



Dave Yost • Auditor of State

**FINANCIAL CONDITION
COLUMBIANA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Statement of Net Position	19
Statement of Activities.....	20
Balance Sheet – Governmental Funds	22
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	25
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	28
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	30
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Job and Family Services Fund	31
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Motor Vehicle and Gasoline Tax Fund	32
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Mental Health Fund	33
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Board of Developmental Disabilities Fund.....	34
Statement of Net Position – Proprietary Funds	35
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	36
Statement of Cash Flows – Proprietary Funds	37
Statement of Net Position – Fiduciary Funds.....	39
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	40
Notes to the Basic Financial Statements	41
Schedule of Federal Awards Expenditures	83
Notes to the Schedule of Federal Awards Expenditures	85

**FINANCIAL CONDITION
COLUMBIANA COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required by <i>Government Auditing Standards</i>	87
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	89
Schedule of Findings	93
Schedule of Prior Audit Findings.....	95
Corrective Action Plan.....	97



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Columbiana 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.

Opinion

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 Columbiana 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 and Job and Family Services, Motor Vehicle and Gasoline Tax, Mental Health, and Board of Developmental Disabilities funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended December 31, 2013, the County presented for the first time its basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), after previously reporting on a cash basis. We did not modify our opinion regarding this matter.

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 Schedule of Federal Award Expenditures resents 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 relate 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 the 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 September 2, 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

September 2, 2014

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COLUMBIANA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

The management's discussion and analysis of Columbiana County's (the "County") financial performance provides an overall review 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; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- The total net position of the County increased \$3,624,261. Net position of governmental activities increased \$2,729,133, which represents a 3.68% increase from 2012's restated net position. Net position of business-type activities increased \$895,128 or 106.78% from 2012's restated net position.
- General revenues accounted for \$29,686,746 or 42.42% of total governmental activities revenue. Program specific revenues accounted for \$40,293,418 or 57.58% of total governmental activities revenue.
- The County had \$66,516,030 in expenses related to governmental activities; \$40,293,418 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$29,686,746 were adequate to provide for these programs.
- The County restated governmental fund balances at December 31, 2012 as described in Note 3.A to the basic financial statements. The general fund, the County's largest major governmental fund, had revenues of \$23,349,374 in 2013. The general fund had expenditures and other financing uses of \$21,297,739 in 2013. The fund balance of the general fund increased \$2,051,635 from 2012 to 2013.
- The job and family services fund, a major governmental fund, had revenues and other financing sources of \$9,011,064 in 2013. The job and family services fund had expenditures of \$8,428,826 in 2013. The job and family services fund balance increased \$582,238 from 2012 to 2013.
- The motor vehicle and gasoline tax fund, a major governmental fund, had revenues and other financing sources of \$8,174,220 in 2013. The motor vehicle and gasoline tax fund had expenditures of \$7,483,689 in 2013. The motor vehicle and gasoline tax fund balance increased \$690,531 from 2012 to 2013.
- The mental health fund, a major governmental fund, had revenues of \$3,945,066 in 2013. The mental fund had expenditures of \$3,983,778 in 2013. The mental health fund balance decreased \$38,712 from 2012 to 2013.
- The board of developmental disabilities fund, a major governmental fund, had revenues and other financing sources of \$13,409,527 in 2013. The board of developmental disabilities fund had expenditures and other financing uses of \$13,802,848 in 2013. The board of developmental disabilities fund balance decreased \$393,321 from 2012 to 2013.
- Net position for the business-type activities, which consists of the water and sewer operations and other enterprise funds, increased in 2013 by \$895,128. This increase is mainly due to transfers of \$735,001 and charges for services continuing to outpace the enterprise fund expenses and contributions totaling \$705,269.

Using the Basic Financial Statements (BFS)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the County as a whole operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

COLUMBIANA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

The statement of net position and statement of activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column. In the case of the County, there are five major governmental funds. The general fund is the largest major governmental fund.

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities answer the question, "How did we do financially during 2013?" These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net position and changes in net position. The change in net position is important because it tells the reader that, for the County as a whole, the financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, and other factors.

In the statement of net position and the statement of activities, the County is divided into two distinct kinds of activities:

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

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided.

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, job and family services fund, motor vehicle and gasoline tax fund, mental health fund and board of developmental disabilities fund. The County's major enterprise fund is the water and sewer fund.

COLUMBIANA COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)**

Governmental Funds

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

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 in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Proprietary Funds

The County maintains proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer operations as well as other enterprise operations. An internal service fund is an accounting device used to accumulate and allocate costs internally among the County's various functions. The County's internal service fund accounts for health self-insurance activities.

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

COLUMBIANA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)

Government-Wide Financial Analysis

The statement of net position provides the perspective of the County as a whole. The table below provides a summary of the County's net position at December 31, 2013. This is the County's first year for government-wide financial statements using the accrual basis of accounting; therefore, a comparison with prior year is not available. A comparative analysis will be presented in future years when prior year information is available.

	Net Position		
	Governmental Activities	Business-type Activities	2013 Total
	<u>2013</u>	<u>2013</u>	<u>Total</u>
<u>Assets</u>			
Current and other assets	\$ 73,110,596	\$ 3,027,511	\$ 76,138,107
Capital assets, net	<u>46,471,662</u>	<u>6,832,651</u>	<u>53,304,313</u>
Total assets	<u>119,582,258</u>	<u>9,860,162</u>	<u>129,442,420</u>
<u>Deferred Outflows of Resources</u>	<u>206,708</u>	-	<u>206,708</u>
Total assets and deferred outflows	<u>119,788,966</u>	<u>9,860,162</u>	<u>129,649,128</u>
<u>Liabilities</u>			
Other liabilities	4,208,719	231,579	4,440,298
Long-term liabilities outstanding	<u>28,616,173</u>	<u>7,847,759</u>	<u>36,463,932</u>
Total liabilities	<u>32,824,892</u>	<u>8,079,338</u>	<u>40,904,230</u>
<u>Deferred Inflows of Resources</u>	<u>10,022,092</u>	-	<u>10,022,092</u>
Total liabilities and deferred inflows	<u>42,846,984</u>	<u>8,079,338</u>	<u>50,926,322</u>
<u>Net Position</u>			
Net investment in capital assets	22,246,337	(920,036)	21,326,301
Restricted	42,150,279	-	42,150,279
Unrestricted	<u>12,545,366</u>	<u>2,700,860</u>	<u>15,246,226</u>
Total net position	<u>\$ 76,941,982</u>	<u>\$ 1,780,824</u>	<u>\$ 78,722,806</u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2013, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$78,722,806. This amounts to \$76,941,982 in the governmental activities and \$1,780,824 in the business-type activities. This is an indication that the County's finances remained strong during 2013.

COLUMBIANA COUNTY, OHIO

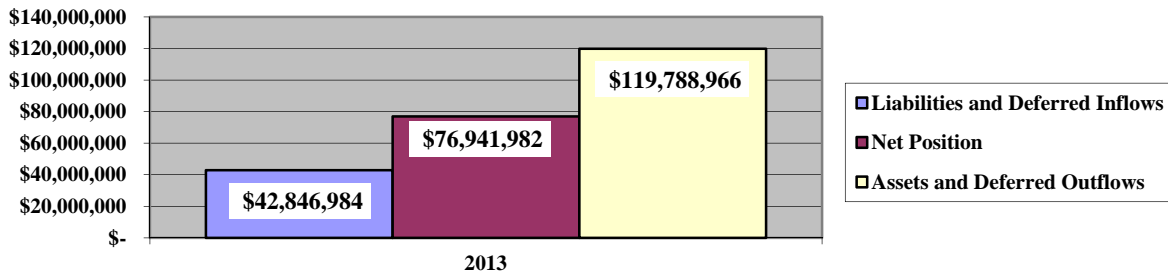
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)**

Capital assets reported on the government-wide statements represent the largest portion of the County's assets. At year-end, capital assets represented 41.18% of total governmental and business-type assets. Capital assets include land, land improvements, buildings and improvements, machinery and equipment, vehicles, infrastructure and software. The County's net investment in capital assets at December 31, 2013 was \$21,326,301. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

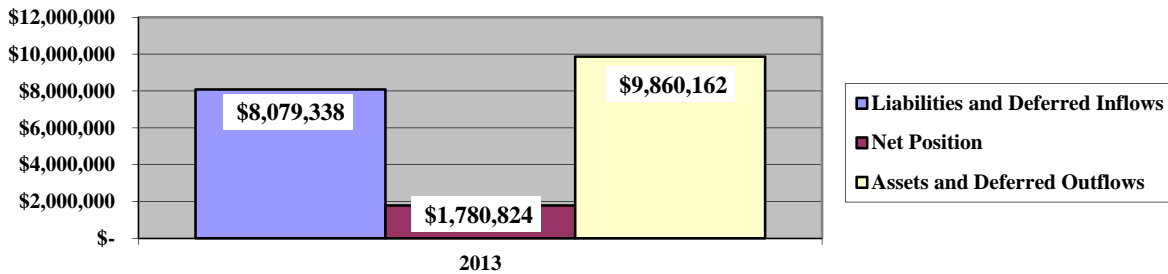
A portion of the County's governmental net position, \$42,150,279 or 54.78%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$12,545,366 or 16.30% may be used to meet the government's ongoing obligations to citizens and creditors.

The graphs below illustrate the County's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at December 31, 2013 for the governmental activities and business-type activities.

Governmental Activities



Business-type Activities



COLUMBIANA COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)**

The table below shows the changes in net position for 2013. This is the County's first year for government-wide financial statements using the accrual basis of accounting; therefore, a comparison with prior year is not available. A comparative analysis will be presented in future years when prior year information is available.

	Change in Net Position		
	Governmental Activities <u>2013</u>	Business-type Activities <u>2013</u>	Total <u>2013</u>
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 8,437,494	\$ 2,620,587	\$ 11,058,081
Operating grants and contributions	30,980,018	318,106	31,298,124
Capital grants and contributions	<u>875,906</u>	<u>55,196</u>	<u>931,102</u>
 Total program revenues	 <u>40,293,418</u>	 <u>2,993,889</u>	 <u>43,287,307</u>
General revenues:			
Property taxes	8,817,767	-	8,817,767
Sales tax	15,971,869	-	15,971,869
Unrestricted grants	4,224,342	-	4,224,342
Investment earnings	193,399	220	193,619
Decrease in fair value of investments	(126,476)	-	(126,476)
Gas and oil lease	410,260	-	410,260
Other	<u>195,585</u>	<u>56,504</u>	<u>252,089</u>
 Total general revenues	 <u>29,686,746</u>	 <u>56,724</u>	 <u>29,743,470</u>
 Total revenues	 <u>69,980,164</u>	 <u>3,050,613</u>	 <u>73,030,777</u>
<u>Expenses</u>			
Program Expenses:			
General government			
Legislative and executive	6,569,420	-	6,569,420
Judicial	6,018,698	-	6,018,698
Public safety	8,646,592	-	8,646,592
Public works	8,247,748	-	8,247,748
Health	4,359,981	-	4,359,981
Human services	30,107,335	-	30,107,335
Conservation and recreation	31,442	-	31,442
Economic development	1,465,138	-	1,465,138
Interest and fiscal charges	1,069,676	-	1,069,676
Water and sewer	-	2,811,343	2,811,343
Other enterprise	<u>-</u>	<u>79,143</u>	<u>79,143</u>
 Total expenses	 <u>66,516,030</u>	 <u>2,890,486</u>	 <u>69,406,516</u>
Transfers	<u>(735,001)</u>	<u>735,001</u>	<u>-</u>
Change in net position	2,729,133	895,128	-
Net position at beginning of year (restated)	<u>74,212,849</u>	<u>885,696</u>	<u>75,098,545</u>
Net position at end of year	<u>\$ 76,941,982</u>	<u>\$ 1,780,824</u>	<u>\$ 78,722,806</u>

COLUMBIANA COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)**

Governmental Activities

Governmental activities net position increased by \$2,729,133 from 2012 to 2013.

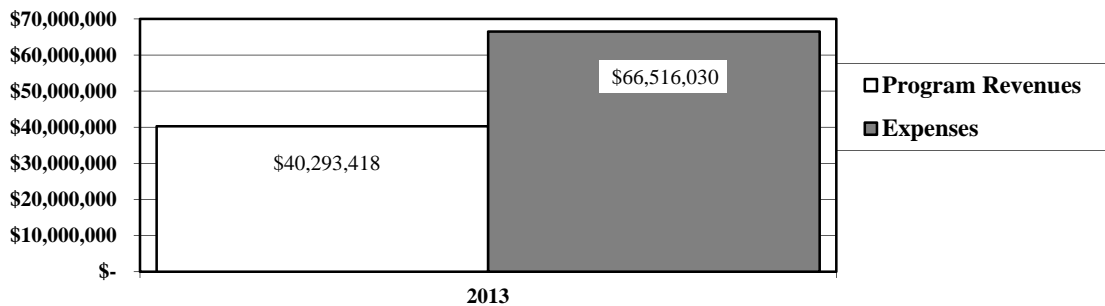
Human services expense, the largest expense of the County, accounted for \$30,107,335 or 45.26% of total governmental expenses. Human services primarily consist of job and family services and board of developmental disabilities activity. Public works expenses primarily support the operations of the engineer's department, and accounts for \$8,247,748 or 12.40% of the total governmental expenses of the County. These expenses were funded by \$150,507 in direct charges to users, \$7,470,176 in operating grants and contributions, and \$875,906 in capital grants and contributions during 2013. General government expenses, which include legislative and executive and judicial programs, accounted for \$12,588,118 or 18.92% of the total governmental expenses of the County. General government expenses were covered by \$5,652,388 in direct charges to users and \$261,250 in operating grants and contributions during 2013.

The State and federal government contributed to the County revenues of \$30,980,018 in operating grants and contributions and \$875,906 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Operating grants and contributions of \$20,236,774 or 65.32% subsidized human services. Operating grants and contributions of \$1,317,686 or 24.11% subsidized County health programs. Operating grants and contributions of \$1,317,686 or 4.25%, as well as the entire amount of capital grants and contributions, subsidized public works projects.

General revenues of Governmental Activities totaled \$29,686,746, and amounted to 42.42% of the total revenues of \$69,980,164. These revenues primarily consist of property and sales tax revenue of \$24,789,636 or 35.42% of total general revenues in 2013. The other primary source of general revenues is grants and entitlements not restricted to specific programs, with operating grants consisting of local government and local government revenue assistance making up \$4,224,342, or 6.04%, of the total general revenues.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2013. That is, it identifies the cost of these services supported by general revenues (such as tax revenue and unrestricted state grants and entitlements). As can be seen in the graph below, the County is reliant upon general revenues to finance operations as program revenues are not sufficient to cover total expenses.

