554	2,151,832	0	0	2,194,554	2,151,832
Health-Alcohol, Drug Addiction, and Mental Health Services	843,682	844,436	0	0	843,682	844,436
Health-Developmental Disabilities	3,391,773	3,345,521	0	0	3,391,773	3,345,521
Health-Other	505,282	498,996	0	0	505,282	498,996
Payment in Lieu of Taxes	23,424	23,424	0	0	23,424	23,424
Permissive Sales Taxes Levied for						
General Operations	5,579,516	5,186,391	0	0	5,579,516	5,186,391
County Jail Operations	1,014,844	916,556	0	0	1,014,844	916,556
Debt Service	379,800	379,800	0	0	379,800	379,800
Other Local Taxes	3,621	3,619	0	0	3,621	3,619
Grants and Entitlements	2,368,875	2,219,664	0	0	2,368,875	2,219,664
Interest	64,501	98,478	0	0	64,501	98,478
Other	1,302,828	1,180,521	2,269	15,708	1,305,097	1,196,229
Total General Revenues	<u>17,672,700</u>	<u>16,849,238</u>	<u>2,269</u>	<u>15,708</u>	<u>17,674,969</u>	<u>16,864,946</u>
Total Revenues	<u>35,133,558</u>	<u>36,168,282</u>	<u>794,835</u>	<u>881,085</u>	<u>35,928,393</u>	<u>37,049,367</u>
<u>Program Expenses</u>						
General Government						
Legislative and Executive	5,644,266	5,268,820	0	0	5,644,266	5,268,820
Judicial	1,812,554	1,896,633	0	0	1,812,554	1,896,633
Public Safety						
Sheriff	5,951,414	6,140,036	0	0	5,951,414	6,140,036
Other	252,772	207,864	0	0	252,772	207,864
Public Works	6,083,642	5,638,010	0	0	6,083,642	5,638,010
Health						
Alcohol, Drug Addiction, and Mental Health Services	2,592,652	3,635,141	0	0	2,592,652	3,635,141
Developmental Disabilities	7,359,016	6,996,160	0	0	7,359,016	6,996,160
Other	938,031	942,474	0	0	938,031	942,474

(continued)

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

Table 2
Change in Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Human Services						
Children Services	\$2,151,889	\$2,312,461	\$0	\$0	\$2,151,889	\$2,312,461
Job and Family Services	2,780,431	2,749,615	0	0	2,780,431	2,749,615
Other	1,184,899	978,468	0	0	1,184,899	978,468
Conservation and Recreation	61,499	43,349	0	0	61,499	43,349
Intergovernmental	302,534	167,836	0	0	302,534	167,836
Interest and Fiscal Charges	41,908	47,362	0	0	41,908	47,362
Landfill	0	0	296,341	341,737	296,341	341,737
Recycling	0	0	559,190	670,828	559,190	670,828
Total Expenses	<u>37,157,507</u>	<u>37,024,229</u>	<u>855,531</u>	<u>1,012,565</u>	<u>38,013,038</u>	<u>38,036,794</u>
Decrease in Net Position Before Transfers	(2,023,949)	(855,947)	(60,696)	(131,480)	(2,084,645)	(987,427)
Transfers	0	(13,215)	0	13,215	0	0
Decrease in Net Position	(2,023,949)	(869,162)	(60,696)	(118,265)	(2,084,645)	(987,427)
Net Position (Deficit) Beginning of Year	<u>58,248,792</u>	<u>59,117,954</u>	<u>(752,087)</u>	<u>(633,822)</u>	<u>57,496,705</u>	<u>58,484,132</u>
Net Position (Deficit) End of Year	<u>\$56,224,843</u>	<u>\$58,248,792</u>	<u>(\$812,783)</u>	<u>(\$752,087)</u>	<u>\$55,412,060</u>	<u>\$57,496,705</u>

For governmental activities, there was a substantial decrease in program revenues. Operating grants and contributions decreased, in large part, to a reduction in grant allocations for alcohol, drug addiction, and mental health services programs. Capital grants and contributions decreased due to resources received in the prior year for bridge replacement. General revenues remained fairly similar to the prior year; however, there was a modest increase in sales tax revenues. Expenses for governmental activities also remained very similar to the prior year with an increase of less than 1 percent overall although there was a notable decrease in expenses in the alcohol, drug addiction, and mental health services program due to the reduction in grant resources. The programs having the greatest costs continue to be for legislative and executive (which are the primary general government operations); the sheriff; the engineer; alcohol, drug addiction, and mental health services, developmental disabilities (Dale Roy), and job and family services activities (including children's services). These programs account for almost 88 percent of all governmental expenses.

For business-type activities, there was a 10 percent decrease in revenues due to decreased activity at the recycling center (lower charges for services and a reduction in sales of recyclables). There was also a 16 percent reduction in expenses, again, the largest reduction related to the recycling center.

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

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
General Government:				
Legislative and Executive	\$5,644,266	\$5,268,820	\$3,935,547	\$3,646,685
Judicial	1,812,554	1,896,633	666,951	837,653
Public Safety				
Sheriff	5,951,414	6,140,036	5,319,740	5,486,213
Other	252,772	207,864	237,671	163,670
Public Works	6,083,642	5,638,010	1,430,074	567,588
Health				
Alcohol, Drug Addiction and Mental Health Services	2,592,652	3,635,141	1,185,490	758,981
Developmental Disabilities	7,359,016	6,996,160	4,452,148	3,994,960
Other	938,031	942,474	685,386	708,405
Human Services				
Children Services	2,151,889	2,312,461	1,232,843	1,310,237
Job and Family Services	2,780,431	2,749,615	(41,719)	194,797
Other	1,184,899	978,468	394,131	(133,445)
Conservation and Recreation	61,499	43,349	61,499	43,349
Intergovernmental	302,534	167,836	94,980	78,730
Interest and Fiscal Charges	41,908	47,362	41,908	47,362
Total Expenses	<u>\$37,157,507</u>	<u>\$37,024,229</u>	<u>\$19,696,649</u>	<u>\$17,705,185</u>

The County's general revenues (primarily property taxes, sales taxes, and unrestricted grants and entitlements) support over 53 percent of the governmental programs provided by the County (48 percent in 2012). A review of the above table reveals that a number of the County's programs have consistently received substantial support through program revenues. For instance, 30 percent of legislative and executive costs were provided for through various charges for services. The judicial program also provides for 63 percent of its costs through various fines, court costs, and grants. A considerable portion of the public works program is provided for through program revenues, primarily motor vehicle license and gas taxes as well as from charges to other governmental entities for which the County Engineer provides services. Various operating grants provided for 54 percent of the costs for alcohol, drug addiction, and mental health services programs, 40 percent of the costs for developmental disabilities programs, and all of the costs of the job and family services program.

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

Governmental Funds Financial Analysis

The County's major governmental funds are the General Fund and the Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; and Developmental Disabilities special revenue funds. The General Fund had a substantial increase in fund balance for 2013. Revenues increased over 6 percent with the most significant increases related to sales taxes and intergovernmental resources and expenditures decreased almost 5 percent with modest decreases in a number of programs.

Fund balance decreased 6 percent in the Motor Vehicle and Gasoline Tax Fund. Both revenues and expenditures decreased by similar amounts. Activity in this fund fluctuates from year to year based on road and bridge repair/replacement needs.

Fund balance increased in the Job and Family Services Fund although both revenue and expenditure activity was similar to the prior year. The fund received approximately \$83,000 in loan proceeds for a document imaging system.

There was a decrease in fund balance for the Alcohol, Drug Addiction, and Mental Health Services Fund. There was a significant reduction in grant funding for 2013.

There was also a decrease in fund balance for the Developmental Disabilities Fund. Revenues were similar to the prior year; however, there was an increase in expenditures to meet services needs.

Business-Type Activities Financial Analysis

Again for 2013, both the landfill and recycling center operated at a loss. The landfill has been operating at a loss for more than ten years. The County closed its landfill in 1997 and costs are currently related to postclosure activities.

Budgetary Highlights

The County prepares an annual budget of revenues and expenditures/expenses for all funds of the County for use by County officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations resolution which is effective the first day of January. The County's most significant budgeted fund is the General Fund. For revenues, changes from the original budget to the final budget were largely due to improved sales tax revenue expectations as the economy continues to rebound and for intergovernmental resources due to conservative original estimates. Changes from the final budget to actual revenues were minimal. For expenditures, changes from the original budget to the final budget and from the final budget to actual expenditures were not significant.

Capital Assets and Debt Administration

Capital Assets - The County's net investment in capital assets for governmental and business-type activities as of December 31, 2013, was \$35,982,281 and \$321,253, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities consisted of road improvements and bridge replacements. The most significant disposal for the year was the American Augers substation. For business-type activities, there were no additions or disposals. For further information regarding the County's capital assets, refer to Note 11 to the basic financial statements.

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

Debt - At December 31, 2013, the County had outstanding general obligation bonds and loans, in the amount of \$1,600,000 and \$83,349, respectively. In addition, the County's long-term obligations also include compensated absences and the liability for landfill postclosure costs. For further information regarding the County's long-term obligations, refer to Notes 18 and 19 to the basic financial statements.

Current Issues

The County's General Fund continues to experience some budget challenges as a result of shrinking revenue and rising costs of Children Services. The County is discussing how to decrease the cost of Children Services which will help alleviate some of the burden on the General Fund. If the cost does not decrease, budgets will likely see reductions.