Governmental Activities – Program Revenues vs. Total Expenses



COLUMBIANA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)

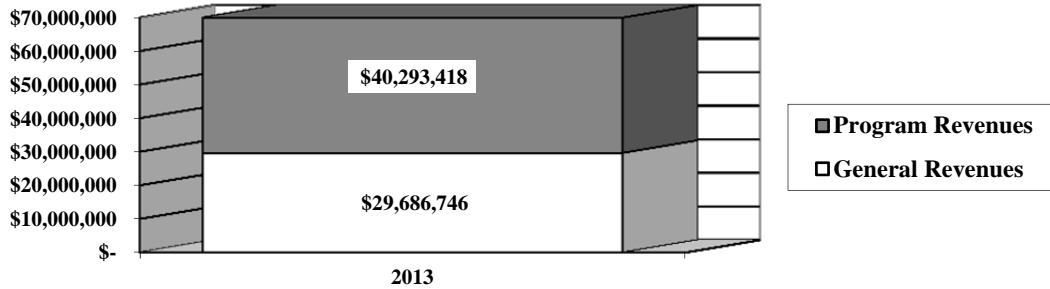
Governmental Activities

	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>
Program Expenses:		
General government		
Legislative and executive	\$ 6,569,420	\$ 3,432,676
Judicial	6,018,698	3,241,804
Public safety	8,646,592	7,318,676
Public works	8,247,748	(248,841)
Health	4,359,981	2,336,411
Human services	30,107,335	9,393,643
Conservation and recreation	31,442	31,442
Economic development	1,465,138	167,899
Interest and fiscal charges	<u>1,069,676</u>	<u>548,902</u>
Total	<u>\$ 66,516,030</u>	<u>\$ 26,222,612</u>

The dependence upon general revenues for governmental activities is apparent, with 39.43% of expenses supported through taxes and other general revenues during 2013.

The graph below illustrates the County's reliance upon general revenues for 2013.

Governmental Activities – General and Program Revenues



Business-type Activities

Business-type activities include the water and sewer fund and other enterprise funds. These programs had program revenues of \$2,993,889, general revenues of \$56,724, expenses of \$2,890,486 and net transfers in of \$735,001 for 2013.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

COLUMBIANA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements.

The County's governmental funds reported a combined fund balance of \$44,909,112, which is \$2,866,233 more than last year's restated total of \$42,042,879. The County restated December 31, 2012 balances for the application of GAAP as described in Note 3.A.

	Fund Balance	(Restated) Fund Balance	Increase/ (Decrease)
	<u>December 31, 2013</u>	<u>December 31, 2012</u>	
Major Funds:			
General	\$ 8,166,394	\$ 6,114,759	\$ 2,051,635
Job and Family Services	1,886,139	1,303,901	582,238
Motor Vehicle and Gasoline Tax	4,770,059	4,079,528	690,531
Mental Health	4,529,726	4,568,438	(38,712)
Board of Developmental Disabilities	10,319,064	10,712,385	(393,321)
Nonmajor Governmental Funds	<u>15,237,730</u>	<u>15,263,868</u>	<u>(26,138)</u>
Total	<u>\$ 44,909,112</u>	<u>\$ 42,042,879</u>	<u>\$ 2,866,233</u>

General Fund

The County's general fund balance increased \$2,051,635. The primary revenue source of the general fund is sales tax revenues. Sales tax revenues represent \$15,972,858 or 68.41% of general fund revenues. The County levied a 1.50% sales tax on all sales made in the County. Intergovernmental revenue makes up \$2,547,426 or 10.91% of the general fund revenues. These primarily consist of local governmental revenues from the State and funding from the casino tax in the State.

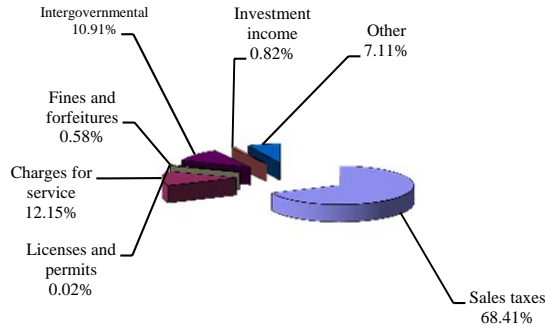
	2013 <u>Amount</u>
<u>Revenues</u>	
Sales taxes	\$ 15,972,858
Charges for services	2,835,965
Licenses and permits	4,585
Fines and forfeitures	136,307
Intergovernmental	2,547,426
Investment income	192,544
Rent income and other	<u>1,659,689</u>
Total	<u>\$ 23,349,374</u>

COLUMBIANA COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)**

The graphs below illustrate the revenue of the general fund for 2013.

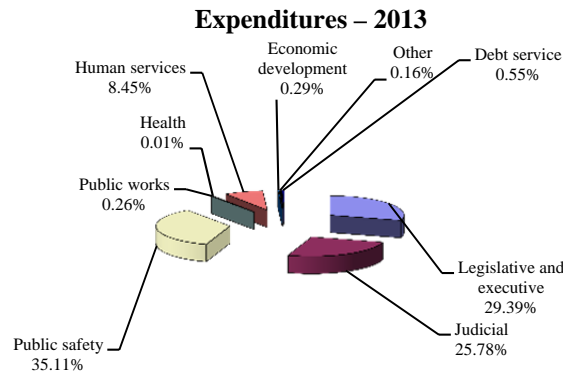
Revenues –2013



The table that follows assists in illustrating the expenditures of the general fund. The largest expenditure of the general is public safety which total \$6,644,806 or 35.11% of general fund expenditures. Public safety expenditures consist of primarily County sheriff services and prison housing.

<u>Expenditures</u>	<u>2013 Amount</u>
General government	
Legislative and executive	\$ 5,563,619
Judicial	4,878,015
Public safety	6,644,806
Public works	49,534
Health	1,740
Human services	1,600,182
Economic development	54,835
Other	30,906
Debt service	103,903
Total	<u>\$ 18,927,540</u>

The graphs below illustrate the expenditures of the general fund for 2013.



COLUMBIANA COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)**

Job and Family Services Fund

The job and family services fund, a major governmental fund, had revenues and other financing sources of \$9,011,064 in 2013. The job and family services fund had expenditures of \$8,428,826 in 2013. The job and family services fund balance increased \$582,238 from 2012 to 2013.

Motor Vehicle and Gasoline Tax Fund

The motor vehicle and gasoline tax fund, a major governmental fund, had revenues and other financing sources of \$8,174,220 in 2013. The motor vehicle and gasoline tax fund had expenditures of \$7,483,689 in 2013. The motor vehicle and gasoline tax fund balance increased \$690,531 from 2012 to 2013.

Mental Health Fund

The mental health fund, a major governmental fund, had revenues of \$3,945,066 in 2013. The mental health fund had expenditures of \$3,983,778 in 2013. The mental health fund balance decreased \$38,712 from 2012 to 2013.

Board of Developmental Disabilities Fund

The board of developmental disabilities fund, a major governmental fund, had revenues and other financing sources of \$13,409,527 in 2013. The board of developmental disabilities fund had expenditures and other financing uses of \$13,802,848 in 2013. The board of developmental disabilities fund balance decreased \$393,321 from 2012 to 2013.

Budgeting Highlights- General Fund

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations, which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund, job and family services fund, motor vehicle and gasoline tax fund, mental health fund and board of developmental disabilities fund. In the general fund, the original budgeted revenues were \$18,225,564 and were increased to \$20,503,899 in the final budget. Actual revenues and other financing sources of \$22,499,638 were more than the final budgeted revenues and other financing sources by \$1,995,739 or 9.73%. In the general fund, the original budgeted appropriations and other financing uses were \$18,570,370. These were increased to \$22,300,960 in the final budget. Actual expenditures and other financing uses of \$21,837,344 were less than final budgeted amounts by \$463,616 or 2.08%. This variance is a result of the County's conservative budgeting practices.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

COLUMBIANA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At the end of 2013, the County had \$53,304,313 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, machinery and equipment, vehicles, infrastructure and software. Of this total, \$46,471,662 was reported in governmental activities and \$6,832,651 was reported in business-type activities. The following table shows December 31, 2013 balances compared to December 31, 2012:

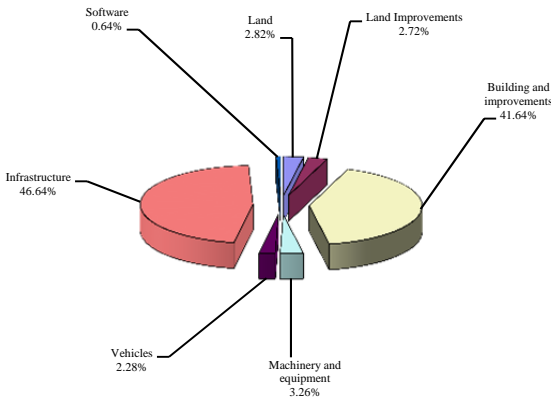
Capital Assets at December 31(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,281,026	\$ 1,281,026	\$ 47,435	\$ 47,435	\$ 1,328,461	\$ 1,328,461
Construction in progress	-	-	-	2,085,657	-	2,085,657
Land improvements	661,878	721,032	20,142	24,891	682,020	745,923
Building and improvements	19,628,402	19,474,536	1,223,153	1,275,858	20,851,555	20,750,394
Machinery and equipment	1,538,064	1,861,476	430,389	410,955	1,968,453	2,272,431
Vehicles	1,076,693	1,088,043	23,297	5,500	1,099,990	1,093,543
Infrastructure	21,984,080	22,831,261	5,088,235	2,579,210	27,072,315	25,410,471
Software	301,519	438,431	-	-	301,519	438,431
Total	\$ 46,471,662	\$ 47,695,805	\$ 6,832,651	\$ 6,429,506	\$ 53,304,313	\$ 54,125,311

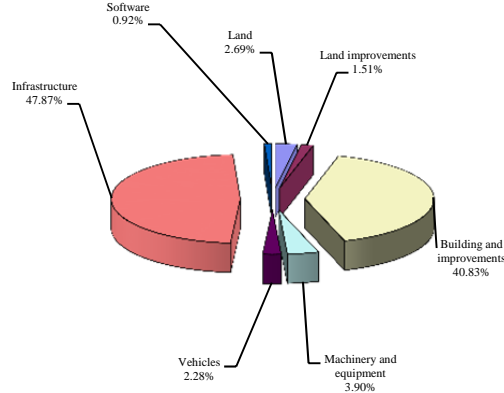
See Note 10 to the basic financial statements for detail on governmental activities and business-type activities capital assets.

The following graphs show the breakdown of governmental capital assets by category at December 31, 2013 and December 31, 2012.

Capital Assets - Governmental Activities 2013



Capital Assets - Governmental Activities 2012



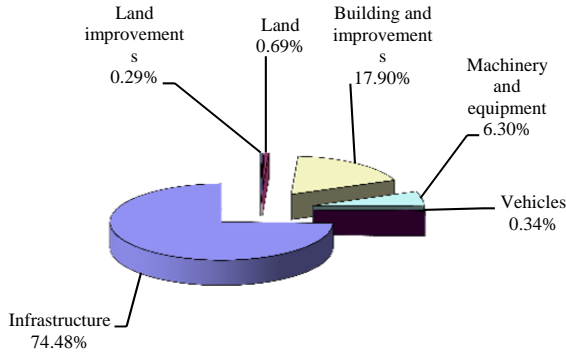
The County's largest governmental activities capital asset category is infrastructure, which includes roads and bridges. These items are immovable and of value only to the County, however, the annual cost of purchasing these items is quite significant. The net book value of the County's infrastructure (cost less accumulated depreciation) represents approximately 46.64% of the County's total governmental capital assets.

COLUMBIANA COUNTY, OHIO

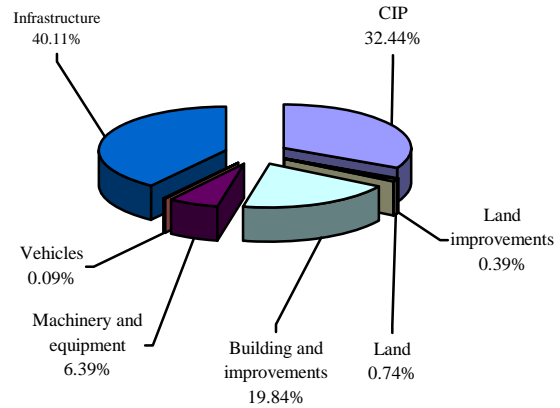
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)**

The following graphs show the breakdown of business-type capital assets by category at December 31, 2013 and December 31, 2012.

Capital Assets - Business - Type Activities 2013



Capital Assets - Business - Type Activities 2012



The County's largest business-type capital asset category is infrastructure. These items play a vital role in the income producing ability of the business-type activities. The net book value of the County's infrastructure (cost less accumulated depreciation) represents approximately 74.48% of the County's total business-type capital assets.

Debt Administration

At December 31, 2013, the County had long-term obligations of \$1,048,194 in general obligation notes, \$22,822,535 in general obligation bonds, \$25,050 in mortgage revenue notes, \$6,562,796 in mortgage revenue bonds, \$1,162,580 in OPWC loans, \$517,943 in OWDA loans and \$45,622 in capital lease obligations. Of this total, \$1,523,983 is due within one year and \$30,660,737 is due in more than one year.

The following table summarizes the short-term and long-term obligations outstanding at December 31, 2013 and December 31, 2012.

Outstanding Debt, at Year End

	Governmental Activities <u>2013</u>	Business-type Activities <u>2013</u>	Governmental Activities <u>2012</u>	Business-type Activities <u>2012</u>
Long-Term Obligations:				
General obligation notes	\$ 1,048,194	\$ -	\$ 1,010,180	\$ -
General obligation bonds	22,822,535	-	23,586,067	-
Mortgage revenue notes	-	25,050	-	33,400
Mortgage revenue bonds	-	6,562,796	-	6,729,239
OPWC loans	-	1,162,580	-	1,097,495
OWDA loans	515,682	2,261	573,545	40,558
Capital lease obligations	<u>45,622</u>	<u>-</u>	<u>62,875</u>	<u>-</u>
Total	<u>\$ 24,432,033</u>	<u>\$ 7,752,687</u>	<u>\$ 25,232,667</u>	<u>\$ 7,900,692</u>

See Notes 16 to the basic financial statements for detail on governmental activities and business-type activities long-term obligations.

COLUMBIANA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 (UNAUDITED)

Current Issues

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

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

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

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

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nancy Milliken, Columbiana County Auditor, 105 Market Street, Lisbon, Ohio 44432.

COLUMBIANA COUNTY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and investments	\$ 39,877,972	\$ 2,131,564	\$ 42,009,536
Cash and cash equivalents with fiscal agent . . .	1,853,646	-	1,853,646
Receivables:			
Sales taxes	4,068,971	-	4,068,971
Real and other taxes	11,673,702	-	11,673,702
Accounts	44,188	504,455	548,643
Special assessments	-	383,915	383,915
Accrued interest	30,493	-	30,493
Due from other governments	14,424,253	-	14,424,253
Loans receivable	127,159	-	127,159
Materials and supplies inventory	672,000	-	672,000
Prepayments	342,311	3,478	345,789
Internal balance	(4,099)	4,099	-
Capital assets:			
Nondepreciable capital assets	1,281,026	47,435	1,328,461
Depreciable capital assets, net	45,190,636	6,785,216	51,975,852
Total capital assets, net	<u>46,471,662</u>	<u>6,832,651</u>	<u>53,304,313</u>
Total assets	<u>119,582,258</u>	<u>9,860,162</u>	<u>129,442,420</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	206,708	-	206,708
Total deferred outflows of resources	<u>206,708</u>	<u>-</u>	<u>206,708</u>
Liabilities:			
Accounts payable	1,667,341	48,985	1,716,326
Accrued wages and benefits payable	1,046,644	45,609	1,092,253
Due to other governments	752,503	84,923	837,426
Accrued interest payable	228,691	52,062	280,753
Claims payable	228,540	-	228,540
Notes payable	285,000	-	285,000
Long-term liabilities:			
Due within one year	1,463,041	286,682	1,749,723
Due in more than one year	27,153,132	7,561,077	34,714,209
Total liabilities	<u>32,824,892</u>	<u>8,079,338</u>	<u>40,904,230</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	10,022,092	-	10,022,092
Total deferred inflows of resources	<u>10,022,092</u>	<u>-</u>	<u>10,022,092</u>
Net position:			
Net investment in capital assets	22,246,337	(920,036)	21,326,301
Restricted for:			
Debt service	2,036,845	-	2,036,845
Capital projects	596,655	-	596,655
Legislative and executive programs	1,228,745	-	1,228,745
Judicial programs	1,183,673	-	1,183,673
Public safety programs	2,249,565	-	2,249,565
Public works programs	6,317,725	-	6,317,725
Health programs	4,934,767	-	4,934,767
Human services programs	21,870,764	-	21,870,764
Economic development programs	1,378,363	-	1,378,363
Unclaimed monies	353,177	-	353,177
Unrestricted	12,545,366	2,700,860	15,246,226
Total net position	<u>\$ 76,941,982</u>	<u>\$ 1,780,824</u>	<u>\$ 78,722,806</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government:				
Legislative and executive	\$ 6,569,420	\$ 3,074,421	\$ 62,323	\$ -
Judicial	6,018,698	2,577,967	198,927	-
Public safety	8,646,592	931,023	396,893	-
Public works	8,247,748	150,507	7,470,176	875,906
Health	4,359,981	705,884	1,317,686	-
Human services	30,107,335	476,918	20,236,774	-
Conservation and recreation	31,442	-	-	-
Economic development and assistance	1,465,138	-	1,297,239	-
Interest and fiscal charges	1,069,676	520,774	-	-
Total governmental activities	66,516,030	8,437,494	30,980,018	875,906
Business-type activities:				
Water and sewer	2,811,343	2,610,587	286,606	55,196
Other enterprise	79,143	10,000	31,500	-
Total business-type activities	2,890,486	2,620,587	318,106	55,196
Totals	\$ 69,406,516	\$ 11,058,081	\$ 31,298,124	\$ 931,102

General revenues:

Property taxes levied for:

- Mental health - health
- Board of developmental disabilities - human services
- Childrens services - human services
- Debt service
- Sales taxes levied for:
- General purposes
- Grants and entitlements not restricted to specific programs.
- Investment earnings.
- Decrease in fair value of investments
- Gas and oil lease
- Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year (restated)

Net positon at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (3,432,676)	\$ -	\$ (3,432,676)
(3,241,804)	-	(3,241,804)
(7,318,676)	-	(7,318,676)
248,841	-	248,841
(2,336,411)	-	(2,336,411)
(9,393,643)	-	(9,393,643)
(31,442)	-	(31,442)
(167,899)	-	(167,899)
(548,902)	-	(548,902)
(26,222,612)	-	(26,222,612)
-	141,046	141,046
-	(37,643)	(37,643)
-	103,403	103,403
(26,222,612)	103,403	(26,119,209)
1,834,262	-	1,834,262
5,873,885	-	5,873,885
834,867	-	834,867
274,753	-	274,753
15,971,869	-	15,971,869
4,224,342	-	4,224,342
193,399	220	193,619
(126,476)	-	(126,476)
410,260	-	410,260
195,585	56,504	252,089
29,686,746	56,724	29,743,470
(735,001)	735,001	-
28,951,745	791,725	29,743,470
2,729,133	895,128	3,624,261
74,212,849	885,696	75,098,545
\$ 76,941,982	\$ 1,780,824	\$ 78,722,806

COLUMBIANA COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	<u>General</u>	<u>Job and Family Services</u>	<u>Motor Vehicle and Gasoline Tax</u>	<u>Mental Health</u>
Assets:				
Equity in pooled cash and investments	\$ 5,663,901	\$ 660,313	\$ 3,588,932	\$ 4,791,678
Cash and cash equivalents with fiscal agent . . .	-	-	-	-
Receivables:				
Sales taxes	4,068,971	-	-	-
Real and other taxes	-	-	-	2,410,418
Accounts	17,336	6,896	2,546	-
Accrued interest	29,540	-	-	-
Due from other funds	35,595	118,258	-	-
Due from other governments	1,244,512	6,470,413	3,040,151	237,431
Loans receivable	-	-	-	-
Materials and supplies inventory	86,422	39,871	523,683	429
Prepayments	229,960	24,945	2,498	-
Total assets	<u>\$ 11,376,237</u>	<u>\$ 7,320,696</u>	<u>\$ 7,157,810</u>	<u>\$ 7,439,956</u>
Liabilities:				
Accounts payable	\$ 405,532	\$ 130,162	\$ 96,528	\$ 331,956
Accrued wages and benefits payable	346,381	194,142	133,649	12,115
Compensated absences payable	-	20,827	-	-
Due to other governments	263,188	103,152	74,126	10,245
Due to other funds	1,705	18,879	2,192	-
Accrued interest payable	-	-	-	-
Notes payable	-	-	-	-
Total liabilities	<u>1,016,806</u>	<u>467,162</u>	<u>306,495</u>	<u>354,316</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year . . .	-	-	-	2,075,905
Delinquent property tax revenue not available . . .	-	-	-	334,513
Accrued interest not available	10,209	-	-	-
Intergovernmental revenues not available	686,568	4,967,395	2,081,256	145,496
Sales taxes not available	1,496,260	-	-	-
Total deferred inflows of resources	<u>2,193,037</u>	<u>4,967,395</u>	<u>2,081,256</u>	<u>2,555,914</u>
Fund balances:				
Nonspendable	669,559	64,816	526,181	429
Restricted	-	1,821,323	4,243,878	4,529,297
Committed	1,700,000	-	-	-
Assigned	185,687	-	-	-
Unassigned (deficit)	5,611,148	-	-	-
Total fund balances	<u>8,166,394</u>	<u>1,886,139</u>	<u>4,770,059</u>	<u>4,529,726</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,376,237</u>	<u>\$ 7,320,696</u>	<u>\$ 7,157,810</u>	<u>\$ 7,439,956</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Board of Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
\$ 8,868,264	\$ 15,349,936	\$ 38,923,024
1,853,646	-	1,853,646
-	-	4,068,971
7,809,360	1,453,924	11,673,702
1,500	15,910	44,188
-	953	30,493
44,237	499,191	697,281
598,398	2,833,348	14,424,253
-	127,159	127,159
18,219	3,376	672,000
12,765	72,143	342,311
<u>\$ 19,206,389</u>	<u>\$ 20,355,940</u>	<u>\$ 72,857,028</u>
\$ 158,740	\$ 543,703	\$ 1,666,621
242,578	117,549	1,046,414
-	-	20,827
226,628	75,022	752,361
758	672,456	695,990
-	6,244	6,244
-	285,000	285,000
<u>628,704</u>	<u>1,699,974</u>	<u>4,473,457</u>
6,693,637	1,252,550	10,022,092
1,115,723	201,374	1,651,610
-	518	10,727
449,261	1,963,794	10,293,770
-	-	1,496,260
<u>8,258,621</u>	<u>3,418,236</u>	<u>23,474,459</u>
30,984	75,519	1,367,488
10,288,080	12,383,791	33,266,369
-	2,954,639	4,654,639
-	-	185,687
-	(176,219)	5,434,929
<u>10,319,064</u>	<u>15,237,730</u>	<u>44,909,112</u>
<u>\$ 19,206,389</u>	<u>\$ 20,355,940</u>	<u>\$ 72,857,028</u>

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COLUMBIANA COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2013

Total governmental fund balances		\$	44,909,112
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			46,471,662
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Sales taxes receivable	\$	1,496,260	
Real and other taxes receivable		1,651,610	
Accrued interest receivable		10,727	
Due from other governments		10,293,770	
Total		10,293,770	13,452,367
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			719,926
On the statement of net position interest is accrued on outstanding bonds and loans payable, whereas in the governmental funds, interest is accrued when due.			(222,447)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.			206,708
Unamortized premiums on bond issuances are not recognized in the governmental funds.			(201,535)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation notes payable		(1,048,194)	
General obligation bonds payable		(22,621,000)	
OWDA loans payable		(515,682)	
Capital lease obligations		(45,622)	
Compensated absences payable		(4,163,313)	
Total		(4,163,313)	(28,393,811)
Net position of governmental activities		\$	76,941,982

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>General</u>	<u>Job and Family Services</u>	<u>Motor Vehicle and Gasoline Tax</u>	<u>Mental Health</u>
Revenues:				
Sales taxes	\$ 15,972,858	\$ -	\$ -	\$ -
Real and other taxes	-	-	-	1,856,104
Charges for services	2,835,965	567	32,046	-
Licenses and permits	4,585	-	-	-
Fines and forfeitures	136,307	-	34,272	-
Intergovernmental	2,547,426	8,685,026	7,586,594	1,955,995
Investment income	192,544	-	-	-
Rental income	130,060	-	8,400	-
Contributions and donations	82,040	-	-	-
Conveyance fees	973,205	-	-	-
Gas and oil lease	410,260	-	-	-
Decrease in fair value of investments	(129,010)	-	-	-
Other	193,134	106,152	20,894	132,967
Total revenues	<u>23,349,374</u>	<u>8,791,745</u>	<u>7,682,206</u>	<u>3,945,066</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	5,563,619	-	-	-
Judicial	4,878,015	-	-	-
Public safety	6,644,806	-	-	-
Public works	49,534	-	7,404,347	-
Health	1,740	-	-	3,983,778
Human services	1,600,182	8,428,826	-	-
Conservation and recreation	30,906	-	-	-
Economic development and assistance	54,835	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	66,707	-	74,795	-
Interest and fiscal charges	37,196	-	4,547	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>18,927,540</u>	<u>8,428,826</u>	<u>7,483,689</u>	<u>3,983,778</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,421,834</u>	<u>362,919</u>	<u>198,517</u>	<u>(38,712)</u>
Other financing sources (uses):				
Bond issuance	-	-	-	-
Note issuance	-	-	342,014	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	-	219,319	150,000	-
Transfers (out)	(2,370,199)	-	-	-
Total other financing sources (uses)	<u>(2,370,199)</u>	<u>219,319</u>	<u>492,014</u>	<u>-</u>
Net change in fund balances	2,051,635	582,238	690,531	(38,712)
Fund balances at beginning of year (restated)	6,114,759	1,303,901	4,079,528	4,568,438
Fund balances at end of year	<u>\$ 8,166,394</u>	<u>\$ 1,886,139</u>	<u>\$ 4,770,059</u>	<u>\$ 4,529,726</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Board of Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 15,972,858
5,950,147	1,122,826	8,929,077
4,098	3,545,469	6,418,145
-	-	4,585
-	204,017	374,596
7,302,947	7,218,635	35,296,623
-	9,343	201,887
-	520,774	659,234
7,729	-	89,769
-	-	973,205
-	-	410,260
-	2,534	(126,476)
144,434	293,705	891,286
<u>13,409,355</u>	<u>12,917,303</u>	<u>70,095,049</u>
-	877,146	6,440,765
-	862,067	5,740,082
-	1,481,279	8,126,085
-	-	7,453,881
-	301,091	4,286,609
13,502,848	6,223,818	29,755,674
-	-	30,906
-	1,403,680	1,458,515
-	1,748,070	1,748,070
-	1,063,614	1,205,116
-	999,190	1,040,933
-	45,000	45,000
<u>13,502,848</u>	<u>15,004,955</u>	<u>67,331,636</u>
<u>(93,493)</u>	<u>(2,087,652)</u>	<u>2,763,413</u>
-	1,686,000	1,686,000
-	-	342,014
-	(1,640,266)	(1,640,266)
172	2,515,564	2,885,055
(300,000)	(499,784)	(3,169,983)
<u>(299,828)</u>	<u>2,061,514</u>	<u>102,820</u>
(393,321)	(26,138)	2,866,233
10,712,385	15,263,868	42,042,879
<u>\$ 10,319,064</u>	<u>\$ 15,237,730</u>	<u>\$ 44,909,112</u>

COLUMBIANA COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Net change in fund balances - total governmental funds \$ 2,866,233

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.

Capital asset additions	\$ 2,028,218	
Current year depreciation	<u>(3,252,361)</u>	
Total		(1,224,143)

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

Sales taxes	(989)	
Real and other taxes	(111,310)	
Intergovernmental revenues	2,608	
Investment income	<u>(5,194)</u>	
Total		(114,885)

Proceeds of bonds, loans and capital leases are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.

General obligation bonds	(1,686,000)	
General obligation notes	<u>(342,014)</u>	
Total		(2,028,014)

Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities. The following refunding transactions occurred during the year:

Bonds refunded	1,615,000	
Deferred charges on refundings	<u>25,266</u>	
Total		1,640,266

Repayment of note, bond, loan and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.

General obligation notes payable	304,000	
General obligation bonds payable	826,000	
OWDA loans payable	57,863	
Capital lease obligations	<u>17,253</u>	
Total		1,205,116

-- Continued

COLUMBIANA COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.