Request for Information

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

Ashland County
Statement of Net Position
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$15,507,955	\$390,134	\$15,898,089
Cash and Cash Equivalents in Segregated Accounts	1,718	5,792	7,510
Accounts Receivable	1,072	40,134	41,206
Accrued Interest Receivable	12,423	0	12,423
Permissive Sales Taxes Receivable	1,780,576	0	1,780,576
Other Local Taxes Receivable	13,761	0	13,761
Due from Other Governments	4,262,947	0	4,262,947
Prepaid Items	73,342	0	73,342
Materials and Supplies Inventory	648,757	0	648,757
Inventory Held for Resale	0	18,025	18,025
Property Taxes Receivable	7,131,912	0	7,131,912
Payment in Lieu of Taxes Receivable	18,700	0	18,700
Nondepreciable Capital Assets	879,613	118,865	998,478
Depreciable Capital Assets, Net	36,720,152	202,388	36,922,540
Total Assets	67,052,928	775,338	67,828,266
<u>Liabilities</u>			
Accrued Wages Payable	172,062	7,362	179,424
Accounts Payable	535,925	7,242	543,167
Contracts Payable	108,201	2,932	111,133
Due to Other Governments	394,328	5,476	399,804
Retainage Payable	30,810	0	30,810
Accrued Interest Payable	3,208	0	3,208
Long-Term Liabilities:			
Due Within One Year	681,923	78,115	760,038
Due in More Than One Year	2,126,311	1,486,994	3,613,305
Total Liabilities	4,052,768	1,588,121	5,640,889
<u>Deferred Inflows of Resources</u>			
Property Taxes	6,757,217	0	6,757,217
Payment in Lieu of Taxes	18,100	0	18,100
Total Deferred Inflows of Resources	6,775,317	0	6,775,317
<u>Net Position</u>			
Net Investment in Capital Assets	35,982,281	321,253	36,303,534
Restricted for:			
Debt Service	528,131	0	528,131
Public Works	3,376,116	0	3,376,116
Alcohol, Drug Addiction, and Mental Health Services	1,928,382	0	1,928,382
Developmental Disabilities	6,282,292	0	6,282,292
Real Estate Assessment	1,073,537	0	1,073,537
County Jail	615,982	0	615,982
Other Purposes	3,154,809	0	3,154,809
Unrestricted (Deficit)	3,283,313	(1,134,036)	2,149,277
Total Net Position (Deficit)	\$56,224,843	(\$812,783)	\$55,412,060

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Activities
For the Year Ended December 31, 2013

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
General Government				
Legislative and Executive	\$5,644,266	\$1,690,001	\$18,718	\$0
Judicial	1,812,554	1,041,935	103,668	0
Public Safety				
Sheriff	5,951,414	378,859	252,815	0
Other	252,772	221	14,880	0
Public Works	6,083,642	232,451	4,160,962	260,155
Health				
Alcohol, Drug Addiction, and Mental Health Services	2,592,652	0	1,407,162	0
Developmental Disabilities	7,359,016	0	2,906,868	0
Other	938,031	162,036	90,609	0
Human Services				
Children Services	2,151,889	0	919,046	0
Job and Family Services	2,780,431	0	2,822,150	0
Other	1,184,899	160,935	629,833	0
Conservation and Recreation	61,499	0	0	0
Intergovernmental	302,534	0	207,554	0
Interest and Fiscal Charges	41,908	0	0	0
Total Governmental Activities	<u>37,157,507</u>	<u>3,666,438</u>	<u>13,534,265</u>	<u>260,155</u>
<u>Business-Type Activities</u>				
Landfill	296,341	265,615	0	0
Recycling	559,190	526,951	0	0
Total Business-Type Activities	<u>855,531</u>	<u>792,566</u>	<u>0</u>	<u>0</u>
Total	<u>\$38,013,038</u>	<u>\$4,459,004</u>	<u>\$13,534,265</u>	<u>\$260,155</u>

General Revenues
Property Taxes Levied for
 General Operations
 Health-Alcohol, Drug Addiction, and Mental Health Services
 Health-Developmental Disabilities
 Health-Other
Payment in Lieu of Taxes
Permissive Sales Taxes Levied for
 General Operations
 County Jail Operations
 Debt Service
Other Local Taxes
Grants and Entitlements not Restricted for Specific Programs
Interest
Other

Total General Revenues

Change in Net Position

Net Position (Deficit) Beginning of Year

Net Position (Deficit) End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
(\$3,935,547)	\$0	(\$3,935,547)
(666,951)	0	(666,951)
(5,319,740)	0	(5,319,740)
(237,671)	0	(237,671)
(1,430,074)	0	(1,430,074)
(1,185,490)	0	(1,185,490)
(4,452,148)	0	(4,452,148)
(685,386)	0	(685,386)
(1,232,843)	0	(1,232,843)
41,719	0	41,719
(394,131)	0	(394,131)
(61,499)	0	(61,499)
(94,980)	0	(94,980)
(41,908)	0	(41,908)
(19,696,649)	0	(19,696,649)
0	(30,726)	(30,726)
0	(32,239)	(32,239)
0	(62,965)	(62,965)
(19,696,649)	(62,965)	(19,759,614)
2,194,554	0	2,194,554
843,682	0	843,682
3,391,773	0	3,391,773
505,282	0	505,282
23,424	0	23,424
5,579,516	0	5,579,516
1,014,844	0	1,014,844
379,800	0	379,800
3,621	0	3,621
2,368,875	0	2,368,875
64,501	0	64,501
1,302,828	2,269	1,305,097
17,672,700	2,269	17,674,969
(2,023,949)	(60,696)	(2,084,645)
58,248,792	(752,087)	57,496,705
\$56,224,843	(\$812,783)	\$55,412,060

Ashland County
Balance Sheet
Governmental Funds
December 31, 2013

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,769,829	\$894,350	\$473,504	\$1,807,605
Cash and Cash Equivalents in Segregated Accounts	1,718	0	0	0
Accounts Receivable	688	384	0	0
Accrued Interest Receivable	12,289	70	0	0
Permissive Sales Taxes Receivable	1,424,521	0	0	0
Other Local Taxes Receivable	0	13,761	0	0
Due from Other Governments	815,766	2,115,518	348,634	140,159
Interfund Receivable	22,400	903	233,415	0
Prepaid Items	73,342	0	0	0
Materials and Supplies Inventory	30,212	596,785	9,537	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	104,788	0	0	0
Property Taxes Receivable	2,058,893	0	0	903,300
Payment in Lieu of Taxes Receivable	8,400	0	0	0
Total Assets	\$6,322,846	\$3,621,771	\$1,065,090	\$2,851,064
<u>Liabilities</u>				
Accrued Wages Payable	\$44,080	\$39,881	\$39,150	\$4,008
Accounts Payable	66,325	108,760	33,039	37,877
Contracts Payable	0	2,726	0	0
Due to Other Governments	179,061	28,280	45,318	6,225
Interfund Payable	2,810	0	371	0
Retainage Payable	0	0	0	0
Total Liabilities	292,276	179,647	117,878	48,110
<u>Deferred Inflows of Resources</u>				
Property Taxes	1,950,723	0	0	855,843
Payment in Lieu of Taxes	8,400	0	0	0
Unavailable Revenue	1,732,315	1,805,095	121,750	180,601
Total Deferred Inflows of Resources	3,691,438	1,805,095	121,750	1,036,444
<u>Fund Balances</u>				
Nonspendable	208,342	596,785	9,537	0
Restricted	10,005	1,040,244	815,925	1,766,510
Committed	2,117	0	0	0
Assigned	781,555	0	0	0
Unassigned (Deficit)	1,337,113	0	0	0
Total Fund Balances	2,339,132	1,637,029	825,462	1,766,510
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$6,322,846	\$3,621,771	\$1,065,090	\$2,851,064

See Accompanying Notes to the Basic Financial Statements

<u>Developmental Disabilities</u>	<u>Other Governmental</u>	<u>Total</u>
\$6,067,581	\$4,390,298	\$15,403,167
0	0	1,718
0	0	1,072
52	12	12,423
0	356,055	1,780,576
0	0	13,761
437,845	405,025	4,262,947
0	19,443	276,161
0	0	73,342
9,413	2,810	648,757
0	0	104,788
3,630,191	539,528	7,131,912
10,300	0	18,700
<u>\$10,155,382</u>	<u>\$5,713,171</u>	<u>\$29,729,324</u>
\$28,354	\$16,589	\$172,062
96,349	193,575	535,925
0	105,475	108,201
90,196	45,248	394,328
0	272,980	276,161
0	30,810	30,810
<u>214,899</u>	<u>664,677</u>	<u>1,517,487</u>
3,439,469	511,182	6,757,217
9,700	0	18,100
621,143	500,453	4,961,357
<u>4,070,312</u>	<u>1,011,635</u>	<u>11,736,674</u>
9,413	2,810	826,887
5,860,758	4,022,345	13,515,787
0	18,461	20,578
0	0	781,555
0	(6,757)	1,330,356
<u>5,870,171</u>	<u>4,036,859</u>	<u>16,475,163</u>
<u>\$10,155,382</u>	<u>\$5,713,171</u>	<u>\$29,729,324</u>

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Ashland County
 Reconciliation of Total Governmental Fund Balances
 to Net Position of Governmental Activities
 December 31, 2013