Decrease in accrued interest payable	\$	24,895		
Amortization of deferred amounts on refunding		(17,170)		
Amortization of bond premiums		8,532		
Total		16,257	\$	16,257

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (30,330)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 398,633

Change in net position of governmental activities \$ 2,729,133

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues:				
Sales taxes	\$ 12,855,595	\$ 14,462,641	\$ 15,733,385	\$ 1,270,744
Charges for services.	1,695,675	1,907,648	2,075,261	167,613
Licenses and permits	3,746	4,215	4,585	370
Fines and forfeitures	109,382	123,056	133,868	10,812
Intergovernmental.	2,038,418	2,293,236	2,494,728	201,492
Investment income.	161,538	181,731	197,699	15,968
Rental income	125,382	141,055	153,449	12,394
Contributions and donations.	67,034	75,414	82,040	6,626
Conveyance fees	797,152	896,803	975,599	78,796
Gas and oil	335,219	377,124	410,260	33,136
Other	36,423	40,976	44,576	3,600
Total revenues	18,225,564	20,503,899	22,305,450	1,801,551
Expenditures:				
Current:				
General government:				
Legislative and executive	5,296,367	5,732,081	5,581,945	150,136
Judicial.	4,076,000	4,478,554	4,401,283	77,271
Public safety	6,398,393	7,046,440	6,856,495	189,945
Public works	50,000	50,000	49,625	375
Health	2,000	2,000	1,740	260
Human services.	1,640,411	1,643,143	1,618,602	24,541
Conservation and recreation	10,000	30,906	30,906	-
Economic development and assistance	20,200	70,641	50,824	19,817
Debt service:				
Principal retirement.	57,863	57,863	57,863	-
Interest and fiscal charges	34,643	34,643	34,643	-
Total expenditures	17,585,877	19,146,271	18,683,926	462,345
Excess of revenues over expenditures	639,687	1,357,628	3,621,524	2,263,896
Other financing sources (uses):				
Transfers in	-	-	194,188	194,188
Transfers (out).	(984,493)	(3,154,689)	(3,153,418)	1,271
Total other financing sources (uses)	(984,493)	(3,154,689)	(2,959,230)	195,459
Net change in fund balances	(344,806)	(1,797,061)	662,294	2,459,355
Fund balances at beginning of year	1,740,028	1,740,028	1,740,028	-
Prior year encumbrances appropriated	439,543	439,543	439,543	-
Fund balance at end of year	\$ 1,834,765	\$ 382,510	\$ 2,841,865	\$ 2,459,355

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 JOB AND FAMILY SERVICES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 7,984,987	\$ 8,903,680	\$ 8,373,323	\$ (530,357)
Other	15,013	16,740	15,743	(997)
Total revenues	<u>8,000,000</u>	<u>8,920,420</u>	<u>8,389,066</u>	<u>(531,354)</u>
Expenditures:				
Current:				
Human services	8,154,528	9,307,212	8,515,345	791,867
Total expenditures	<u>8,154,528</u>	<u>9,307,212</u>	<u>8,515,345</u>	<u>791,867</u>
Excess of expenditures over revenues	<u>(154,528)</u>	<u>(386,792)</u>	<u>(126,279)</u>	<u>260,513</u>
Other financing sources:				
Transfers in	-	-	219,319	219,319
Total other financing sources	<u>-</u>	<u>-</u>	<u>219,319</u>	<u>219,319</u>
Net change in fund balances	(154,528)	(386,792)	93,040	479,832
Fund balances at beginning of year	232,264	232,264	232,264	-
Prior year encumbrances appropriated	154,528	154,528	154,528	-
Fund balance at end of year	<u>\$ 232,264</u>	<u>\$ -</u>	<u>\$ 479,832</u>	<u>\$ 479,832</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MOTOR VEHICLE AND GASOLINE TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$ 26,858	\$ 32,271	\$ 32,669	\$ 398
Fines and forfeitures	26,480	31,816	32,209	393
Intergovernmental	6,222,280	7,476,102	7,568,410	92,308
Rental income	6,906	8,298	8,400	102
Other	17,476	20,998	21,257	259
Total revenues	<u>6,300,000</u>	<u>7,569,485</u>	<u>7,662,945</u>	<u>93,460</u>
Expenditures:				
Current:				
Public works	6,356,347	8,377,931	7,674,475	703,456
Debt service:				
Principal retirement	66,386	66,386	66,386	-
Interest and fiscal charges	2,581	2,581	2,581	-
Total expenditures	<u>6,425,314</u>	<u>8,446,898</u>	<u>7,743,442</u>	<u>703,456</u>
Excess of expenditures over revenues	<u>(125,314)</u>	<u>(877,413)</u>	<u>(80,497)</u>	<u>796,916</u>
Other financing sources:				
Note issuance	-	-	342,014	342,014
Transfers in	-	-	150,000	150,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>492,014</u>	<u>492,014</u>
Net change in fund balances	(125,314)	(877,413)	411,517	1,288,930
Fund balances at beginning of year	2,898,948	2,898,948	2,898,948	-
Prior year encumbrances appropriated . . .	125,314	125,314	125,314	-
Fund balance at end of year	<u>\$ 2,898,948</u>	<u>\$ 2,146,849</u>	<u>\$ 3,435,779</u>	<u>\$ 1,288,930</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MENTAL HEALTH FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Real and other taxes	\$ 995,963	\$ 995,963	\$ 1,908,674	\$ 912,711
Intergovernmental	1,041,078	1,041,078	1,995,134	954,056
Other	37,859	37,859	72,553	34,694
Total revenues	<u>2,074,900</u>	<u>2,074,900</u>	<u>3,976,361</u>	<u>1,901,461</u>
Expenditures:				
Current:				
Health	<u>1,341,196</u>	<u>6,066,623</u>	<u>3,910,109</u>	<u>2,156,514</u>
Total expenditures	<u>1,341,196</u>	<u>6,066,623</u>	<u>3,910,109</u>	<u>2,156,514</u>
Net change in fund balances	733,704	(3,991,723)	66,252	4,057,975
Fund balances at beginning of year	<u>4,725,426</u>	<u>4,725,426</u>	<u>4,725,426</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,459,130</u>	<u>\$ 733,703</u>	<u>\$ 4,791,678</u>	<u>\$ 4,057,975</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 BOARD OF DEVELOPMENTAL DISABILITIES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Real and other taxes.	\$ 4,056,119	\$ 4,035,302	\$ 6,163,711	\$ 2,128,409
Charges for services.	2,697	2,683	4,098	1,415
Intergovernmental.	4,745,334	4,720,981	7,211,049	2,490,068
Contributions and donations.	5,086	5,060	7,729	2,669
Other	65,062	64,728	98,697	33,969
Total revenues	<u>8,874,298</u>	<u>8,828,754</u>	<u>13,485,284</u>	<u>4,656,530</u>
Expenditures:				
Current:				
Human services.	13,217,728	13,517,728	12,843,092	674,636
Total expenditures	<u>13,217,728</u>	<u>13,517,728</u>	<u>12,843,092</u>	<u>674,636</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(4,343,430)</u>	<u>(4,688,974)</u>	<u>642,192</u>	<u>5,331,166</u>
Other financing sources (uses):				
Transfers in	-	-	172	172
Transfers (out).	-	(300,000)	(300,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(300,000)</u>	<u>(299,828)</u>	<u>172</u>
Net change in fund balances	(4,343,430)	(4,988,974)	342,364	5,331,338
Fund balances at beginning of year	8,525,900	8,525,900	8,525,900	-
Fund balance at end of year	<u>\$ 4,182,470</u>	<u>\$ 3,536,926</u>	<u>\$ 8,868,264</u>	<u>\$ 5,331,338</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2013

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Water and Sewer</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
Assets:				
Current assets:				
Equity in pooled cash and investments	\$ 2,110,151	\$ 21,413	\$ 2,131,564	\$ 954,948
Receivables:				
Accounts	504,455	-	504,455	-
Special assessments	383,915	-	383,915	-
Prepayments	3,478	-	3,478	-
Total current assets	<u>3,001,999</u>	<u>21,413</u>	<u>3,023,412</u>	<u>954,948</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable capital assets	47,435	-	47,435	-
Depreciable capital assets, net.	6,785,216	-	6,785,216	-
Total capital assets, net.	<u>6,832,651</u>	<u>-</u>	<u>6,832,651</u>	<u>-</u>
Total assets	<u>9,834,650</u>	<u>21,413</u>	<u>9,856,063</u>	<u>954,948</u>
Liabilities:				
Current liabilities:				
Accounts payable.	48,985	-	48,985	720
Accrued wages and benefits payable	40,006	5,603	45,609	230
Due to other funds	1,291	-	1,291	-
Due to other governments	82,053	2,870	84,923	142
Accrued interest payable	52,062	-	52,062	-
Compensated absences payable - current.	21,058	-	21,058	-
Mortgage revenue bonds payable - current	172,364	-	172,364	-
OPWC loans payable	84,910	-	84,910	-
Mortgage revenue notes payable - current	8,350	-	8,350	-
Claims payable	-	-	-	228,540
Total current liabilities	<u>511,079</u>	<u>8,473</u>	<u>519,552</u>	<u>229,632</u>
Long-term liabilities:				
Compensated absences payable	74,014	-	74,014	-
Mortgage revenue bonds payable.	6,390,432	-	6,390,432	-
OWDA loans payable	2,261	-	2,261	-
OPWC loans payable	1,077,670	-	1,077,670	-
Mortgage revenue notes payable - current	16,700	-	16,700	-
Total long-term liabilities	<u>7,561,077</u>	<u>-</u>	<u>7,561,077</u>	<u>-</u>
Total liabilities	<u>8,072,156</u>	<u>8,473</u>	<u>8,080,629</u>	<u>229,632</u>
Net position:				
Net investment in capital assets.	(920,036)	-	(920,036)	-
Unrestricted	2,682,530	12,940	2,695,470	725,316
Total net position.	<u>\$ 1,762,494</u>	<u>\$ 12,940</u>	<u>1,775,434</u>	<u>\$ 725,316</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.			<u>5,390</u>	
Net position of business-type activities			<u>\$ 1,780,824</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	Water and Sewer	Nonmajor Enterprise Funds	Total	Activities - Internal Service Fund
Operating revenues:				
Charges for services	\$ 2,610,587	\$ 10,000	\$ 2,620,587	\$ 4,026,990
Other operating revenues	56,469	35	56,504	215
Total operating revenues.	<u>2,667,056</u>	<u>10,035</u>	<u>2,677,091</u>	<u>4,027,205</u>
Operating expenses:				
Personal services	719,238	79,143	798,381	6,564
Contractual services.	1,035,818	-	1,035,818	512,065
Materials and supplies.	136,164	-	136,164	-
Claims expense	-	-	-	3,304,553
Depreciation.	355,979	-	355,979	-
Other	266,666	-	266,666	-
Total operating expenses.	<u>2,513,865</u>	<u>79,143</u>	<u>2,593,008</u>	<u>3,823,182</u>
Operating income (loss)	<u>153,191</u>	<u>(69,108)</u>	<u>84,083</u>	<u>204,023</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(302,868)	-	(302,868)	-
Interest income.	220	-	220	-
Intergovernmental	286,606	31,500	318,106	-
Total nonoperating revenues (expenses).	<u>(16,042)</u>	<u>31,500</u>	<u>15,458</u>	<u>-</u>
Income (loss) before contributions and transfers	137,149	(37,608)	99,541	204,023
Transfer in	84,928	-	84,928	200,000
Capital contributions.	705,269	-	705,269	-
Change in net position	927,346	(37,608)	889,738	404,023
Net position at beginning of year (restated)	<u>835,148</u>	<u>50,548</u>		<u>321,293</u>
Net position at end of year	<u>\$ 1,762,494</u>	<u>\$ 12,940</u>		<u>\$ 725,316</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.			5,390	
Change in net position of business-type activities.			<u>\$ 895,128</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Nonmajor Enterprise Fund</u>	<u>Total</u>	
Cash flows from operating activities:				
Cash received from sales/charges for services	\$ 2,419,706	\$ 10,000	\$ 2,429,706	\$ 4,026,990
Cash received from other operations	54,836	35	54,871	215
Cash payments for personal services	(691,699)	(70,670)	(762,369)	(5,830)
Cash payments for contractual services	(996,613)	-	(996,613)	(522,206)
Cash payments for materials and supplies	(132,811)	-	(132,811)	-
Cash payments for claims	-	-	-	(3,339,753)
Cash payments for other expenses	(240,260)	-	(240,260)	-
Net cash provided by (used in) operating activities	<u>413,159</u>	<u>(60,635)</u>	<u>352,524</u>	<u>159,416</u>
Cash flows from noncapital financing activities:				
Cash received from grants and subsidies	312,346	31,500	343,846	-
Cash received from transfers in	84,928	-	84,928	200,000
Net cash provided by noncapital financing activities	<u>397,274</u>	<u>31,500</u>	<u>428,774</u>	<u>200,000</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(205,943)	-	(205,943)	-
Principal retirement on mortgage revenue notes	(8,350)	-	(8,350)	-
Principal retirement on mortgage revenue bonds	(166,443)	-	(166,443)	-
Principal retirement on OPWC loans	(74,909)	-	(74,909)	-
Principal retirement on OWDA loans	(64,922)	-	(64,922)	-
Interest and fiscal charges	(304,720)	-	(304,720)	-
Issuance of OPWC loans	139,994	-	139,994	-
Issuance of OWDA loans	26,625	-	26,625	-
Capital contributions	55,196	-	55,196	-
Net cash used in capital and related financing activities	<u>(603,472)</u>	<u>-</u>	<u>(603,472)</u>	<u>-</u>
Cash flows from investing activities:				
Interest received	263	-	263	-
Net cash provided by investing activities	<u>263</u>	<u>-</u>	<u>263</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	207,224	(29,135)	178,089	359,416
Cash and investments at beginning of year (restated)	1,902,927	50,548	1,953,475	595,532
Cash and investments at end of year	<u>\$ 2,110,151</u>	<u>\$ 21,413</u>	<u>\$ 2,131,564</u>	<u>\$ 954,948</u>

- - Continued

COLUMBIANA COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Water and Sewer</u>	<u>Nonmajor Enterprise Fund</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 153,191	\$ (69,108)	\$ 84,083	\$ 204,023
Adjustments:				
Depreciation.	355,979	-	355,979	-
Changes in assets and liabilities:				
(Increase) in accounts receivable.	(129,348)	-	(129,348)	-
(Increase) in special assessments receivable	(63,166)	-	(63,166)	-
(Increase) in prepayments	(272)	-	(272)	-
Increase (decrease) in accounts payable.	9,712	-	9,712	(9,421)
Increase in accrued wages and benefits	15,189	5,603	20,792	19
Increase (decrease) in due to other governments	54,437	2,870	57,307	(5)
Increase in compensated absences payable.	16,146	-	16,146	-
Increase in due to other funds	1,291	-	1,291	-
(Decrease) in claims payable	-	-	-	(35,200)
Net cash provided by (used in) operating activities	<u>\$ 413,159</u>	<u>\$ (60,635)</u>	<u>\$ 352,524</u>	<u>\$ 159,416</u>

Noncash transactions:

During 2013, the water and sewer fund received \$650,073 in capital contributions from governmental activities.
 At December 31, 2012, the water and sewer fund purchased \$96,892 in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013

	<u>Private-Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and investments.	\$ -	\$ 4,395,576
Cash and cash equivalents in segregated accounts	69,134	986,647
Receivables:		
Real and other taxes	-	79,284,385
Special assessments	-	728,994
Due from other governments	-	6,953,221
	<hr/>	<hr/>
Total assets	69,134	\$ 92,348,823
	<hr/>	<hr/>
Liabilities:		
Intergovernmental payable	-	\$ 89,651,034
Deposits held and due to others.	-	986,647
Undistributed assets.	-	1,112,998
Payroll withholdings	-	598,144
	<hr/>	<hr/>
Total liabilities	-	\$ 92,348,823
	<hr/>	<hr/>
Net position:		
Held in trust for children services	<hr/> 69,134	
Total net position.	\$ 69,134	
	<hr/>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Private-Purpose Trust
	<hr/>
Additions:	
Investment income.	\$ 421
Contributions and donations.	29,783
Total additions	<hr/> 30,204 <hr/>
 Deductions:	
Payments in accordance with trust agreements	45,843
Total deductions.	<hr/> 45,843 <hr/>
 Change in net position.	(15,639)
 Net position at beginning of year.	<hr/> 84,773 <hr/>
 Net position at end of year	<hr/> \$ 69,134 <hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 - DESCRIPTION OF THE COUNTY

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

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No.61 “The Financial Reporting Entity; Omnibus”. 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. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County.

A. Primary Government

The primary government of the County consists of all funds, departments, board and agencies that are not legally separate from the County. For the County this includes the departments and agencies that provide the following services: Columbiana County Mental Health and Recovery Board, Columbiana County Mental Health Center, Columbiana County Board of Developmental Disabilities (which includes the Robert Bycroft School, the Columbiana County Adult Mentally Handicapped Workshop and all departments and activities that are directly operated by the elected County officials).

B. Component Units

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization’s governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization’s resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the issuance of debt, or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. The County has no component units.

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 - DESCRIPTION OF THE COUNTY - (Continued)

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

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

The County is associated with one shared risk pool and one related organization, the County Risk Sharing Authority, Inc. and the Columbiana County Airport Authority, which are presented in Notes 19 and 21, respectively, to the basic financial statements. The County is also involved in the following jointly governed organizations:

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

These organizations are presented in Note 20 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

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

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the County are financed. 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 plus deferred outflows of resources less liabilities plus deferred inflows of resources is reported as fund balance. The following are the County's major governmental funds:

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

Job and Family Services Fund - The job and family services fund accounts for various federal and state grants and reimbursements that are restricted for human services programs.

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Motor Vehicle and Gasoline Tax Fund - The motor vehicle and gasoline tax fund accounts for receipts derived from motor vehicle licenses, gasoline taxes, grants and interest. Disbursements in this fund are restricted by state law to County road and bridge repair/improvements programs.

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

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

Other governmental funds of the County are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

PROPRIETARY FUNDS

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

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

Water & Sewer Fund - The water and sewer fund accounts for water and sanitary sewer services provide to County individuals and commercial users in the majority of the unincorporated areas of the County.

Other enterprise funds of the County are used to account for police communication dispatching services.

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

FIDUCIARY FUNDS

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

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources 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, current deferred outflows of resources, current liabilities and current deferred inflows of resources 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 statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of 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; proprietary funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred 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, are 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 sixty days after year end.

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 (See Note 8). Revenue from sales taxes is recognized in the period in which the sales are made (See Note 7). 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 tax), grants, interest and rent.

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the County that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the County that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance 2014 operations and other revenues received in advance of the year for which they were intended to finance, have been recorded as a deferred inflow of resources. Sales taxes not received within the available period, grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at December 31, 2013, are recorded as deferred inflow of resources in the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expense/Expenditures - On the accrual basis of accounting, 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 tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, program, department, and object level for all funds.

COLUMBIANA COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

F. Cash and Cash Equivalents

To improve cash management, cash received by the County, except cash held by a fiscal agent, is pooled and invested. Individual fund integrity is maintained through County records. Interest in the pool is presented as “equity in pooled cash and investments.” The County has segregated bank accounts for monies held separate from the County’s central bank account. These monies are presented in the financial statements as “cash and cash equivalents in segregated accounts” since they are not required to be deposited into the County treasury.

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

During 2013, investments were limited to nonnegotiable certificates of deposit, General Electric Commercial Paper, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, governmental money market accounts and State Treasury Asset Reserve of Ohio (STAR Ohio).

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

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 shares price, which is the price the investment could be sold for on December 31, 2013.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2013 amounted to \$192,544, which includes \$180,025 assigned from other County funds.

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

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption. On the fund financial statements, reported inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

H. 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. On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance in governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

I. Capital Assets

Governmental capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of 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 \$5,000 for all capital assets except infrastructure. The capitalization threshold for infrastructure is \$100,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the assets 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. The County's infrastructure consists of roads, bridges, sewer lines and water lines. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 40 years
Buildings and Improvements	10 - 40 years
Machinery and Equipment	5 - 15 years
Vehicles	2 - 6 years
Infrastructure	20 - 50 years
Software	5 years

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Unamortized Bond Premium/Unamortized Deferred Charges on Refunding/Bond Issuance Costs

Bond premiums and deferred charges on refundings are deferred and amortized over the term of the bonds using the bond outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. Unamortized deferred charges on refunding are reported as a deferred outflow of resources on the statement of net position. On the governmental fund financial statements, bond premiums and deferred charges on refundings are recognized in the period when the debt is issued. Bond issuance costs are expensed when they occur.

K. Compensated Absences

Vacation benefits and compensation time 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 and compensation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in each of County's' departments termination policies. The County records a liability for accumulated unused sick leave for employees with ten or more years of service at varying rates depending on County policy.

L. Loans Receivable

Loans receivable represent the right to receive repayment for certain loans made by the County. These loans are based upon written agreements between the County and the various loan recipients.

M. Accrued Liabilities and Long-term Obligations

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

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

N. Internal Activity

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

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 the 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.

O. Interfund Balances

Receivables and payables resulting from routine lag between the dates interfund goods and services are provided or reimbursed expenditures occur are classified as “due to/due from other funds”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

P. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by the creditors, grantors or laws or regulations of other governments. As of December 31, 2013, there was no net position restricted by enabling legislation.

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

Q. 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 the governmental funds. The classifications are as follows:

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

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

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Board of County Commissioners, which includes giving the County Auditor the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

R. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, from grants or outside contributions of resources restricted to capital acquisition and construction, or from other funds within the County. The County's water and sewer fund had \$650,073 in capital contributions from governmental funds and \$55,196 in grants.

S. Estimates

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County administration and that are either unusual in nature or infrequent in occurrence. The County had no extraordinary or special items during 2013.

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the County has implemented GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*" and GASB Statement No. 66, "*Technical Corrections-2012*".

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the County.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the County.

For the fiscal year ended December 31, 2013, the County has presented for the first time its basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). In conjunction with this presentation, the County has (1) converted its governmental funds to the modified accrual basis of accounting and (2) converted its enterprise funds, governmental activities and business-type activities to the accrual basis of accounting.

Modified Accrual Basis Adjustments – the conversion of the governmental funds from the cash-basis of accounting to the modified accrual basis of accounting required certain adjustments to be recorded at December 31, 2012 to the fund cash balances as previously reported to reflect the prior year’s effect of adopting these new accounting principles.

Accrual Basis Adjustments – the conversion of the enterprise funds from the cash-basis of accounting to the accrual basis of accounting required certain adjustments to be recorded at December 31, 2012 to the net cash position as previously reported to reflect the prior year’s effect of adopting these new accounting principles.

The restatement to the December 31, 2012 fund cash balances for the governmental funds follows:

	Fund Cash Balance <u>December 31, 2012</u>	Modified Accrual Basis <u>Adjustments</u>	Restated Fund Balance <u>January 1, 2013</u>
Governmental fund:			
General fund	\$ 3,742,386	\$ 2,372,373	\$ 6,114,759
Job and family services fund	386,792	917,109	1,303,901
Motor vehicle and gas tax fund	3,024,262	1,055,266	4,079,528
Mental health fund	4,725,426	(156,988)	4,568,438
Board of developmental disabilities fund	11,070,109	(357,724)	10,712,385
Other governmental funds	<u>14,681,288</u>	<u>582,580</u>	<u>15,263,868</u>
Total governmental funds	<u>\$ 37,630,263</u>	<u>\$ 4,412,616</u>	<u>\$ 42,042,879</u>

COLUMBIANA COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The restatement to the December 31, 2012 net cash position for the enterprise funds follows:

	Net Cash Position <u>December 31, 2012</u>	Accrual Basis <u>Adjustments</u>	Restated Net Position <u>January 1, 2013</u>
Proprietary funds:			
Business-type activities:			
Water and sewer	\$ 1,902,972	\$ (1,067,824)	\$ 835,148
Nonmajor enterprise fund	50,548	-	50,548
Internal service fund	<u>595,533</u>	<u>(274,240)</u>	<u>321,293</u>
Total proprietary funds	<u>\$ 2,549,053</u>	<u>\$ (1,342,064)</u>	<u>\$ 1,206,989</u>

Under GAAP, the County's government-wide financial statements are prepared on the accrual basis of accounting. The government-wide financial statements show the County's programs for governmental activities and business-type activities. The conversion of the governmental activities and business-type activities from the cash-basis of accounting to the accrual basis of accounting required certain adjustments to be recorded at December 31, 2012 to the net cash position as previously reported to reflect the prior year's effect of adopting these new accounting principles. Since the enterprise funds and the business-type activities are both reported on the accrual basis of accounting under GAAP, the total accrual basis adjustments required are the same for both.

Fiduciary Activities - Agency funds do not report fund balances; therefore no transition is required to restate the beginning net cash position.

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The restatement to the December 31, 2012 net cash position for the governmental activities and business-type activities follows:

	Governmental Activities	Business-Type Activities
Net cash position, December 31, 2012	\$ 38,225,796	\$ 1,953,520
Modified accrual basis adjustments	4,412,616	-
Internal service fund basic adjustments	(274,240)	-
Accrual basis adjustments:		
Accounts receivable	-	375,105
Special assessments receivable	-	320,749
Due from other governments	-	25,740
Prepayments	-	3,206
Accounts payable	-	(136,165)
Accrued wages and benefits payable	-	(24,817)
Due to other governments	-	(27,616)
Capital assets, net	47,695,805	6,429,506
Long-term (deferred) assets	13,567,252	-
Deferred outflows	198,612	-
Compensated absences payable	(4,132,983)	(78,926)
Accrued interest payable	(247,342)	(53,914)
Long-term debt	(25,232,667)	(7,900,692)
Restated net position, January 1, 2013	\$ 74,212,849	\$ 885,696

B. Deficit Fund Balances

Fund balances at December 31, 2013 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Development department enterprise zone fund	\$ 175,323
Domestic violence shelter	896

The deficits in these funds are due to the reporting of notes payable as a fund liability and accrued liabilities.

NOTE 4 - 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.

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 Notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange 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;

COLUMBIANA COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 4 - 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year-end, the County had \$141,070 in undeposited cash on hand, which is included on the financial statements of the County as part of "equity in pooled cash and investments".

B. Cash with Fiscal Agent

At year-end, the County had \$1,853,646 in cash held by an outside party which is included on the financial statements of the County as "cash and cash equivalents with fiscal agent". The amount is not included in deposits with financial institutions below.

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Deposits with Financial Institutions

At December 31, 2013, the carrying amount of all County deposits was \$18,112,052. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2013, \$6,129,557 of the County’s bank balance of \$19,334,188 was exposed to custodial risk as discussed below, while \$13,204,631 was covered by the Federal Deposit Insurance Corporation (FDIC).

The County has no deposit policy for custodial risk beyond the requirements of State statute. Custodial credit risk is the risk that, in the event of bank failure, the County’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County.

D. Investments

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

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 - 12 months	13 - 18 months	19 - 24 months	More than 24 months
Commercial paper	\$ 1,999,100	\$ 1,999,100	\$ -	\$ -	\$ -	\$ -
FFCB	7,467,134	-	2,966,359	1,003,590	1,999,520	1,497,665
FHLB	4,198,546	-	-	750,777	-	3,447,769
FHLMC	4,726,887	-	-	1,500,940	-	3,225,947
FNMA	9,935,110	-	-	1,477,295	-	8,457,815
Governmental money market	779	779	-	-	-	-
STAR Ohio	880,215	880,215	-	-	-	-
Total	\$ 29,207,771	\$ 2,880,094	\$ 2,966,359	\$ 4,732,602	\$ 1,999,520	\$ 16,629,196

The weighted average maturity of investments at December 31, 2013 is 1.99 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The County’s investment in commercial paper (General Electric) was rated A-1+ and P-1 by Standard & Poor’s and Moody’s Investor Services, respectively. The County’s investments in federal agency securities were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. Standard & Poor’s has assigned the governmental money market and STAR Ohio an AAAM money market rating. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard rating service.

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the County's name. The County has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2013:

<u>Investment type</u>	<u>Amount</u>	<u>Percent of Total</u>
Commercial paper	\$ 1,999,100	6.85
FFCB	7,467,134	25.57
FHLB	4,198,546	14.37
FHLMC	4,726,887	16.18
FNMA	9,935,110	34.01
Governmental money market	779	0.01
STAR Ohio	880,215	3.01
Total	<u>\$ 29,207,771</u>	<u>100.00</u>

E. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net position as of December 31, 2013:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 18,112,052
Investments	29,207,771
Cash on hand	141,070
Cash with fiscal agent	1,853,646
Total	<u>\$ 49,314,539</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 41,731,618
Business-type activities	2,131,564
Private purpose trust	69,134
Agency funds	5,382,223
Total	<u>\$ 49,314,539</u>

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 5 - INTERFUND RECEIVABLES/PAYABLES

Due to/from other funds at December 31, 2013, consisted of the following as reported on the fund statements:

	<u>General</u>	<u>Job and Family Services</u>	<u>Board of Developmental Disabilities</u>	<u>Other Governmental</u>	<u>Total Due to Other Funds</u>
General	\$ -	\$ -	\$ -	\$ 1,705	\$ 1,705
Job and Family Services	-	-	-	18,879	18,879
Motor Vehicle and Gasoline Tax	1,998	-	-	194	2,192
Board of Developmental Disabilities	-	-	-	758	758
Other Governmental	32,306	118,258	44,237	477,655	672,456
Water and Sewer	<u>1,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,291</u>
Total due from other funds	<u>\$ 35,595</u>	<u>\$ 118,258</u>	<u>\$ 44,237</u>	<u>\$ 499,191</u>	<u>\$ 697,281</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances are due within one year.

Amounts due to/from other funds between governmental funds are eliminated on the government-wide financial statements. Amounts due to/from other funds between governmental activities and business-type activities are reported as an internal balance on the statement of net position.