Total Governmental Fund Balances		\$16,475,163
<p>Amounts reported for governmental activities on the statement of net position are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		37,599,765
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Accrued Interest Receivable	6,781	
Accounts Receivable	1,649	
Permissive Sales Taxes Receivable	1,268,401	
Due from Other Governments	3,309,831	
Delinquent Property Taxes Receivable	374,695	
		4,961,357
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued Interest Payable	(3,208)	
General Obligation Bonds Payable	(1,600,000)	
Loan Payable	(83,349)	
Compensated Absences Payable	(1,124,885)	
		(2,811,442)
Net Position of Governmental Activities		\$56,224,843

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
<u>Revenues</u>				
Property Taxes	\$2,201,453	\$0	\$0	\$846,900
Payment in Lieu of Taxes	10,726	0	0	0
Permissive Sales Taxes	5,498,869	0	0	0
Other Local Taxes	3,621	178,825	0	0
Charges for Services	1,765,780	0	0	0
Licenses and Permits	3,300	0	0	0
Fines and Forfeitures	116,288	52,628	0	0
Intergovernmental	2,192,626	4,339,111	2,401,036	1,385,114
Interest	45,413	1,140	0	0
Other	507,340	184,693	124,698	77,688
Total Revenues	12,345,416	4,756,397	2,525,734	2,309,702
<u>Expenditures</u>				
Current:				
General Government				
Legislative and Executive	4,214,595	0	0	0
Judicial	1,309,670	0	0	0
Public Safety				
Sheriff	4,058,576	0	0	0
Other	177,260	0	0	0
Public Works	76,533	4,823,911	0	0
Health				
Alcohol, Drug Addiction, and Mental Health				
Services	0	0	0	2,577,946
Developmental Disabilities	0	0	0	0
Other	186,848	0	0	0
Human Services				
Children Services	0	0	0	0
Job and Family Services	0	0	2,406,264	0
Other	297,098	0	0	0
Conservation and Recreation	40,650	0	0	0
Intergovernmental	55,000	0	0	0
Debt Service:				
Principal Retirement	0	40,991	0	0
Interest and Fiscal Charges	0	1,599	0	0
Total Expenditures	10,416,230	4,866,501	2,406,264	2,577,946
Excess of Revenues Over (Under) Expenditures	1,929,186	(110,104)	119,470	(268,244)
<u>Other Financing Sources (Uses)</u>				
Loans Issued	0	0	83,349	0
Transfers In	0	0	90,283	0
Transfers Out	(1,344,222)	0	0	0
Total Other Financing Sources (Uses)	(1,344,222)	0	173,632	0
Changes in Fund Balances	584,964	(110,104)	293,102	(268,244)
Fund Balances Beginning of Year	1,754,168	1,747,133	532,360	2,034,754
Fund Balances End of Year	\$2,339,132	\$1,637,029	\$825,462	\$1,766,510

See Accompanying Notes to the Basic Financial Statements

<u>Developmental Disabilities</u>	<u>Other Governmental</u>	<u>Total</u>
\$3,404,189	\$507,193	\$6,959,735
12,698	0	23,424
0	1,374,508	6,873,377
0	0	182,446
0	965,614	2,731,394
0	277,573	280,873
0	255,155	424,071
3,049,463	2,627,159	15,994,509
20,758	407	67,718
160,928	416,865	1,472,212
<u>6,648,036</u>	<u>6,424,474</u>	<u>35,009,759</u>
0	691,388	4,905,983
0	499,171	1,808,841
0	1,636,259	5,694,835
0	71,600	248,860
0	5,347	4,905,791
0	0	2,577,946
7,304,611	2,122	7,306,733
0	750,500	937,348
0	2,164,667	2,164,667
0	374,958	2,781,222
0	882,327	1,179,425
0	0	40,650
0	247,534	302,534
0	335,000	375,991
0	40,672	42,271
<u>7,304,611</u>	<u>7,701,545</u>	<u>35,273,097</u>
<u>(656,575)</u>	<u>(1,277,071)</u>	<u>(263,338)</u>
0	0	83,349
0	1,253,939	1,344,222
0	0	(1,344,222)
<u>0</u>	<u>1,253,939</u>	<u>83,349</u>
<u>(656,575)</u>	<u>(23,132)</u>	<u>(179,989)</u>
<u>6,526,746</u>	<u>4,059,991</u>	<u>16,655,152</u>
<u>\$5,870,171</u>	<u>\$4,036,859</u>	<u>\$16,475,163</u>

Ashland County
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to Statement of Activities
 For the Year Ended December 31, 2013

Changes in Fund Balances - Total Governmental Funds (\$179,989)

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

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

Capital Outlay - Nondepreciable Capital Assets	333,909	
Capital Outlay - Depreciable Capital Assets	749,706	
Depreciation	(2,729,019)	
		(1,645,404)

The book value of capital assets is removed from the capital asset account on the statement of net position when disposed of resulting in a loss on disposal of capital assets on the statement of activities. (685,880)

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

Delinquent Property Taxes	(24,444)	
Permissive Sales Taxes	100,783	
Intergovernmental	50,289	
Interest	(2,080)	
Other	(749)	
		123,799

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

General Obligation Bonds Payable	335,000	
Capital Leases Payable	40,991	
		375,991

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding obligations on the statement of net position. 363

Loan proceeds are reported as other financing sources in the governmental funds but the issuance increases long-term liabilities on the statement of net position. (83,349)

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 70,520

Change in Net Position of Governmental Activities (\$2,023,949)

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$2,188,000	\$2,198,000	\$2,206,369	\$8,369
Payment in Lieu of Taxes	10,726	10,726	10,726	0
Permissive Sales Taxes	5,200,000	5,446,000	5,446,060	60
Other Local Taxes	3,500	3,500	3,621	121
Charges for Services	1,700,699	1,734,999	1,761,910	26,911
Licenses and Permits	2,100	2,100	3,300	1,200
Fines and Forfeitures	108,000	108,000	114,982	6,982
Intergovernmental	1,697,560	2,141,218	2,151,490	10,272
Interest	65,050	45,050	58,866	13,816
Other	290,460	474,960	472,464	(2,496)
Total Revenues	11,266,095	12,164,553	12,229,788	65,235
<u>Expenditures</u>				
Current:				
General Government				
Legislative and Executive	4,689,861	4,638,782	4,366,889	271,893
Judicial	1,304,115	1,363,656	1,304,487	59,169
Public Safety				
Sheriff	4,035,505	4,081,031	4,055,102	25,929
Other	209,590	188,774	178,164	10,610
Public Works	76,150	76,042	75,750	292
Health				
Other	190,442	188,435	186,871	1,564
Human Services				
Other	375,997	374,678	294,341	80,337
Conservation and Recreation	40,650	40,650	40,650	0
Intergovernmental	55,000	55,000	55,000	0
Total Expenditures	10,977,310	11,007,048	10,557,254	449,794
Excess of Revenues Over Expenditures	288,785	1,157,505	1,672,534	515,029
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	40,000	40,000	33,369	(6,631)
Advances Out	0	(2,400)	(2,400)	0
Transfers Out	(1,329,840)	(1,440,571)	(1,344,222)	96,349
Total Other Financing Sources (Uses)	(1,289,840)	(1,402,971)	(1,313,253)	89,718
Changes in Fund Balance	(1,001,055)	(245,466)	359,281	604,747
Fund Balance Beginning of Year	1,012,111	1,012,111	1,012,111	0
Prior Year Encumbrances Appropriated	231,692	231,692	231,692	0
Fund Balance End of Year	\$242,748	\$998,337	\$1,603,084	\$604,747

See Accompanying Notes to the Basic Financial Statements

Ashland County,
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Other Local Taxes	\$170,000	\$178,000	\$178,078	\$78
Fines and Forfeitures	42,000	51,000	51,873	873
Intergovernmental	4,163,268	4,163,268	4,327,794	164,526
Interest	5,000	5,000	1,140	(3,860)
Other	793,213	293,213	181,986	(111,227)
Total Revenues	5,173,481	4,690,481	4,740,871	50,390
<u>Expenditures</u>				
Current:				
Public Works				
Engineer	5,915,808	5,339,808	4,854,168	485,640
Road and Bridge	355,000	355,000	302,549	52,451
Total Expenditures	6,270,808	5,694,808	5,156,717	538,091
Changes in Fund Balance	(1,097,327)	(1,004,327)	(415,846)	588,481
Fund Balance Beginning of Year	873,167	873,167	873,167	0
Prior Year Encumbrances Appropriated	247,327	247,327	247,327	0
Fund Balance End of Year	\$23,167	\$116,167	\$704,648	\$588,481

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Job and Family Services Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$2,343,054	\$2,343,054	\$2,321,696	(\$21,358)
Other	72,000	72,000	124,698	52,698
Total Revenues	2,415,054	2,415,054	2,446,394	31,340
<u>Expenditures</u>				
Current:				
Human Services				
Job and Family Services	2,583,757	2,610,934	2,397,487	213,447
Excess of Revenues Over (Under) Expenditures	(168,703)	(195,880)	48,907	244,787
<u>Other Financing Sources</u>				
Loans Issued	54,946	54,946	54,946	0
Transfers In	0	0	90,283	90,283
Total Other Financing Sources	54,946	54,946	145,229	90,283
Changes in Fund Balance	(113,757)	(140,934)	194,136	335,070
Fund Balance Beginning of Year	260,489	260,489	260,489	0
Prior Year Encumbrances Appropriated	13,179	13,179	13,179	0
Fund Balance End of Year	<u>\$159,911</u>	<u>\$132,734</u>	<u>\$467,804</u>	<u>\$335,070</u>

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Alcohol, Drug Addiction, and Mental Health Services Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$841,650	\$941,650	\$848,603	(\$93,047)
Intergovernmental	1,533,921	1,635,904	1,694,540	58,636
Other	0	44,000	77,688	33,688
Total Revenues	2,375,571	2,621,554	2,620,831	(723)
<u>Expenditures</u>				
Current:				
Health				
Alcohol, Drug Addiction, and Mental Health Services	3,067,507	3,088,430	2,803,524	284,906
Changes in Fund Balance	(691,936)	(466,876)	(182,693)	284,183
Fund Balance Beginning of Year	1,148,605	1,148,605	1,148,605	0
Prior Year Encumbrances Appropriated	564,104	564,104	564,104	0
Fund Balance End of Year	\$1,020,773	\$1,245,833	\$1,530,016	\$284,183

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Developmental Disabilities Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$3,213,000	\$3,413,000	\$3,411,434	(\$1,566)
Payment in Lieu of Taxes	12,098	12,098	12,098	0
Intergovernmental	2,539,000	2,981,730	3,048,782	67,052
Interest	2,500	20,500	20,758	258
Other	<u>132,902</u>	<u>117,024</u>	<u>164,614</u>	<u>47,590</u>
Total Revenues	5,899,500	6,544,352	6,657,686	113,334
<u>Expenditures</u>				
Current:				
Health				
Developmental Disabilities	<u>7,328,310</u>	<u>7,717,136</u>	<u>7,328,926</u>	<u>388,210</u>
Changes in Fund Balance	(1,428,810)	(1,172,784)	(671,240)	501,544
Fund Balance Beginning of Year	6,486,516	6,486,516	6,486,516	0
Prior Year Encumbrances Appropriated	<u>137,120</u>	<u>137,120</u>	<u>137,120</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$5,194,826</u></u>	<u><u>\$5,450,852</u></u>	<u><u>\$5,952,396</u></u>	<u><u>\$501,544</u></u>

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Fund Net Position
Enterprise Funds
December 31, 2013

	<u>Business-Type Activities</u>		
	<u>Landfill</u>	<u>Other Enterprise</u>	<u>Total Enterprise</u>
<u>Assets</u>			
<u>Current Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$76,308	\$278	\$76,586
Cash and Cash Equivalents in Segregated Accounts	0	5,792	5,792
Accounts Receivable	20,555	19,579	40,134
Inventory Held for Resale	0	18,025	18,025
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	313,548	0	313,548
Total Current Assets	410,411	43,674	454,085
<u>Non-Current Assets</u>			
Nondepreciable Capital Assets	61,465	57,400	118,865
Depreciable Capital Assets, Net	0	202,388	202,388
Total Non-Current Assets	61,465	259,788	321,253
Total Assets	471,876	303,462	775,338
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Wages Payable	348	7,014	7,362
Accounts Payable	1,294	5,948	7,242
Contracts Payable	2,932	0	2,932
Compensated Absences Payable	1,660	5,625	7,285
Due to Other Governments	965	4,511	5,476
Postclosure Costs Payable	70,830	0	70,830
Total Current Liabilities	78,029	23,098	101,127
<u>Non-Current Liabilities</u>			
Compensated Absences Payable	2,170	3,968	6,138
Postclosure Costs Payable	1,480,856	0	1,480,856
Total Non-Current Liabilities	1,483,026	3,968	1,486,994
Total Liabilities	1,561,055	27,066	1,588,121
<u>Net Position</u>			
Net Investment in Capital Assets	61,465	259,788	321,253
Unrestricted (Deficit)	(1,150,644)	16,608	(1,134,036)
Total Net Position (Deficit)	(\$1,089,179)	\$276,396	(\$812,783)

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Revenues, Expenses,
and Changes in Fund Net Position
Enterprise Funds
For the Year Ended December 31, 2013

	Business-Type Activities		
	Landfill	Other Enterprise	Total Enterprise
<u>Operating Revenues</u>			
Charges for Services	\$265,615	\$118,200	\$383,815
Sale of Recyclables	0	408,751	408,751
Other	307	1,962	2,269
	265,922	528,913	794,835
<u>Operating Expenses</u>			
Personal Services	67,233	216,503	283,736
Materials and Supplies	782	1,716	2,498
Contractual Services	99,295	25,239	124,534
Other	125,161	298,187	423,348
Depreciation	3,870	17,545	21,415
	296,341	559,190	855,531
Operating Loss	(30,419)	(30,277)	(60,696)
Net Position (Deficit) Beginning of Year	(1,058,760)	306,673	(752,087)
Net Position (Deficit) End of Year	(\$1,089,179)	\$276,396	(\$812,783)

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2013

	Business-Type Activities		
	Landfill	Other Enterprise	Total Enterprise
Increase (Decrease) in Cash and Cash Equivalents			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Customers	\$262,896	\$533,640	\$796,536
Cash Received from Other Revenues	307	1,962	2,269
Cash Payments for Personal Services	(66,889)	(218,333)	(285,222)
Cash Payments to Suppliers	(841)	(1,816)	(2,657)
Cash Payments for Contractual Services	(105,676)	(24,559)	(130,235)
Cash Payments for Other Expenses	(125,161)	(297,601)	(422,762)
Net Cash Used for Operating Activities	(35,364)	(6,707)	(42,071)
Cash and Cash Equivalents Beginning of Year	425,220	12,777	437,997
Cash and Cash Equivalents End of Year	<u>\$389,856</u>	<u>\$6,070</u>	<u>\$395,926</u>
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</u>			
Operating Loss	<u>(\$30,419)</u>	<u>(\$30,277)</u>	<u>(\$60,696)</u>
<u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities</u>			
Depreciation	3,870	17,545	21,415
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	(2,719)	6,689	3,970
Increase in Inventory Held for Resale	0	(1,548)	(1,548)
Increase (Decrease) in Accrued Wages Payable	178	(122)	56
Increase (Decrease) in Accounts Payable	(12,873)	2,614	(10,259)
Increase in Contracts Payable	2,932	0	2,932
Increase (Decrease) in Compensated Absences Payable	201	(1,115)	(914)
Decrease in Due to Other Governments	(35)	(493)	(528)
Increase in Postclosure Costs Payable	3,501	0	3,501
Total Adjustments	(4,945)	23,570	18,625
Net Cash Used for Operating Activities	<u>(\$35,364)</u>	<u>(\$6,707)</u>	<u>(\$42,071)</u>

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2013

Assets

Equity in Pooled Cash and Cash Equivalents	\$2,445,893
Cash and Cash Equivalents in Segregated Accounts	886,328
Other Local Taxes Receivable	8,636
Due from Other Governments	1,962,790
Property Taxes Receivable	48,204,871
Special Assessments Receivable	<u>595,266</u>
 Total Assets	 <u><u>\$54,103,784</u></u>

Liabilities

Due to Other Governments	\$52,324,876
Undistributed Assets	<u>1,778,908</u>
 Total Liabilities	 <u><u>\$54,103,784</u></u>

See Accompanying Notes to the Basic Financial Statements

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Note 1 - Reporting Entity

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

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

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

A. Primary Government

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

B. Component Units

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the County. There were no component units of Ashland County in 2013.

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

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

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

Note 1 - Reporting Entity (continued)

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

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

Note 2 - Summary of Significant Accounting Policies

The financial statements of Ashland County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the County's accounting policies.

A. Basis of Presentation

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

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 statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

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

Note 2 - Summary of Significant Accounting Policies (continued)

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. Fiduciary funds are reported by type.

B. Fund Accounting

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

Governmental Funds

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

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

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

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

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

Developmental Disabilities - This fund accounts for a county-wide property tax levy and federal and state grants restricted for the operation of a school for the developmentally disabled.

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

Note 2 - Summary of Significant Accounting Policies (continued)

Proprietary Funds

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

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

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

The other enterprise fund of the County accounts for operations of the recycling center.

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. The County did not have any trust funds in 2013. The County's agency funds account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The County did not report any deferred outflows of resources for 2013.

Note 2 - Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, payment in lieu of taxes, and unavailable revenue. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2013, but which were levied to finance 2014 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes accrued interest, permissive sales taxes, intergovernmental revenue including grants, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available.

Expenses/Expenditures

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

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

E. Budgetary Process

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

F. Cash and Investments

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

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

During 2013, the County invested in nonnegotiable certificates of deposit, federal agency securities, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s net asset value per share, which is the price the investment could be sold for on December 31, 2013.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2013 was \$45,413, which includes \$42,252 assigned from other County funds.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

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

I. Restricted Assets

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

Note 2 - Summary of Significant Accounting Policies (continued)

J. Capital Assets

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

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

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

Depreciation is computed using the straight-line method over the following useful lives:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land Improvements	20-50 years	20 years
Buildings	40-125 years	60 years
Building Improvements	20-50 years	n/a
Roads	10-50 years	n/a
Bridges	50 years	n/a
Equipment	5-25 years	10 years
Vehicles	10-20 years	10 years

K. Interfund Receivables/Payables

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

L. Compensated Absences

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily includes resources restricted for various law enforcement activities and activities of the County's courts. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

O. Fund Balance

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Assigned - Amounts in the assigned classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Commissioners. Fund balance policy of the County Commissioners authorizes department managers to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

P. Operating Revenues and Expenses

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

Note 2 - Summary of Significant Accounting Policies (continued)

Q. Interfund Transactions

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

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

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

R. Estimates

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

Note 3 - Change in Accounting Principles

For 2013, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus". GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and the financial reporting entity display and disclosure requirements. The implementation of this statement resulted in the County removing D-R Services, Inc., a previously reported component unit, from its financial statements.