NOTE 6 - INTERFUND TRANSFERS

During 2013, the following transfers were made:

	<u>Transfers Out</u>			<u>Total</u>
	<u>General</u>	<u>Board of Developmental Disabilities</u>	<u>Other Governmental</u>	
<u>Transfers In</u>				
Job and Family Services	\$ 219,319	\$ -	\$ -	\$ 219,319
Motor Vehicle and Gasoline Tax	150,000	-	-	150,000
Board of Developmental Disabilities	172	-	-	172
Other Governmental	1,800,708	300,000	414,856	2,515,564
Internal Service	200,000	-	-	200,000
Water and Sewer	<u>-</u>	<u>-</u>	<u>84,928</u>	<u>84,928</u>
Total	<u>\$ 2,370,199</u>	<u>\$ 300,000</u>	<u>\$ 499,784</u>	<u>\$ 3,169,983</u>

COLUMBIANA COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 6 - INTERFUND TRANSFERS - (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The \$300,000 transfer from the board of developmental fund and the capital improvement fund (a nonmajor governmental fund) was to fund capital projects for that program. The \$84,928 transfer from the other capital improvements fund (a nonmajor governmental fund) was for debt service payments. The transfers from other governmental funds to other governmental funds primarily consisted of transfers for debt service payments.

Transfers between governmental funds are eliminated on the government-wide financial statements. Transfers between enterprise funds are eliminated on the government-wide financial statements. Transfers between governmental activities and business-type activities are reported as transfers on the statement of activities.

NOTE 7 - PERMISSIVE SALES TAX

Beginning in 2001, the County levied a 1 percent permissive sales tax. The proceeds of the tax are credited to the County's general fund. During September 2002, the County Commissioners approved an increase in the permissive sales tax from 1 percent to 1.5 percent. On May 3, 2005, the County renewed 1 percent of the 1.5 percent sales tax. In November 2005, the County's remaining 0.5 percent of the sales tax did not get renewed. The County Commissioners subsequently imposed an additional 0.5 percent sales tax that brought the current sales tax rate to 1.5 percent. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County from the State Auditor. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Office of Budget and Management then has five days in which to draw the warrant payable to the County. The County received \$15,972,858 in sales tax revenues on a modified accrual basis in 2013.

NOTE 8 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years and updated every three years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 8 - PROPERTY TAXES - (Continued)

The full tax rate for all County operations for the year ended December 31, 2013 was \$9.25 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2013 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$ 1,385,754,420
Commercial/Industrial/Mineral	243,679,220
<u>Public Utility</u>	<u>95,847,420</u>
Total Assessed Value	<u>\$ 1,725,281,060</u>

NOTE 9 - RECEIVABLES

Receivables at December 31, 2013, consisted of accounts (billings for user charged services, including unbilled utility services); sales taxes; accrued interest; amounts due from other governments including grants, entitlements, and shared revenues; interfund; real and other taxes, loans (microenterprise and economic development revolving loan fund monies loaned to County residents), and special assessments. All receivables are considered collectible in full and within one year, except for real and other taxes (property taxes), loans and special assessments. Real and other taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Loans receivable represent low interest loans for development projects granted to eligible County residents under microenterprise and ED RLF loan programs. The loans have various interest rates and are to be repaid over a period of years. Loans outstanding at December 31, 2013, were \$127,159. Loans receivable are net of \$175,826 in loans determined to be not collectible.

Special assessments receivable in the sewer enterprise fund relate to delinquent sewer bills.

A summary of the principal amounts due from other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General Fund	Local Government	\$ 583,082
	Casino revenue	632,509
	Public defender	<u>28,921</u>
Total General Fund		<u>1,244,512</u>
Job and Family Services Fund	Grants	6,121,646
	Miscellaneous	<u>348,767</u>
Total Job and Family Services Fund		<u>6,470,413</u>
Motor Vehicle and Gasoline Tax Fund	Gas tax	1,115,670
	Motor vehicle license fees	1,912,481
	Miscellaneous	<u>12,000</u>
Total Motor Vehicle and Gasoline Tax Fund		<u>3,040,151</u>

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COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 9 - RECEIVABLES - (Continued)

Fund	Description	Amount
Mental Health Fund	Homestead and rollback	\$ 145,496
	Miscellaneous	91,935
Total Mental Health Fund		<u>237,431</u>
Board of Developmental Disabilities Fund	Homestead and rollback	449,261
	Grants	31,718
	Miscellaneous	117,419
Total Board of Development Disabilities Fund		<u>598,398</u>
Nonmajor governmental funds	Homestead and rollback	88,136
	Grants	2,528,000
	Miscellaneous	217,212
		<u>2,833,348</u>
Total Governmental Funds		<u>\$ 14,424,253</u>

NOTE 10 - CAPITAL ASSETS

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

	Balance <u>12/31/12</u>	Additions	Disposals	Balance <u>12/31/13</u>
<u>Governmental activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,281,026	\$ -	\$ -	\$ 1,281,026
Total capital assets, not being depreciated	<u>1,281,026</u>	<u>-</u>	<u>-</u>	<u>1,281,026</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,840,046	37,102	-	2,877,148
Buildings and improvements	30,327,629	856,468	-	31,184,097
Machinery and equipment	7,334,438	54,148	(9,562)	7,379,024
Vehicles	7,034,594	500,092	(79,500)	7,455,186
Infrastructure	30,780,441	568,609	(431,767)	30,917,283
Software	489,917	11,799	-	501,716
Total capital assets, being depreciated	<u>78,807,065</u>	<u>2,028,218</u>	<u>(520,829)</u>	<u>80,314,454</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(2,119,014)	(96,256)	-	(2,215,270)
Buildings and improvements	(10,853,093)	(702,602)	-	(11,555,695)
Machinery and equipment	(5,472,962)	(377,560)	9,562	(5,840,960)
Vehicles	(5,946,551)	(511,442)	79,500	(6,378,493)
Infrastructure	(7,949,180)	(1,415,790)	431,767	(8,933,203)
Software	(51,486)	(148,711)	-	(200,197)
Total accumulated depreciation	<u>(32,392,286)</u>	<u>(3,252,361)</u>	<u>520,829</u>	<u>(35,123,818)</u>
Total capital assets, being depreciated net	<u>46,414,779</u>	<u>(1,224,143)</u>	<u>-</u>	<u>45,190,636</u>
Governmental activities capital assets, net	<u>\$ 47,695,805</u>	<u>\$ (1,224,143)</u>	<u>\$ -</u>	<u>\$ 46,471,662</u>

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 10 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Governmental activities:

Legislative and executive	\$ 127,896
Judicial	289,713
Public safety	477,752
Public works	1,691,024
Health	12,169
Human services	<u>653,807</u>
Total depreciation expense	<u>\$ 3,252,361</u>

	<u>Balance</u>				<u>Balance</u>
	<u>12/31/12</u>	<u>Additions</u>	<u>Disposals</u>		<u>12/31/13</u>
<u>Business-type activities</u>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 47,435	\$ -	\$ -		\$ 47,435
Construction in progress	<u>2,085,657</u>	<u>650,073</u>	<u>(2,735,730)</u>		<u>-</u>
Total capital assets, not being depreciated	<u>2,133,092</u>	<u>650,073</u>	<u>(2,735,730)</u>		<u>47,435</u>
<i>Capital assets, being depreciated:</i>					
Land improvements	167,067	-	-		167,067
Buildings and improvements	2,211,551	-	-		2,211,551
Machinery and equipment	4,435,360	79,930	-		4,515,290
Vehicles	725,879	29,121	-		755,000
Infrastructure	<u>6,365,142</u>	<u>2,735,730</u>	-		<u>9,100,872</u>
Total capital assets, being depreciated	<u>13,904,999</u>	<u>2,844,781</u>	-		<u>16,749,780</u>
<i>Less: accumulated depreciation:</i>					
Land improvements	(142,176)	(4,749)	-		(146,925)
Buildings and improvements	(935,693)	(52,705)	-		(988,398)
Machinery and equipment	(4,024,405)	(60,496)	-		(4,084,901)
Vehicles	(720,379)	(11,324)	-		(731,703)
Infrastructure	<u>(3,785,932)</u>	<u>(226,705)</u>	-		<u>(4,012,637)</u>
Total accumulated depreciation	<u>(9,608,585)</u>	<u>(355,979)</u>	-		<u>(9,964,564)</u>
Total capital assets, being depreciated net	<u>4,296,414</u>	<u>2,488,802</u>	-		<u>6,785,216</u>
Business-type activities capital assets, net	<u>\$ 6,429,506</u>	<u>\$ 3,138,875</u>	<u>\$ (2,735,730)</u>		<u>\$ 6,832,651</u>

All depreciation was charged to the water and sewer enterprise fund.

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The County is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2013, the County contracted with County Risk Sharing Authority (CORSA) for liability, property and crime insurance. The CORSA program has a \$2,500 deductible.

Coverages provided by CORSA are as follows:

<u>Type of Coverage</u>	<u>Amount</u>
General Liability	\$ 1,000,000
Law Enforcement Professional Liability	1,000,000
Automobile Liability	1,000,000
Public Officials Errors and Omissions Liability	1,000,000
Excess Liability	5,000,000
Direct Physical Loss or Damage	158,268,472
Business Income/Extra Expense	1,000,000
Collapse	Per statement of values
Crime	1,000,000
Equipment Breakdown	100,000,000

B. Self-Insurance

The County has elected to provide medical, drug, vision and dental benefits through a self-insured program. The County maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in this program. The County uses a third party administrator, Anthem, to review, process, process and pay all claims on behalf of the County.

The claims liability of \$228,540 reported on the basic financial statements at December 31, 2013, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claim. Changes in the internal service fund's claims liability amounts in the past two years follows:

<u>Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of End of Year</u>
2013	\$ 263,740	\$ 3,304,553	\$ (3,339,753)	\$ 228,540
2012	419,590	3,444,665	(3,600,515)	263,740

C. Workers' Compensation

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

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 12 - PENSION PLANS

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the 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 which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013 member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2013 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 12.00% and 12.60%, respectively. The County's contribution rate for 2013 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.10% of covered payroll.

The County's contribution rate for pension benefits for members in the Traditional Plan for 2013 was 13.00%. The County's contribution rate for pension benefits for members in the Combined Plan was 13.00%. For those plan members in law enforcement and public safety pension contributions were 17.10%. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$2,800,994, \$2,169,916, and \$2,232,797, respectively; 91.94% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 pension liability has been reported as due to other governments on the basic financial statements. Contributions to the member-directed plan for 2013 were \$42,198 made by the County and \$30,141 made by the plan members.

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 12 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

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

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

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

Funding Policy - For 2013, plan members were required to contribute 10 percent of their annual covered salaries for the period January 1, 2013 through June 30, 2013 and 11 percent of their annual covered salaries for the period July 1, 2013 through December 31, 2013. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for the period January 1, 2013 through June 30, 2013 and 11 percent for the period July 1, 2013 through December 31, 2013 for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2013, 2012 and 2011 were \$84,585, \$93,779 and \$101,287, respectively; 100 percent has been contributed for 2013, 2012 and 2011.

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 13 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement

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

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013 local government employers contributed 14.00% of covered payroll (18.10% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2013 was 1.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2013 was 1.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$212,164, \$850,861, and \$873,900, respectively; 91.94% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

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

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 13 - POSTRETIREMENT BENEFIT PLANS - (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2013, 2012 and 2011 were \$6,507, \$7,234 and \$7,791, respectively; 100 percent has been contributed for 2013, 2012 and 2011.

NOTE 14 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the County entered into capital lease agreements for copiers and plotters for the engineer's department.

The terms of the lease agreements provide an option to purchase the equipment. These leases meet the criteria of a capital lease which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general fund and the motor vehicle and gasoline tax fund in the fund financial statements. Capital assets, acquired by lease, have been capitalized in the amount of \$89,377. This amount is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded. Accumulated depreciation on the equipment totaled \$43,711 leaving a current book value of \$45,666. Principal payments in 2013 totaled \$8,844 in the general fund and \$8,409 in the motor vehicle and gasoline tax fund.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2013:

<u>Year Ending</u> <u>December 31,</u>	<u>Equipment</u>
2014	\$ 20,685
2015	20,063
2016	7,380
2017	<u>1,197</u>
Total minimum lease payments	49,325
Less: amount representing interest	<u>(3,703)</u>
Present value of future minimum lease payments	<u>\$ 45,622</u>

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 15 - OPERATING LEASE

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

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

NOTE 16 - LONG-TERM OBLIGATIONS

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

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Year of Maturity</u>
Governmental Activities Debt			
<u>General Obligation Notes:</u>			
County EMA	4.73%	\$ 112,000	2016
Data Processing Loan	4.10%	1,000,000	2014
Clerk of Courts Server Upgrade & Computers	2.75%	471,532	2017
Clerk of Courts Office Equipment	2.75%	38,984	2017
Auditors & Veterans Services Upgrades	2.75%	155,676	2017
Engineer's Property	2.50%	135,178	2017
Engineer's Salt Storage Shed	2.80%	342,014	2018
<u>General Obligation Bonds:</u>			
Refunding Jail Facilities Bonds	4.00 - 4.12%	8,490,000	2024
Government Services Building 2012	2.00 - 4.375%	7,405,000	2052
Courthouse Window Renovations	4.13%	844,000	2037
Courthouse Renovations	4.25%	2,714,000	2036
Ohio Wellsville Water System	3.25%	1,332,000	2039
Murray Trucking Old Farm Village	4.50%	502,000	2041
Municipal Court Bonds #1	4.38%	300,000	2034
Municipal Court Bonds #2	4.38%	2,865,000	2034
Government Services Building 2010A Bonds	2.00 - 4.00%	490,000	2020
Government Services Building 2010B Bonds	6.85 - 7.85%	1,615,000	2038
Series 2013 Refunding Bonds	3.50%	1,686,000	2033
<u>Ohio Water Development Authority Loan:</u>			
Hanoverton Planning Permanent Financing	6.04%	1,178,054	2021

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 16 - LONG-TERM OBLIGATIONS - (Continued)

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

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 16 - LONG-TERM OBLIGATIONS - (Continued)