Note 4 - Accountability

At December 31, 2013, the Moving Ohio Forward special revenue fund had a deficit fund balance, in the amount of \$6,757, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Landfill enterprise fund had a deficit net position, in the amount of \$1,089,179, resulting from the requirement to report future postclosure costs. Management has implemented a program to help alleviate future deficits.

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

Note 5 - Budgetary Basis of Accounting

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

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

	Changes in Fund Balance				
	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services	Developmental Disabilities
GAAP Basis	\$584,964	(\$110,104)	\$293,102	(\$268,244)	(\$656,575)
<u>Increase (Decrease) Due To</u>					
Revenue Accruals					
Accrued 2012, Received in Cash 2013	535,951	310,770	119,141	316,441	10,481
Accrued 2013, Not Yet Received in Cash	(629,119)	(325,541)	(226,884)	(7,015)	(8,076)
Expenditure Accruals					
Accrued 2012, Paid in Cash 2013	(281,388)	(158,797)	132,003	(24,694)	(238,352)
Accrued 2013, Not Yet Paid in Cash	292,276	179,647	(115,537)	48,110	214,899
Cash Adjustments					
Unrecorded Activity 2012	126,146	3,556	0	30,298	121,510
Unrecorded Activity 2013	(115,470)	(4,311)	0	(28,595)	(115,185)
Prepaid Items	(1,016)	0	0	0	0
Materials and Supplies Inventory	7,118	(125,675)	(1,989)	0	58
Advances Out	(2,400)	0	0	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(157,781)	(185,391)	(5,700)	(248,994)	0
Budget Basis	<u>\$359,281</u>	<u>(\$415,846)</u>	<u>\$194,136</u>	<u>(\$182,693)</u>	<u>(\$671,240)</u>

Note 6 - Deposits and Investments

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

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

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

Note 6 - Deposits and Investments (continued)

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$7,557,709 of the County's bank balance of \$13,753,463 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

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

Note 6 - Deposits and Investments (continued)

Investments

As of December 31, 2013, the County had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal Farm Credit Bank Notes	\$499,495	7/15/15
Federal Home Loan Bank Notes	500,715	4/9/15
Federal Home Loan Bank Notes	500,865	6/26/15
Federal Home Loan Bank Notes	500,835	7/16/15
Federal Home Loan Bank Notes	499,565	12/30/16
Federal Home Loan Mortgage Corporation Notes	500,090	8/28/15
Federal Home Loan Mortgage Corporation Notes	499,445	5/6/16
Federal National Mortgage Association Notes	497,765	12/19/16
Federal National Mortgage Association Notes	500,255	12/30/16
STAR Ohio	1,071,393	53.4 Days
	<u>\$5,570,423</u>	

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

The Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, and Federal National Mortgage Association Notes carry a rating of Aaa by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The County has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Federal Farm Credit Bank	\$499,495	8.97%
Federal Home Loan Bank	2,001,980	35.94
Federal Home Loan Mortgage Corporation	999,535	17.94
Federal National Mortgage Association	998,020	17.92

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

Note 7 - Receivables

Receivables at December 31, 2013, consisted of accounts (e.g., billings for user charged services, including unbilled charges); accrued interest; permissive sales taxes; other local taxes; intergovernmental receivables arising from grants, entitlements, and shared revenues; interfund; property taxes; and payment in lieu of taxes. All receivables are considered fully collectible within one year, except for property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Local Government	\$317,265
Estate Tax	8,145
Casino Tax	315,652
Public Defender Grant	11,772
Homestead and Rollback	162,932
Total General Fund	815,766
Motor Vehicle and Gasoline Tax	
Clark Creek Township	339
Gasoline Tax	1,150,129
Mohican Township	302
Motor Vehicle License Fees	903,234
Ohio Public Works Commission	58,676
Orange Township	1,110
Ruggles Township	711
Sullivan Township	663
Troy Township	268
Village of Savannah	86
Total Motor Vehicle and Gasoline Tax	2,115,518
Job and Family Services	
Public Assistance Grant	320,231
State of Ohio	28,403
Total Job and Family Services	348,634
Alcohol, Drug Addiction, and Mental Health Services	
Title XX	7,015
Federal Block Grant	45,946
Youth Mentoring Grant	8,183
Homestead and Rollback	62,667
Personal Property Phase-Out	16,348
Total Alcohol, Drug Addiction, and Mental Health Services	140,159
Developmental Disabilities	
Title VI-B	50,317
Preschool	14,279
Title XX	34,523
Family Resources/Respite	13,590
State of Ohio	681
Homestead and Rollback	244,353
Personal Property Phase-Out	80,102
Total Developmental Disabilities	437,845
Total Major Funds	3,857,922
Nonmajor Funds	
Moving Ohio Forward	
Moving Ohio Forward Grant	6,972
Law Library	
State of Ohio	4,942

(continued)

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

Note 7 - Receivables (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
Victims of Crime	
Victims of Crime Grant	\$2,055
Children Services	
PCSA	136,178
Foster Care Reimbursement	47,681
Child Support Enforcement Agency	
Child Support Enforcement Agency	64,137
Workforce Investment Act	
Workforce Investment Act	33,473
Senior Citizens Services	
Homestead and Rollback	37,522
Felony Delinquent Care	
RECLAIM Grant	13,769
Community Corrections	
Community Corrections Grant	55,273
County Jail	
City of Ashland	3,023
Total Nonmajor Funds	405,025
Total Governmental Activities	\$4,262,947

	Amount
Agency Funds	
Local Government	\$330,190
Library Local Government	654,617
Gasoline Tax	640,831
Motor Vehicle License Fees	315,775
Permissive Motor Vehicle License Tax	9,522
Homestead and Rollback	11,855
Total Agency Funds	\$1,962,790

Note 8 - Permissive Sales and Use Tax

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

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

Note 9 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the County. Real property tax revenues received in 2013 represent the collection of 2012 taxes. Real property taxes received in 2013 were levied after October 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2013 represent the collection of 2012 taxes. Public utility real and tangible personal property taxes received in 2013 became a lien on December 31, 2011, were levied after October 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

Accrued property taxes receivable represents real, public utility, and outstanding delinquent property taxes which were measurable as of December 31, 2013, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2013 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue; on the modified accrual basis, the revenue has been reported as deferred inflows of resources - unavailable revenue.

The full tax rate for all County operations for the year ended December 31, 2013, was \$9.40 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2013 property tax receipts were based are as follows:

Real Property	
Residential	\$637,994,160
Agriculture	123,535,500
Commercial/Industrial/Mineral	140,644,590
Public Utility Property	
Real	428,810
Personal	67,281,350
Total Assessed Value	<u><u>\$969,884,410</u></u>

Note 10 - Payment in Lieu of Taxes

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

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

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance December 31, 2012	Additions	Reductions	Balance December 31, 2013
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$820,937	\$0	\$0	\$820,937
Construction in Progress	73,070	333,909	(348,303)	58,676
Total Nondepreciable Capital Assets	<u>894,007</u>	<u>333,909</u>	<u>(348,303)</u>	<u>879,613</u>
Depreciable Capital Assets				
Land Improvements	285,596	0	0	285,596
Buildings	20,883,989	0	0	20,883,989
Building Improvements	1,131,613	0	0	1,131,613
Roads	47,798,525	403,740	0	48,202,265
Bridges	13,934,548	414,539	(68,255)	14,280,832
Equipment	3,399,323	164,876	(757,705)	2,806,494
Vehicles	2,890,256	114,854	(20,044)	2,985,066
Total Depreciable Capital Assets	<u>90,323,850</u>	<u>1,098,009</u>	<u>(846,004)</u>	<u>90,575,855</u>
Less Accumulated Depreciation for				
Land Improvements	(75,937)	(11,099)	0	(87,036)
Buildings	(7,667,187)	(450,305)	0	(8,117,492)
Building Improvements	(935,758)	(35,112)	0	(970,870)
Roads	(30,450,207)	(1,703,073)	0	(32,153,280)
Bridges	(7,994,387)	(285,616)	45,049	(8,234,954)
Equipment	(2,023,121)	(96,048)	95,031	(2,024,138)
Vehicles	(2,140,211)	(147,766)	20,044	(2,267,933)
Total Accumulated Depreciation	<u>(51,286,808)</u>	<u>(2,729,019)</u>	<u>160,124</u>	<u>(53,855,703)</u>
Total Depreciable Capital Assets, Net	<u>39,037,042</u>	<u>(1,631,010)</u>	<u>(685,880)</u>	<u>36,720,152</u>
Governmental Activities Capital Assets, Net	<u>\$39,931,049</u>	<u>(\$1,297,101)</u>	<u>(\$1,034,183)</u>	<u>\$37,599,765</u>
Business-Type Activities				
Nondepreciable Capital Assets				
Land	\$118,865	\$0	\$0	\$118,865
Depreciable Capital Assets				
Land Improvements	49,072	0	0	49,072
Buildings	250,510	0	0	250,510
Equipment	427,591	0	0	427,591
Vehicles	141,557	0	0	141,557
Total Depreciable Capital Assets	<u>868,730</u>	<u>0</u>	<u>0</u>	<u>868,730</u>
Less Accumulated Depreciation for				
Land Improvements	(49,072)	0	0	(49,072)
Buildings	(91,854)	(4,175)	0	(96,029)
Equipment	(387,308)	(10,058)	0	(397,366)
Vehicles	(116,693)	(7,182)	0	(123,875)
Total Accumulated Depreciation	<u>(644,927)</u>	<u>(21,415)</u>	<u>0</u>	<u>(666,342)</u>
Total Depreciable Capital Assets, Net	<u>223,803</u>	<u>(21,415)</u>	<u>0</u>	<u>202,388</u>
Business-Type Activities Capital Assets, Net	<u>\$342,668</u>	<u>(\$21,415)</u>	<u>\$0</u>	<u>\$321,253</u>

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

Note 11 - Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government	
Legislative and Executive	\$90,115
Judicial	4,441
Public Safety	
Sheriff	310,620
Public Works	2,145,167
Health	
Alcohol, Drug Addiction, and Mental Health Services	9,063
Developmental Disabilities	106,911
Other	1,219
Human Services	
Job and Family Services	33,680
Other	6,954
Conservation and Recreation	20,849
Total Depreciation Expense - Governmental Activities	\$2,729,019

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Funds	
Recycling	\$17,545

Note 12 - Interfund Receivables/Payables

Interfund balances at December 31, 2013, consisted of the following receivables and payables:

Due to General Fund from:	
Other Governmental Funds	\$22,400
Due to Motor Vehicle and Gasoline Tax Fund from:	
General Fund	\$903
Due to Job and Family Services Fund from:	
Other Governmental Funds	\$233,415
Due to Other Governmental Funds from:	
General Fund	\$1,907
Job and Family Services Fund	371
Other Governmental Funds	17,165
Total Due to Other Governmental Funds	\$19,443

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

Note 12 - Interfund Receivables/Payables (continued)

The amounts due to the General Fund, Motor Vehicle and Gasoline Tax Fund, and Job and Family Services Fund were for services provided to other governmental funds. This amount is expected to be received within one year.

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

Note 13 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2013, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

General Liability	\$1,000,000
Excess Liability	9,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Errors and Omissions Liability	1,000,000
Automobile Liability	1,000,000
Uninsured Motorists Liability	250,000
Building and Contents	85,524,585
Other Property Insurance	
Automobile Physical Damage	Actual Cash Value
Flood and Earthquake	100,000,000
Comprehensive Boiler and Machinery	100,000,000
Crime Insurance	
Faithful Performance	1,000,000
Money and Securities	1,000,000
Depositor's Forgery	1,000,000
Money Order and Counterfeit Paper	1,000,000

With the exceptions of medical and dental coverage for Developmental Disabilities employees, and workers' compensation, insurance is held with CORSA. There has been no significant reduction in insurance coverage from 2012, and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

For 2013, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

Note 13 - Risk Management (continued)

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

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

Note 14 - Significant Commitments

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2014 are as follows:

General Fund	\$157,781
Motor Vehicle and Gasoline Tax	185,391
Alcohol, Drug Addiction, and Mental Health Services	248,994
Non-major Governmental Funds	222,905
	<u>\$815,071</u>

Note 15 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

Note 15 - Defined Benefit Pension Plans (continued)

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for public safety and law enforcement employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the state and local classifications. The Ohio Revised Code authorizes OPERS to calculate employee contributions for public safety employees and limits the law enforcement rate to the public safety rate plus an additional percentage not to exceed 2 percent. For the year ended December 31, 2013, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 12 percent and 12.6 percent, respectively. Effective January 1, 2014, the member contribution rate for law enforcement increased to 13 percent. While members in the state and local classifications may participate in all three plans, public safety and law enforcement classifications exist only within the traditional plan. For 2013, member and employer contribution rates were consistent across all three plans.

The County's 2013 contribution rate was 14 percent, except for those plan members in public safety or law enforcement, for whom the County's contribution was 18.1 percent of covered payroll. The portion of the County's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the County's contribution allocated to health care for members in both the traditional and combined plans was 1 percent for 2013. Effective January 1, 2014, the portion of the employer contribution allocated to health care increased to 2 percent. Employer contribution rates are actuarially determined.

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2013, 2012, and 2011 was \$1,665,454, \$1,305,960, and \$1,297,094, respectively. For 2013, 90 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the member-directed plan for 2013 were \$25,625 made by the County and \$18,304 made by the plan members.

B. State Teachers Retirement System of Ohio

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

Note 15 - Defined Benefit Pension Plans (continued)

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

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased 1 percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For 2013, plan members were required to contribute 10 percent of their annual covered salary. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The County's required contribution for pension obligations to the DBP for the years ended December 31, 2013, 2012, and 2011 were \$84,453, \$88,518, and \$105,369, respectively; 100 percent has been contributed for all three years.

Note 16 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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

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

Note 16 - Postemployment Benefits (continued)

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed 14 percent of covered payroll and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 1 percent for 2013. Effective January 1, 2014, the portion of the employer contribution allocated to health care was raised to 2 percent for both plans as recommended by the OPERS actuary.

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

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2013, 2012, and 2011 was \$124,251, \$500,670, and \$495,487, respectively. For 2013, 90 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on 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 contribution toward the health care fund after the end of the transition period.

Note 16 - Postemployment Benefits (continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The County's contribution for health care for years ended December 31, 2013, 2012, and 2011 was \$6,496, \$6,809, and \$8,105, respectively; 100 percent has been contributed for all three years.

Note 17 - Other Employer Benefits

A. Compensated Absences

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

B. Employee Health Insurance

Ashland County offers employee medical, dental, and vision benefits through the County Employee Benefits Consortium of Ohio. Depending on the plan chosen, the employees share the cost of the monthly premium with the County.

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

Note 18 - Long-Term Obligations

The County's long-term obligations activity for the year ended December 31, 2013, was as follows:

	Interest Rate	Balance December 31, 2012	Additions	Reductions	Balance December 31, 2013	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2011 County Jail (Original Amount \$2,265,000)	1.0-3.0%	\$1,935,000	\$0	\$335,000	\$1,600,000	\$340,000
Other Long-Term Obligations						
Capital Leases		40,991	0	40,991	0	0
Loan Payable		0	83,349	0	83,349	0
Compensated Absences		1,195,405	73,673	144,193	1,124,885	341,923
Total Governmental Activities		<u>\$3,171,396</u>	<u>\$157,022</u>	<u>\$520,184</u>	<u>\$2,808,234</u>	<u>\$681,923</u>
<u>Business-Type Activities</u>						
Compensated Absences Payable		\$14,337	\$788	\$1,702	\$13,423	\$7,285
Closure/Postclosure Costs Payable		1,548,185	64,654	61,153	1,551,686	70,830
Total Business-Type Activities		<u>\$1,562,522</u>	<u>\$65,442</u>	<u>\$62,855</u>	<u>\$1,565,109</u>	<u>\$78,115</u>

General Obligation Bonds

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

On May 5, 2011, the County issued general obligation bonds, in the amount of \$2,265,000, to currently refund the remaining balance of the 2001 County Jail bonds. The bonds were issued for a seven year period, with final maturity in 2018. The bonds are being retired through the County Jail debt service fund.

Loan Payable

In 2013, the County obtained a loan from the State of Ohio Development Services Agency (Local Government Fund) for the implementation of a document imaging system at the Department of Job and Family Services. The loan was obtained for a ten year period with payment beginning twelve months after the date of the final disbursement. The project is expected to be completed in 2014 with loan repayments beginning in 2015. The loan will be retired through the Job and Family Services special revenue fund. Of the outstanding loan amount, \$65,865 was not capitalized for governmental activities.

Compensated Absences

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

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

Note 18 - Long-Term Obligations (continued)

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

	General Obligation Bonds	
	Principal	Interest
2014	\$340,000	\$35,520
2015	345,000	28,750
2016	355,000	20,517
2017	360,000	11,040
2018	200,000	3,000
	\$1,600,000	\$98,827

The County's legal debt margin at December 31, 2013, was an overall debt margin of \$22,747,110 and a unvoted debt margin of \$9,698,844.

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

	Date of Issue	Amount of Issue	Amount Outstanding December 31, 2013
Good Shepherd Home for the Aged Project	1/21/99	\$3,960,000	\$2,780,000
Good Shepherd Home-Assisted Living Facilities	11/15/99	4,750,000	3,800,000
Bretheran Care, Inc.	1/1/05	16,160,000	11,660,000
		\$24,870,000	\$18,240,000

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

Note 19 - Postclosure Costs

State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The County's landfill was closed in 1997. The \$1,551,686 reported as the landfill postclosure liability at December 31, 2013, represents the estimated costs of maintenance and monitoring through 2027. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The December 31, 2013, liability increased from the prior year by \$3,501.

The County is required by state and federal laws and regulations to provide assurances that financial resources will be available to provide for postclosure care and remediation or containment of environmental hazards at the landfill. The County has passed the financial accountability test in which the County demonstrates its ability to self-fund these future costs.