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

<u>Governmental Activities:</u>	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/13</u>	<u>Amount Due</u> <u>In One Year</u>
<u>General Obligation Notes:</u>					
County EMA	\$ 44,800	\$ -	\$ (11,200)	\$ 33,600	\$ 11,200
Data Processing Loan	200,000	-	(100,000)	100,000	100,000
Clerk of Courts Server Upgrade	471,532	-	(89,195)	382,337	91,682
Clerk of Courts Office Equipment	38,984	-	(7,374)	31,610	7,580
Auditors & Veterans Services Upgrades	141,054	-	(29,845)	111,209	30,682
Engineer's Property	113,810	-	(26,231)	87,579	26,903
Engineer's Salt Storage Building	-	342,014	(40,155)	301,859	62,596
	<u>1,010,180</u>	<u>342,014</u>	<u>(304,000)</u>	<u>1,048,194</u>	<u>330,643</u>
<u>General Obligation Bonds:</u>					
Refunding Jail Facilities Bonds	6,570,000	-	(440,000)	6,130,000	450,000
Unamortized Premium	56,234	-	(4,686)	51,548	-
Total Refunding Jail Facilities Bonds	<u>6,626,234</u>	<u>-</u>	<u>(444,686)</u>	<u>6,181,548</u>	<u>450,000</u>
Government Services Bldg 2012 Bonds	7,405,000	-	(150,000)	7,255,000	155,000
Unamortized Premium	153,833	-	(3,846)	149,987	-
Total Government Services Bldg 2012 Bonds	<u>7,558,833</u>	<u>-</u>	<u>(153,846)</u>	<u>7,404,987</u>	<u>155,000</u>
Courthouse Window Renovations	764,000	-	(18,000)	746,000	19,000
Courthouse Renovations	2,405,000	-	(60,000)	2,345,000	62,000
Ohio Wellsville Water Systems	1,069,000	-	(25,000)	1,044,000	26,000
Murray Trucking Old Farm Village	437,000	-	(8,000)	429,000	8,000
Municipal Court Bonds #1	254,000	-	(7,000)	247,000	7,000
Municipal Court Bonds #2	2,417,000	-	(68,000)	2,349,000	71,000
Government Services Bldg 2010A Bonds	440,000	-	(50,000)	390,000	50,000
Government Services Bldg 2010B Bonds	1,615,000	-	(1,615,000)	-	-
Seies 2013 Refunding Bonds	-	1,686,000	-	1,686,000	-
	<u>23,586,067</u>	<u>1,686,000</u>	<u>(2,449,532)</u>	<u>22,822,535</u>	<u>848,000</u>
<u>Ohio Water Development Authority Loan:</u>					
Hanoverton Planning Permanent Financing	573,545	-	(57,863)	515,682	61,359
<u>Other Long-Term Obligations:</u>					
Capital Leases	62,875	-	(17,253)	45,622	18,357
Compensated Absences	4,320,441	220,693	(356,994)	4,184,140	204,682
Total Governmental Activities	<u>\$ 29,553,108</u>	<u>\$ 2,248,707</u>	<u>\$ (3,185,642)</u>	<u>\$ 28,616,173</u>	<u>\$ 1,463,041</u>

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 16 - LONG-TERM OBLIGATIONS - (Continued)

<u>Business-Type Activities:</u>	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/13</u>	<u>Amount Due</u> <u>In One Year</u>
<u>Mortgage Revenue Notes:</u>					
Vodry State Route 170 Duke Road Sewer	\$ 33,400	\$ -	\$ (8,350)	\$ 25,050	\$ 8,350
<u>Mortgage Revenue Bonds:</u>					
Guilford Lake Sewer	120,000	-	(15,000)	105,000	15,000
Ohio Elkrun Sewer	1,722,000	-	(34,000)	1,688,000	35,000
Winona Area Waste System #1	548,000	-	(8,000)	540,000	8,000
Winona Area Waste System #2	338,000	-	(5,000)	333,000	5,000
Winona Sanitary Sewer	80,807	-	(11,944)	68,863	12,526
Beaver Local Wastewater #1	324,281	-	(13,976)	310,305	14,642
Beaver Local Wastewater #2	69,469	-	(34,010)	35,459	35,459
Roseview Acres	30,682	-	(4,513)	26,169	4,737
Glenmoor/Lacroft Sanitary Sewer	3,496,000	-	(40,000)	3,456,000	42,000
Total Mortgage Revenue Bonds	<u>6,729,239</u>	<u>-</u>	<u>(166,443)</u>	<u>6,562,796</u>	<u>172,364</u>
<u>OPWC Loans:</u>					
State Route 7 Water Line Extension #1	23,750	-	(2,500)	21,250	2,500
State Route 7 Water Line Extension #2	50,400	-	(4,800)	45,600	4,800
Stagecoach - Dairy Lane	11,825	-	(5,912)	5,913	5,913
State Route 45 Water Line Extension	187,500	-	(37,500)	150,000	37,500
Roseview Acres Treatment Plant	160,430	-	(6,054)	154,376	6,054
Glenmoor Sewer System	203,584	-	(8,143)	195,441	8,143
Home Road Sewer Project	460,006	139,994	(10,000)	590,000	20,000
Total OWPC Loans	<u>1,097,495</u>	<u>139,994</u>	<u>(74,909)</u>	<u>1,162,580</u>	<u>84,910</u>
<u>OWDA Loans:</u>					
County Home Road Sanitary Sewer	33,805	26,625	(44,198)	16,232	-
County Home Road Waterline Extension	6,753	-	(20,724)	(13,971)	-
Total OWDA Loans	<u>40,558</u>	<u>26,625</u>	<u>(64,922)</u>	<u>2,261</u>	<u>-</u>
<u>Other Long-Term Obligations:</u>					
Compensated Absences	78,926	27,613	(11,467)	95,072	21,058
Total Business-Type Activities	<u>\$ 7,979,618</u>	<u>\$ 194,232</u>	<u>\$ (326,091)</u>	<u>\$ 7,847,759</u>	<u>\$ 286,682</u>

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

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

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 16 - LONG-TERM OBLIGATIONS - (Continued)

Capital leases: See Note 14 for details on capital leases.

Compensated absences: Compensated absences will be paid from the fund from which the employees' salaries are paid. For the County's governmental activities, this is primarily the general fund, the job and family services fund, the motor vehicle and gasoline tax fund and the board of developmental disabilities fund. For business-type activities, this is primarily the water and sewer fund.

Government Services Building Notes/Bonds

The \$10,000,000 debt issue consists of notes, serial and term bonds. The notes were issued with a varying interest rate of 1.5-2.5 percent. The notes were paid off during 2012 with the issuance of bonds. The serial bonds were issued with a varying interest rate of 2.0-4.0 percent.

On June 26, 2013, the County issued \$1,685,000 in Series 2013 Refunding Bonds. The bonds were issued to refund \$1,615,000 of the Governmental Service Building 2010B Bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds at December 31, 2013 was \$1,615,000.

The reacquisition price exceeded the net carrying amount of the old debt by \$25,266. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2033. This advance refunding was undertaken to reduce the combined total debt service payments over the next 20 years by \$290,895 and resulted in an economic gain of \$116,697.

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

Ohio Public Works Commission (OPWC) Loans

During 2013 and in previous years, the County was awarded loans from Ohio Public Works Commission (OPWC) for various sewer and water projects. The remaining balances on these loans at December 31, 2013 were \$1,162,580.

Ohio Water Development Authority (OWDA) Loans

During 2012, the County was awarded loans from Ohio Water Development Authority (OWDA) for various sewer and water projects. These loans have not been fully disbursed as of December 31, 2013, therefore are not reflected in the amortization schedule below.

The County has pledged future water revenue and sewer revenue, net of specified operating expenses to repay \$7,893,939 of mortgage revenue notes and bonds, Ohio Public Works Commission (OPWC) and Ohio Water Development Authority (OWDA) loans. Annual principal and interest payments, as a percentage of net customer revenues and operating revenues, on the loans are expected to be similar over the term of the loans as in the current year, which were 120.87 percent and 26.68 percent, respectively. The total principal and interest remaining to be paid on the debt is \$13,130,176. Principal and interest paid for the current year, total net revenues and total operating revenues were \$619,344, \$512,424 and \$2,347,677, respectively.

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 16 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2013 are as follows:

Governmental Activities

Year Ended	General Obligation Notes		General Obligation Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 330,643	\$ 23,789	\$ 848,000	\$ 911,942	\$ 61,359	\$ 31,147
2015	229,697	19,605	877,000	881,557	65,065	27,441
2016	235,741	13,030	915,000	849,993	68,995	23,511
2017	189,761	6,753	937,000	904,843	73,165	19,344
2018	62,352	1,769	973,000	779,256	77,581	14,925
2019 - 2023	-	-	5,341,000	3,283,214	169,517	15,490
2024 - 2028	-	-	3,652,000	2,277,928	-	-
2029 - 2032	-	-	3,445,000	1,605,599	-	-
2033 - 2037	-	-	1,815,000	994,638	-	-
2038 - 2042	-	-	1,398,000	695,280	-	-
2043 - 2047	-	-	1,320,000	414,969	-	-
2048 - 2052	-	-	1,100,000	120,969	-	-
Total	\$ 1,048,194	\$ 64,946	\$ 22,621,000	\$ 13,720,188	\$ 515,682	\$ 131,858

Business-Type Activities

Year Ended	Mortgage Revenue Notes		Mortgage Revenue Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 8,350	\$ 1,162	\$ 172,364	\$ 285,546	\$ 84,910	\$ -
2015	8,350	841	144,450	278,164	78,997	-
2016	8,350	422	151,024	251,601	78,997	-
2017	-	-	157,764	264,649	78,997	-
2018	-	-	395,194	257,455	41,497	-
2019 - 2023	-	-	631,000	1,140,493	201,337	-
2024 - 2028	-	-	758,000	991,986	170,987	-
2029 - 2033	-	-	937,000	810,583	170,987	-
2034 - 2038	-	-	1,157,000	585,878	162,843	-
2039 - 2043	-	-	963,000	348,718	93,028	-
2044 - 2048	-	-	915,000	152,298	-	-
2049	-	-	181,000	7,693	-	-
Total	\$ 25,050	\$ 2,425	\$ 6,562,796	\$ 5,375,064	\$ 1,162,580	\$ -

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 16 - LONG-TERM OBLIGATIONS - (Continued)

Debt Margin

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed 1 percent of the total assessed valuation of the County. The Revised Code further provides that the total voted and unvoted net debt of the County less the same exempt debt should not exceed a sum equal to 3 percent of the first \$100,000,000, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000.

The effect of the debt limitations described above is an overall debt margin of \$17,962,833 at December 31, 2013.

NOTE 17 - NOTES PAYABLE

Changes in the County's note activity for the year ended December 31, 2013, were as follows:

	<u>Balance</u> <u>12/31/2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/2013</u>
<u>Governmental fund notes</u>				
Economic Development Notes	\$ -	\$ 285,000	\$ -	\$ 285,000

All notes were backed by the full faith and credit of the County. The note liability is reflected in the fund which received the proceeds.

On February 7, 2013, the County issued economic development notes in the amount of \$285,000 in anticipation of an economic development grant. The notes bore an interest rate of 2.39% and matured on February 6, 2014.

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 18 - 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 resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balance	General	Job and Family Services	Motor Vehicle and Gas Tax	Mental Health
Nonspendable:				
Materials and supplies inventory	\$ 229,960	\$ 39,871	\$ 523,683	\$ 429
Prepays	86,422	24,945	2,498	-
Unclaimed monies	<u>353,177</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonspendable	<u>669,559</u>	<u>64,816</u>	<u>526,181</u>	<u>429</u>
Restricted:				
Debt service	-	-	-	-
Capital outlay	-	-	-	-
Legislative and executive	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	4,243,878	-
Health services	-	-	-	4,529,297
Human services	-	1,821,323	-	-
Economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total restricted	<u>-</u>	<u>1,821,323</u>	<u>4,243,878</u>	<u>4,529,297</u>
Committed:				
Debt service	-	-	-	-
Capital outlay	-	-	-	-
General escrow	<u>1,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total committed	<u>1,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned:				
Lesislative & executive	108,655	-	-	-
Judicial	6,492	-	-	-
Public safety	29,267	-	-	-
Human services	4,214	-	-	-
Other purposes	<u>37,059</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assigned	<u>185,687</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned (deficit)	<u>5,611,148</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 8,166,394</u>	<u>\$ 1,886,139</u>	<u>\$ 4,770,059</u>	<u>\$ 4,529,726</u>

--Continued

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 18 - FUND BALANCE - (Continued)

Fund balance	Board of Developmental Disabilities	Other Governmental Funds	Total
Nonspendable:			
Materials and supplies inventory	\$ 18,219	\$ 3,376	\$ 672,000
Prepays	12,765	72,143	342,311
Unclaimed monies	-	-	353,177
Total nonspendable	<u>30,984</u>	<u>75,519</u>	<u>1,367,488</u>
Restricted:			
Debt service	-	2,171,984	2,171,984
Capital outlay	-	596,655	596,655
Legislative and executive	-	1,316,354	1,316,354
Judicial	-	1,200,988	1,200,988
Public safety	-	2,266,660	2,266,660
Public works	-	-	4,243,878
Health services	-	57,727	4,587,024
Human services	10,288,080	4,434,587	16,543,990
Economic development	-	338,836	338,836
Total restricted	<u>10,288,080</u>	<u>12,383,791</u>	<u>33,266,369</u>
Committed:			
Debt service	-	15,675	15,675
Capital outlay	-	2,938,964	2,938,964
General escrow	-	-	1,700,000
Total committed	<u>-</u>	<u>2,954,639</u>	<u>4,654,639</u>
Assigned:			
Lesislative & executive	-	-	108,655
Judicial	-	-	6,492
Public safety	-	-	29,267
Human services	-	-	4,214
Other purposes	-	-	37,059
Total assigned	<u>-</u>	<u>-</u>	<u>185,687</u>
Unassigned (deficit)	<u>-</u>	<u>(176,219)</u>	<u>5,434,929</u>
Total fund balances	<u>\$ 10,319,064</u>	<u>\$ 15,237,730</u>	<u>\$ 44,909,112</u>

COLUMBIANA COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 19 - PUBLIC ENTITY RISK POOL

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

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

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

Columbiana County Planning Commission

The County participates in the Columbiana County Planning Commission (the "Commission") which is a statutorily created, political subdivision of the State of Ohio. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. The Commission is jointly governed by Columbiana County and local municipalities and townships. In 2013, the County did not contribute to the Commission.

Carroll/Columbiana/Harrison Solid Waste Management District

The County participates in the Carroll/Columbiana/Harrison Solid Waste Management District (the "District"), which is a statutorily created, political subdivision of the State of Ohio. The District is a jointly governed organization including Columbiana, Carroll, Harrison counties and local municipalities and townships. Of the nine members of the District's governing board, the County Commissioners represent three. Each member's control over the operation of the District is limited to its representation on the Board. The County paid \$5,000 to the District during 2013.

Multi-County Juvenile Attention System

The County also participates in the Multi-County Juvenile Attention System (the "System"), a jointly governed organization between the following counties: Stark, Holmes, Carroll, Columbiana, Tuscarawas and Wayne. The operation of the System is controlled by a nineteen member Board of Trustees, three members from each county with the exception of Stark which has four members. The degree of control exercised by any of the participating Counties is limited to its representation on the Board. The County paid \$989,222 to the System during 2013.