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

Note 20 - Interfund Transfers

During 2013, the General Fund made transfers to the Job and Family Services special revenue fund, in the amount of \$90,283, and to other governmental funds, in the amount of \$1,253,939, to subsidize operations in those funds.

Note 21 - Fund Balance

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

Fund Balance	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
Nonspendable for:				
Prepaid Items	\$73,342	\$0	\$0	\$0
Materials and Supplies				
Inventory	30,212	596,785	9,537	0
Unclaimed Monies	104,788	0	0	0
Total Nonspendable	<u>208,342</u>	<u>596,785</u>	<u>9,537</u>	<u>0</u>
Restricted for:				
Alcohol, Drug Addiction, and Mental Health Services Operations	0	0	0	1,766,510
Job and Family Services Operations	0	0	815,925	0
Road and Bridge Repair/ Improvement	0	1,040,244	0	0
Sheriff Operations	10,005	0	0	0
Total Restricted	<u>10,005</u>	<u>1,040,244</u>	<u>815,925</u>	<u>1,766,510</u>
Committed to:				
Bi/Tri Centennial	<u>2,117</u>	<u>0</u>	<u>0</u>	<u>0</u>
Assigned for:				
Document Recording	17,255	0	0	0
Projected Budget Shortage	596,115	0	0	0
Sheriff Operations	8,229	0	0	0
Unpaid Obligations	150,157	0	0	0
Vehicle Titling	9,799	0	0	0
Total Assigned	<u>781,555</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned	<u>1,337,113</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u><u>\$2,339,132</u></u>	<u><u>\$1,637,029</u></u>	<u><u>\$825,462</u></u>	<u><u>\$1,766,510</u></u>

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

Note 21 - Fund Balance (continued)

Fund Balance	Developmental Disabilities	Other Governmental Funds
Nonspendable for:		
Materials and Supplies Inventory	\$9,413	\$2,810
Restricted for:		
Board of Elections	0	393
Child Support Enforcement	0	386,285
Court Operations	0	692,251
Crime Victims Assistance	0	12,474
Debt Retirement	0	468,039
Delinquent Tax Collections	0	123,641
Developmental Disabilities Operations	5,860,758	0
Dog and Kennel Operations	0	29,747
Economic Development	0	86,706
Emergency Management Agency	0	112,375
Job and Family Services Operations	0	319,863
Real Estate Assessments	0	1,082,627
Senior Citizens	0	17,217
Sheriff Operations	0	690,727
Total Restricted	5,860,758	4,022,345
Committed to:		
Road and Bridge Repair/ Improvement	0	7,432
Student Scholarships	0	11,029
Total Committed	0	18,461
Unassigned (Deficit)	0	(6,757)
Total Fund Balance	\$5,870,171	\$4,036,859

Note 22 - Jointly Governed Organizations

A. Northern Ohio Juvenile Community Corrections Facility

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

B. Ashland Community Improvement Corporation

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

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

C. Ashland Area Council for Economic Development

The Ashland Area Council for Economic Development (Council) is a jointly governed organization between Ashland County and the City of Ashland. The Council was organized to undertake joint programs for economic development in the Ashland County area. The Council's board consists of the President of Council from the City of Ashland, a representative appointed by City Council, a member of the Board of County Commissioners, and a representative appointed by the Board of County Commissioners. Each term is for three years. In 2013, the County contributed \$55,015 to the Council. Financial information can be obtained from the Ashland Area Council for Economic Development, 206 Claremont Avenue, Ashland, Ohio 44805.

Note 23 - Insurance Pools

A. County Risk Sharing Authority, Inc.

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

Each member county has one vote on all matters requiring a vote to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

Note 23 - Insurance Pools (continued)

B. County Commissioners Association of Ohio Service Corporation

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

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

C. County Employee Benefits Consortium of Ohio, Inc.

The County participates with the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio not-for-profit corporation with membership open to Ohio political subdivisions to collectively pool resources to purchase employee benefits. The County pays, on a monthly basis, the annual actuarially determined funding rate. Components of the funding rate include the claims fund contribution, incurred but not reported claims, a claims contingency reserve fund, as well as the fixed costs of the consortium.

The business and affairs of the consortium are managed by a board of not less than nine or more than fifteen directors that exercise all powers of the consortium. Two-thirds of the directors are county commissioners of the member counties and one-third are employees of the member counties. Each member of the consortium is entitled to one vote. At all times, one director is required to be a member of the board of directors of the County Commissioners' Association of Ohio and another is required to be a board member of the County Risk Sharing Authority, Inc.

Note 24 - Related Organization

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

Although the County has no obligation to provide financial resources to the airport, the County Commissioners have in prior years allocated certain funds to the Airport Authority. In 2013, this allocation was \$25,650.

Note 25 - Contingent Liabilities

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

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

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ASHLAND COUNTY
FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>(Passed through the Ohio Development Services Agency)</i>			
Community Development Block Grants/State's Program	B-F-12-1AC-1	14.228	\$ 97,332
Community Development Block Grants/State's Program	B-C-12-1AC-1		130,123
Total Community Development Block Grants/State's Program			<u>227,455</u>
Total U.S. Department of Housing and Urban Development			<u>227,455</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>(Direct)</i>			
Bulletproof vest Partnership Program	N/A	16.607	3,544
<i>(Passed through Ohio Attorney General)</i>			
Crime Victim Assistance	2013VAGENE306	16.575	22,274
	2014VAGENE306	16.575	7,168
	2013SAGENE306	16.575	2,279
	2014SAGENE306	16.575	908
Total Crime Victim Assistance			<u>32,629</u>
Total U.S. Department of Justice			<u>36,173</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>(Passed through the Ohio Emergency Management Agency)</i>			
Homeland Security Grant Program	2010-SS-T0-0012	97.067	28,958
Emergency Management Performance Grants	EMW-2013-EP-00060-S01	97.042	30,666
Total U.S. Department of Homeland Security			<u>59,624</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>(Passed through the Ohio Department of Education)</i>			
Special Education Cluster:			
Special Education_Grants to States	2013	84.027	37,157
Special Education_Preschool Grants	2013	84.173	13,799
Total Special Education Cluster			<u>50,956</u>
<i>(Passed through the Ohio Department of Alcohol and Drug Addiction Services)</i>			
Rehabilitation Services_Vocational Rehabilitation Grants to States	03-0003-VOCRHB-T-13-11101	84.126	5,254
Total U.S. Department of Education			<u>56,210</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>(Passed through the Ohio Department of Education)</i>			
Child Nutrition Cluster:			
National School Lunch Program	2013	10.555	28,805
School Breakfast Program	2013	10.553	17,000
Total Child Nutrition Cluster			<u>45,805</u>
<i>(Passed through the Ohio Department of Job & Family Services)</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1213-11-0006/G-1415-11-5326	10.561	234,546
Total U.S. Department of Agriculture			<u>280,351</u>

ASHLAND COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>(Passed through the Ohio Department of Job & Family Services)</i>			
Promoting Safe and Stable Families	G-1213-11-0006/G-1415-11-5326	93.556	21,422
Temporary Assistance for Needy Families	G-1213-11-0006/G-1415-11-5326	93.558	846,068
Child Support Enforcement	G-1213-11-0006/G-1415-11-5326	93.563	380,357
Child Care and Development Block Grant	G-1213-11-0006/G-1415-11-5326	93.575	16,706
Community-Based Child Abuse Prevention Grant	G-1213-11-0006/G-1415-11-5326	93.590	1,880
Stephanie Tubbs Jones Child Welfare Services Program	G-1213-11-0006/G-1415-11-5326	93.645	60,652
Foster Care_Title IV-E	G-1213-11-0006/G-1415-11-5326	93.658	546,522
Adoption Assistance	G-1213-11-0006/G-1415-11-5326	93.659	88,709
Medical Assistance Program (Passed through the Ohio Department of Job and Family Services)	G-1213-11-0006/G-1415-11-5326	93.778	289,482
Medical Assistance Program (Passed through the Ohio Department of Developmental Disabilities)	N/A	93.778	119,849
Total Medical Assistance Program			<u>409,331</u>
Social Services Block Grant (Passed through the Ohio Department of Job and Family Services)	G-1213-11-0006/G-1415-11-5326	93.667	482,518
Social Services Block Grant (Passed through the Ohio Department of Mental Health)	N/A	93.667	30,287
Social Services Block Grant (Passed through the Ohio Department of Developmental Disabilities)	N/A	93.667	40,610
Total Social Services Block Grant			<u>553,415</u>
<i>(Passed through the Ohio Department of Mental Health)</i>			
Block Grants for Community Mental Health Services	N/A	93.958	<u>39,588</u>
<i>(Passed through the Ohio Department of Alcohol and Drug Addition Services)</i>			
Block Grant for Prevention and Treatment of Substance Abuse	N/A	93.959	<u>280,977</u>
Total U.S. Department of Health and Human Services			<u>3,245,627</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>(Passed through the Ohio Department of Transportation)</i>			
Highway Planning and Construction	92835	20.205	287,324
Total Highway Planning and Construction			<u>287,324</u>
Total U.S. Department of Transportation			<u>287,324</u>
U.S. DEPARTMENT OF LABOR			
<i>(Passed through the Ohio Department of Job and Family Services)</i>			
<i>(Passed through Area 7 Workforce Investment Board)</i>			
Workforce Investment Act Cluster:			
Workforce Investment Act Adult Program	2013-7203-1/2014-7203-1	17.258	105,752
Workforce Investment Act Adult Program - Admin	2013-7203-1/2014-7203-1		6,914
Total Workforce Investment Act Adult Program			<u>112,666</u>
Workforce Investment Act Youth Activities	2013-7203-1/2014-7203-1	17.259	138,850
Workforce Investment Act Dislocated Worker Formula Grants	2013-7203-1/2014-7203-1	17.278	119,281
Workforce Investment Act Dislocated Worker Formula Grants - Admin	2013-7203-1/2014-7203-1		7,701
Total Workforce Investment Act Dislocated Worker Formula Grants			<u>126,982</u>
Total Workforce Investment Act Cluster			<u>378,498</u>
Total U.S. Department of Labor			<u>378,498</u>
TOTAL			<u>\$ 4,571,262</u>

See accompanying Notes to the Federal Awards Expenditures Schedule

ASHLAND COUNTY

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

As a subrecipient, the County 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 - CHILD NUTRITION CLUSTER

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

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

During 2013, the County dissolved its revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons. As a result, there were no loans outstanding and no loan payments made during 2013, and the ending cash balance was \$0.