COLUMBIANA COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

North East Ohio Network (N.E.O.N)

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

Northeast Ohio Trade and Economic Consortium (Consortium)

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

NOTE 21 - RELATED ORGANIZATIONS

Columbiana County Airport Authority

The Columbiana County Airport Authority (the "Airport Authority"), was created by resolution of the County Commissioners under the authority of Section 308 of the Ohio Revised Code. The Airport Authority is governed by a seven-member Board of Trustees appointed by the County Commissioners. The Board of Trustees has the authority to exercise all of the powers and privileges provided under law. These powers include the ability to sue or be sued in its corporate name; the power to establish and collect rentals and other charges; the authority to acquire, construct, operate, manage and maintain airport facilities; the authority to buy and sell real and personal property; and the authority to issue debt for acquiring or constructing a facility or permanent improvement. The Airport Authority serves as custodian of its own funds and maintains all records and accounts independent of Columbiana County. The County contributed \$9,799 to the Airport Authority in 2013.

NOTE 22 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and the motor vehicle and gasoline tax, mental health, job and family services, and board of 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:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

COLUMBIANA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 22 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to restricted, assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

	Governmental Funds				
	<u>General</u>	<u>Job and Family Services</u>	<u>Motor Vehicle & Gasoline Tax</u>	<u>Mental Health</u>	<u>Board of Developmental Disabilities</u>
Budget basis	\$ 662,294	\$ 93,040	\$ 411,517	\$ 66,252	\$ 342,364
Net adjustment for revenue accruals	137,723	402,679	19,261	(31,295)	(75,929)
Net adjustment for expenditure accruals	(106,445)	(93,962)	106,600	(73,669)	(659,756)
Net adjustment for other sources/uses	77,517	-	-	-	-
Funds budgeted elsewhere	784,012	-	-	-	-
Adjustment for encumbrances	<u>496,534</u>	<u>180,481</u>	<u>153,153</u>	-	-
GAAP Basis	<u>\$ 2,051,635</u>	<u>\$ 582,238</u>	<u>\$ 690,531</u>	<u>\$ (38,712)</u>	<u>\$ (393,321)</u>

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

NOTE 23 - CONTINGENCIES

A. Grants

The County received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have an overall effect on the overall financial position of the County at December 31, 2013.

COLUMBIANA COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 23 - CONTINGENCIES - (Continued)

B. Litigation

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

NOTE 24 - OTHER COMMITMENTS

The County utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the County's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 148,638
Job and family services fund	53,236
Motor vehicle and gasoline tax fund	88,945
Other governmental funds	<u>81,951</u>
Total	<u>\$ 372,770</u>

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**FINANCIAL CONDITION
COLUMBIANA COUNTY
SCHEDULE OF FEDERAL AWARD EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
United States Department of Agriculture			
<i>Passed through Ohio Department of Education:</i>			
National School Lunch Program	10.555	03-PU-06-12	\$21,732
National School Lunch Program	10.555	03-PU-06-13	6,787
			<u>28,519</u>
<i>Passed through USDA Rural Development</i>			
Water & Waste Disposal Systems	10.760	Glenmoor Sewer Proj	303,231
<i>Community Facilities and Loans (Municipal Court)</i>			
<i>Passed through Ohio Dept of Job & Family</i>			
Food Nutrition Service	10.561	Food Stamps	784,315
			<u>1,116,065</u>
Total U.S. Department of Agriculture			
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>(Passed through Ohio Department of Development,</i>			
<i>Community Development Block Grant</i>			
	14.228	B-F-11-1A0-1	253,217
	14.228	B-C-11-1A0-1	78,741
	14.228	B-F-12-1A0-2	179,378
Total CDBG			<u>511,336</u>
<i>(Passed through Ohio Department of Development,</i>			
<i>HOME</i>			
	14.239	B-C-11-1A0-1	257,075
			<u>768,411</u>
Total U.S. Department of Housing and Urban Development			
U.S. DEPARTMENT OF TRANSPORTATION			
<i>(Passed through Ohio Department of Transportation,</i>			
<i>Highway Planning and Construction</i>			
Jones & Stuckey	20.205	PID # 92742 & 93896	28,720
The Shelly Co	20.205	PID #92488	55,028
EMH & T	20.205	PID #89468	20,251
Hammontree Engineering	20.205	PID#89468	4,058
ODOT Reimb Speed Zone Study	20.205	PID#93895	2,696
ODOT Reimb Sign Upgrade Project	20.205	PID# 94582	39,718
			<u>150,471</u>
<i>(Passed through Ohio Environmental Protection Agency,</i>			
<i>State Emergency Response Commission</i>			
	20.703	HMEO1016090	19,960
			<u>170,431</u>
Total U.S. Department of Transportation			
U.S. DEPARTMENT OF JUSTICE			
<i>(Passed through Governor's Office of Criminal Justice,</i>			
<i>Crime Victim's Assistance-VOCA</i>			
Crime Victim's Assistance-SVAA	16.575	2014VAGENE174	52,553
VOCA Court Advocate	16.575	2014SAGENE174	14,872
			4,103
Total			<u>71,528</u>
Federal Equitable Sharing Agreement *	16.922	OH015013A	4,225
Bulletproof Vest Partnership	16.607		700
Total			<u>4,925</u>
Total U.S. Department of Justice			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>(Passed through Ohio Department of Developmental Disabilities,</i>			
<i>Low Income Home Energy Assistance (HEAP)</i>			
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood	93.568		2,237
Medical Assistance Program (Medicaid Title XIX) (MAC)	93.505	3920-DOH12W3	41,857
	93.778	DMR01-100912	86,982
			<u>131,076</u>
<i>(Passed through Ohio Department of Mental Health and Addiction Services,</i>			
<i>Block Grants for Prevention and Treatment of Substance Abuse</i>			
Women's Focus Project	93.959		106,582
Federal Per Capita	93.959		234,772
TANF Prevention Services	93.959		35,012
Alcohol & Drug Federal Youth Led Prev Grant	93.959		3,598
			<u>379,964</u>
Total Substance Abuse Prevention & Treatment Block Grant			379,964

**FINANCIAL CONDITION
COLUMBIANA COUNTY
SCHEDULE OF FEDERAL AWARD EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Substance Abuse and Mental Health Services	93.243		90,110
<i>(Passed through Ohio Department of Mental Health and Addiction Services,</i>			
Counseling Center	93.958		95,894
Suicide Prevention Grant	93.958		1,000
Total Block Grants for Community Mental Health Services			<u>96,894</u>
Path Homeless Grant	93.150		37,500
Title XX Social Services Block Grant	93.667		87,496
Promoting Safe and Stable Families	93.556		47,730
<i>(Passed through Ohio Department of Aging,</i>			
Special Program for the Aging, Title IIID	93.043		6,536
Medical Assistance Program (Family Caregiver)	93.778		31,528
Total			<u>38,064</u>
<i>(Passed through Ohio Department of Job & Family Services,</i>			
Temporary Assistance for Needy Families (TANF)	93.558	i-1011-11-5006 / G-1011-11-500	2,882,422
Child Care and Development Block Grant (Quality)	93.575		210,181
Social Services Block Grant (Title XX)	93.667		1,113,380
Children's Health Insurance Program (SCHIP)	93.767		1,287
Medical Assistance Program (Medicaid)	93.778		1,422,865
Child Support Enforcement (IV-D)	93.563		903,210
Promoting Safe and Stable Families (IV-B)	93.556		43,811
Stephanie Tubbs Jones Child Welfare Services Program (IV-B)	93.645		80,911
Community-Based Child Abuse Prevention Grants (Child Abuse)	93.590		1,900
Chafee Foster Care Independence Program (Chafee)	93.674		11,546
Foster Care Title IV-E (IV-E)	93.658		942,978
Adoption Assistance (IVE-A)	93.659		107,942
Foster Care Title IV-E (IV-E)	93.658	Subgrant agreement	120,871
Foster Care Title IV-E (IV-E)	93.658	#75-5-1545	21,070
Total			<u>7,864,374</u>
Total for Dept Health & Human Services			<u>8,773,208</u>
U.S. DEPARTMENT OF EDUCATION:			
<i>(Passed through Ohio Department of Education,</i>			
Special Education Cluster			
Special Education Part B Grants to States	84.027	065920-6BSF-2013	51,424
Special Education Part B Grants to States (IDEA)	84.027	065920-6BSF-2012	30,672
Special Education Part B Grants to States (IDEA)	84.027	065920-6BSF-2013	15,093
Total Special Education Cluster			<u>97,189</u>
Special Education Grants for Infants and Toddlers (Help Me Grow Part C)	84.181	FCFC	136,429
			<u>136,429</u>
Total U.S. Department of Education			<u>233,618</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:			
<i>(Passed through Ohio Emergency Management Agency,</i>			
Homeland Security Grant Program	97.067	SS00070 2011	26,254
<i>(Passed through Emergency Food and Shelter Board,</i>			
Emergency Food and Shelter National Board Program	97.024	671000-099	4,316
Total U.S. Department of Homeland Security			30,570
Department of Labor			
<i>Passed through Ohio Dept of Job & Family</i>			
Senior Community Service Employment Program	17.235	Project 319	179,158
Total Federal Awards Expenditures			<u><u>11,347,914</u></u>

**FINANCIAL CONDITION
COLUMBIANA COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

As a subrecipient, the 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 - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

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

These loans are collateralized by equipment and mortgages.

Activity in the CDBG revolving loan fund during 2013 is as follows:

Beginning loans receivable balance as of January 1, 2013	\$43,239
Loans made	0
Loan principal repaid	24,327
Ending loans receivable balance as of December 31, 2013	<u>\$18,912</u>
Cash balance on hand in the revolving loan fund as of December 31, 2013	\$82,474
Administrative costs expended during 2013	2,305

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2013, none are more than 60 days past due.

**FINANCIAL CONDITION
COLUMBIANA COUNTY**

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

Activity in the CDBG microenterprise loan fund during 2013 is as follows:

Beginning loans receivable balance as of January 1, 2013	\$64,836
Loans made	0
Loan principal repaid	14,835
Ending loans receivable balance as of December 31, 2013	\$50,001
Cash balance on hand in the revolving loan fund as of December 31, 2013	\$50,001
Administrative costs expended during 2013	\$18,000

NOTE F - MATCHING REQUIREMENTS

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

NOTE G – PRIOR YEAR PROGRAM EXPENDITURE CLARIFICATION

In 2012, the County was awarded the Medicaid Administrative Claim (MAC) grant, CFDA #93.778. Although the expenditures were reported in the federal schedule, they were not separately identifiable. As a result, the County is clarifying the expenditure of \$21,619 in MAC funds.

NOTE H – MERGER OF ODADAS/ODMH

Effective July 1, 2013, the Ohio Department of Alcohol and Drug Addiction Services and the Ohio Department of Mental Health merged to form the Ohio Department of Mental Health and Addiction Services. For purposes of this Schedule, all expenditures for the 2013 year are reported under the new pass-through agency, the Ohio Department of Mental Health and Addiction Services



Dave Yost • Auditor of State

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

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

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Columbiana County, (the "County") as of and for the year ended December 31, 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 September 2, 2014, wherein we noted the County presented basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), after previously reporting on a cash basis.

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

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.

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

September 2, 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

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

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

We have audited the Columbiana County's (the "County") compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Columbiana 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 Government's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on the Community Development Block Grant Program

As described in finding 2013-001 in the accompanying schedule of findings, the County did not comply with requirements regarding cash management applicable to its Community Development Block Grant major federal program. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to this program.

Qualified Opinion on the Community Development Block Grant Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Community Development Block Grant Program* paragraph, Columbiana County complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Community Development Block Grant Program* for the year ended December 31, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Columbiana County complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended December 31, 2013.

Other Matters

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

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. 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 2013-001 to be a material weakness.

Report on Internal Control Over Compliance – (Continued)

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

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

Dave Yost
Auditor of State
Columbus, Ohio

September 2, 2014

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**FINANCIAL CONDITION
COLUMBIANA COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified (CFDA #14.228) Unmodified (CFDA #93.558, 93.658,93.778 and 93.959)
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grant (CFDA #14.228); Temporary Assistance for Needy Families (CFDA #93.558); Foster Care (CFDA #93.658); Medicaid (CFDA #93.778); and Block Grants for Prevention and Treatment of Substance Abuse (CFDA #93.959)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 340,437 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

1. Cash Management – 15 Day Rule

Finding Number	2013-001
CFDA Title and Number	Community Development Block Grant #14.228
Federal Award Number / Year	B-F-11-1A0-1, B-C-11-1A0-1, B-F-12-1A0-2 2011 and 2012
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

NONCOMPLIANCE AND MATERIAL WEAKNESS

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

For the 2012 Community Development Block Grant (CDBG) Formula Program, the 2011 CDBG Formula Program, and the 2011 Community Housing Improvement Program (CHIP), we noted all seventeen draw-downs tested did not comply with the 15 day rule. For example, the **County Development Department** drew down \$30,000 in the 2012 CDBG Formula Program on May 4, 2013 and on May 30, 2013 their fund balance was \$33,401.

We recommend the County's Development department review the process for drawing and disbursing the CDBG Formula grant funds. Steps should be taken to minimize the time elapsing between the receipting and disbursing of funds to ensure compliance with the 15-day rule.

**FINANCIAL CONDITION
COLUMBIANA 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>
2012-001	Ohio Revised Code Section 135.35(H), the investments held by the County were not in the County's name.	Yes	Finding No Longer Valid
2012-002	Ohio Revised Code Section 135.35(K), the County did have a signed investment policy from all institutions the County dealt with directly.	Yes	Finding No Longer Valid
2012-003	Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, the County failed to prepare its financial statements in accordance with generally accepted accounting principles.	Yes	Finding No Longer Valid
2012-004	Ohio Revised Code Section 135.35(L), the former County Treasurer did not provide a copy of the monthly investment portfolio to the County Investment Advisory Committee and Board of Commissioners.	Yes	Finding No Longer Valid
2012-005	Ohio Revised Code Section 135.35(I) and Ohio Revised Code Section 149.43(B)(2), investment records were incomplete.	Yes	Finding No Longer Valid
2012-006	Ohio Revised Code Section 135.35(A), the County invested in securities with a maturity greater than five years.	Yes	Finding No Longer Valid
2012-007	Ohio Revised Code Section 321.46, the former County Treasurer failed to complete the required hours of investment training.	Yes	Finding No Longer Valid
2012-008	Ohio Revised Code Section 321.07, the former County Treasurer overstated the total investments on the monthly Treasury reconciliations.	Yes	Finding No Longer Valid
2012-009	OHCP Management Rules & Regulations, Section (A)(3)(f), the County did not comply with the Fifteen-Day Rule.	No	Re-issued as Finding 2013-001

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**FINANCIAL CONDITION
COLUMBIANA 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	To develop an improved cash management system.	December 31, 2014	Tad Harold, Director

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COLUMBIANA COUNTY FINANCIAL CONDITION

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 2, 2014