NOTE E - MATCHING REQUIREMENTS

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

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Dave Yost • Auditor of State

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

Ashland County
142 West 2nd Street
Ashland, Ohio 44805

To the County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashland County, Ohio (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 30, 2014.

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.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

County's Response to Finding

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

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

July 30, 2014



Dave Yost • Auditor of State

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

Ashland County
142 West 2nd Street
Ashland, Ohio 44805

To the County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Ashland County's (the County's) 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 Ashland County's major federal programs for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Ashland County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings as item 2013-002. This finding did not require us to modify our compliance opinion on each major federal program.

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

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2013-002 to be a material weakness.

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

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

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

Dave Yost
Auditor of State
Columbus, Ohio

July 30, 2014

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Child Support Enforcement – CFDA # 93.563 Medical Assistance Program – CFDA # 93.778 Workforce Investment Act Cluster – CFDA 17.258, 17.259 & 17.278 Temporary Assistance for Needy Families – CFDA # 93.558 Social Services Block Grant – CFDA # 93.667
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

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

FINDING NUMBER 2013-001

Public Money Illegally Expended – Finding For Recovery – Repaid Under Audit

On January 10, 2011, Kathy Wallace signed an employment contract effective January 1, 2011 through December 31, 2013. On June 30, 2013, she retired from the County Board of Developmental Disabilities. The Board drafted a "Separation Payout" worksheet calculating Ms. Wallace's severance payout, but errors were noted in the calculations resulting in overpayment of Ms. Wallace's severance pay. The worksheet and re-calculation of the severance amounts are as follows:

- \$1,438 was owed for salary paid but not worked as of the retirement date. This amount was calculated using the days worked, multiplied by the daily rate, and comparing that to the actual amount paid to date. However, the daily rate was calculated using 249 days in the contract instead of 244 days as required in the union agreement. As a result, the department withheld \$786 too much from the severance pay calculation.
- \$23,232 was paid for the sick leave payout. However, Section 13.71 of the department board negotiated union agreement indicates an employee who has had ten (10) or more years of public service in Ohio immediately preceding his/her retirement may elect to receive at the time of retirement, under the appropriate state retirement system, a cash payment equal to the value of one-fourth (1/4) of his/her accumulated but unused sick leave credit to a maximum of forty-five (45) days. Ms. Wallace was paid for all of her sick leave, resulting in 72.71 days of pay rather than 45 days. In addition, the daily rate used for this calculation was based on 249 days rather than 244 days as required by the union agreement. As a result, the sick leave payout was overpaid by \$8,560.
- \$16,746 was paid for the personal leave payout. Section 5.25 of the board negotiated union agreement indicates that accumulated personal leave days may be cashed in at the time the employee meets the eligibility requirements of one of the Ohio State retirement systems and retires. Such payment shall be calculated at the individual's per diem rate of pay at the time of retirement. 160 hours (20 days) of accumulated personal leave was correctly paid out. However, the calculation for the payout also included 32 hours of current year personal leave which was paid at the daily rate rather than the hourly rate. As a result, the personal leave payout was overpaid by \$8,920.
- \$4,455 was paid for vacation leave payout using the correct hourly rate and the correct number of hours.

The total of the severance payments made were \$42,995, but should have been \$26,301, resulting in an overpayment of \$16,694.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a finding for recovery for public money illegally expended is hereby issued against Kathy Wallace in the amount of \$16,694 and in favor of the County's Developmental Disabilities Fund.

On July 14, 2014, \$16,694 had been repaid by Kathy Wallace to the County's Developmental Disabilities Fund.

Officials' Response: We have changed the form used to pay out vacation, sick leave, and personal days upon termination, resignation, or retirement.

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Social Services Block Grant - Eligibility

Finding Number	2013-002
CFDA Title and Number	Social Services Block Grant, # 93.667
Federal Award Number / Year	2013/2014
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Developmental Disabilities

Noncompliance / Material Weakness

In order for the Ohio Department of Developmental Disabilities (ODODD) to meet the program objectives of the Social Services Block Grant governed by 45 CFR 96 and comply with the reporting requirements in 45 CFR 96.74(a), which provides, in accordance with 42 U.S.C. 1397e, that each state must submit an annual report to the Secretary by the due dates specified in §96.17 of this part. The annual report must address the requirements in section 2006(a) of the Act, include the specific data required by section 2006(c), and include other information listed in the section including the criteria applied in determining eligibility for each service such as income eligibility guidelines, sliding fee scales, the effect of public assistance benefits, and any requirements for enrollment in school or training programs (section 2006(c)(3)).

ODODD included in the Title XX contract requirements that subrecipients agree to obtain the necessary funding. These policies are necessary to ensure that only eligible individuals or groups of individuals participated in the program, as well as ensure the annual report required addressed the criteria applied in determining eligibility for each service. Failure to properly determine eligibility could result in improper payments pursuant to 2 CFR 225 of Social Service Block Grant (SSBG) funding to ineligible recipients.

Ohio Department Of Developmental Disabilities (ODODD) Social Service Block Grant (SSBG) - Title XX Contract § 7 indicates the Subrecipient agrees to determine eligibility for Title XX services for all prospective recipients in accordance with applicable state and federal law. The Subrecipient shall use the Department form DIDD 1014, "Title XX Application for Eligibility Determination/Redetermination" and make all eligibility policy documentation available for inspection, review, or audit by duly authorized federal, state or Department personnel. The Subrecipient will maintain at least on DODD 1014 eligibility form on file for all consumers receiving billed Title XX services other than Protective Services Intake. **ODODD SSBG – Title XX Contract § 8** indicates the subrecipient shall receive partial reimbursement (or quarterly grant award to be used) for services delivered and outlined in this contract for individuals eligible for DD assistance as determined under Ohio Revised Code 5123.012 and Ohio Administrative Code Section 5123:2-1-02(C). The Subrecipient, it is a county board of developmental disabilities, shall assure the proper administration and determination of the OEDI/COEDI process for each eligible client and document the DD determination result on the "Title XX Application for Eligibility Determination/Redetermination" form DIDO 1014. Eligible individuals DODD 1014 forms should be reviewed annually and updated as needed.

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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Social Services Block Grant – Eligibility (Continued)

Finding Number	2013-002 (Continued)
CFDA Title and Number	Social Services Block Grant, # 93.667
Federal Award Number / Year	2013/2014
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Developmental Disabilities

Noncompliance / Material Weakness (Continued)

During Developmental Disabilities SSBG testing, it was noted that one of four individuals selected for eligibility testing was determined not to have been eligible, as there was no form available for the individual because they were on a Level 1 Waiver, and there was no review performed by department personnel to ensure only eligible individuals are submitted for reimbursement. In addition, three of four eligibility forms selected for testing were not signed by a reviewer to ensure the eligibility form was correct and the individual was eligible.

We recommend the County Developmental Disabilities department develop procedures to ensure only eligible individuals are submitted to ODODD for SSBG reimbursement. In addition, all eligibility forms should be signed by a reviewer to indicate they are in agreement the individual meets the guidelines to be eligible.

Officials' Response: Upon initial approval or redetermination, the SSA Associate will submit the Title XX eligibility form (Form #1014) to the Business Manager. The Business Manager will sign form and file with his/her records. Prior to submission of billing of Title XX services, the Business Manager will ensure the proper and most current 1014 is valid and in place.

ASHLAND COUNTY

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-001	Upon initial approval or redetermination, the SSA Associate will submit the Title XX eligibility form (Form #1014) to the Business Manager. The Business Manager will sign form and file with his/her records. Prior to submission of billing of Title XX services, the Business Manager will ensure the proper and most current 1014 is valid and in place.	Immediately	Kimberly Eichler, Business Manager

ASHLAND COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-AC-001	ORC 5705.41(B) – The County had a fund with expenditures exceeding appropriations.	Yes	Finding no longer valid.
2012-AC-002	ORC 5705.40 – The County did not properly modify appropriations resulting in expenditures exceeding appropriations.	Yes	Finding no longer valid.
2012-AC-003	24 CFR Section 85.21(c) – CDBG did not timely disburse draw-downs.	Yes	Finding no longer valid.



Dave Yost • Auditor of State

ASHLAND COUNTY FINANCIAL CONDITION

ASHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 18, 2014