Lawrence County
Single Audit
For the Year Ended December 31, 2014

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Millhuff-Stang, CPA, Inc.
1428 Gallia Street / Portsmouth, Ohio 45662 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

Dave Yost • Auditor of State

Board of County Commissioners
Lawrence County
111 South Fourth Street
Ironton, Ohio 45638

We have reviewed the *Independent Auditor's Report* of Lawrence County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2014 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Lawrence County is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

February 16, 2016

This page intentionally left blank.

Lawrence County
Table of Contents
For the Year Ended December 31, 2014

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

Board of Commissioners
Lawrence County
111 South Fourth Street
Ironton, Ohio 45638

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lawrence County, Ohio (the County), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the component unit, the Lawrence County Port Authority, which represents 76 and 67 percent, respectively, of the assets/net position and receipts of the aggregate discretely presented component units. Those statements, which were prepared in accordance with accounting principles generally accepted in the United States of America, were audited by another auditor, whose report has been furnished to us. We have applied audit procedures on the adjustments to the financial statements of this component unit, which conform those financial statements to the cash accounting basis. Our opinion, insofar as it relates to the amounts included for the Lawrence County Port Authority, prior to the adjustments, is based solely on the report of the other auditor. 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. The financial statements of Tri-State Industries and Choices Inc. were audited in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

Millhuff-Stang, CPA, Inc.
1428 Gallia Street / Portsmouth, Ohio 45662 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

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, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Lawrence County, Ohio, as of December 31, 2014, and the respective changes in cash financial position and the respective budgetary comparison for the General, Board of Developmental Disabilities, Job and Family Services, and Motor Vehicle Gasoline Tax Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental and Other Information

We audited to opine on the County's financial statements that collectively comprise its basic financial statements. The Schedule of Federal Awards Expenditures (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and 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.

We applied no procedures to the Management's Discussion and Analysis presented on pages 4 through 10 of the report, and accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2015 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.

Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.

September 28, 2015

The discussion and analysis of Lawrence County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2014, within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's basic financial statements that begin on page 11.

Financial Highlights

Key financial highlights for 2014 are as follows:

Overall (Primary Government):

Total net position increased $1,754,394 with governmental activities increasing by $1,038,567 and business-type activities increasing by $715,827.

Total cash receipts were $52,944,809 in 2014.

Total program cash disbursements were $51,190,415 in 2014.

Governmental Activities:

Total program cash receipts were $30,572,507 in 2014, while program cash disbursements were $48,115,178.

Program cash disbursements were primarily composed of human services, public safety, health, public works, legislative and executive, judicial, capital outlay and principal retirement related cash disbursements which were $8,187,861, $6,140,591, $10,696,281, $4,595,865, $4,344,471, $3,757,714, $6,012,799 and $3,736,050, respectively in 2014.

Business-Type Activities:

Total program cash receipts were $3,408,376 for business-type activities, while corresponding cash disbursements were $3,075,237.

Using this Basic Financial Report

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

The statement of net position-cash basis and statement of activities-cash basis provide information about the activities of the whole County, presenting both an aggregate view of the County's cash basis 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 and what remains for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of Lawrence County, the General Fund, the Motor Vehicle Gasoline Tax Fund, the Job and Family Services Fund, and the Board of Developmental Disabilities Fund are the most significant governmental funds and have been presented as major funds. The Union-Rome Sewer Fund is also considered a major fund.

Reporting the County as a Whole

The County's Reporting Entity Presentation

This annual report includes all activities for which Lawrence County is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government and four other separate legal entities that are presented as component units. The primary government consists of Lawrence County. The component unit presentation includes the following separate legal entities: Tri-State Industries, Inc., Choices, Inc., the Lawrence County Port Authority, and the Lawrence County Transportation Improvement District.

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *only net position* using the *cash basis of accounting,* which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the County's *net position* and changes in net position. This change in net position is important because it tells the reader whether, for the County as a whole, the *cash basis 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, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

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

Governmental Activities – Most of the County's programs and services are reported here including general government, public safety, public works, health, human services, community and economic development, transportation, other, capital outlay, and debt service.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The County's wastewater treatment program is reported as business-type activities.

Component Unit Activities – Although Tri-State Industries, Inc., Choices, Inc., the Lawrence County Port Authority and the Lawrence County Transportation Improvement District are separate legal entities, the County includes their activities since the County is financially accountable for these four entities.

Reporting the County's Most Significant Funds

Fund Financial Statements

The analysis of the County's major funds begins on page 9. Fund financial statements 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 most significant funds that have been presented as major governmental funds are the General Fund, the Board of Developmental Disabilities Fund, the Job and Family Services Fund, and the Motor Vehicle Gasoline Tax Fund. The County's most significant fund that has been presented as a major enterprise fund is the Union-Rome Sewer Fund.

Governmental Funds Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the statement of activities due to transfers netted on the statement of activities. See note 2 to the basic financial statements entitled "*Government-Wide Financial Statements"*.

Proprietary Funds The County's proprietary funds use the same basis of accounting (cash basis) as business-type activities; therefore, these statements will essentially match the information provided in the statements for the County as a whole.

Fiduciary Funds These funds are used to account for resources held for the benefit of parties outside the government. 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 of the proprietary funds.

Notes to the Basic 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.

The County as a Whole

Recall that the statement of net position provides the perspective of the County as a whole. Table 1 provides a summary of the County's net position for 2014 compared to the prior year:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Assets						
Equity in Pooled Cash and Cash Equivalents	$16,733,207	$15,694,640	$2,626,890	$1,911,063	$19,360,097	$17,605,703
Total Assets	16,733,207	15,694,640	2,626,890	1,911,063	19,360,097	17,605,703
Net Position						
Restricted	13,335,304	13,148,781	-	-	13,335,304	13,148,781
Unrestricted	3,397,903	2,545,859	2,626,890	1,911,063	6,024,793	4,456,922
Total Net Position	$16,733,207	$15,694,640	$2,626,890	$1,911,063	$19,360,097	$17,605,703

Total assets and net position increased by $1,754,394 from 2013 to 2014, which will be further discussed on the next page.

Table 2 shows the changes in net position for 2014 and 2013.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Cash Receipts						
Program Cash Receipts						
Charges for Sales and Services	$7,192,936	$7,881,767	$3,408,376	$3,078,643	$10,601,312	$10,960,410
Operating Grants and Contributions	19,234,480	18,509,927	-	-	19,234,480	18,509,927
Capital Grants and Contributions	4,145,091	1,623,798	-	163,706	4,145,091	1,787,504
Total Program Cash Receipts	30,572,507	28,015,492	3,408,376	3,242,349	33,980,883	31,257,841
General Cash Receipts						
Property Taxes	4,311,459	4,196,248	-	-	4,311,459	4,196,248
Sales Taxes	8,724,967	8,127,065	-	-	8,724,967	8,127,065
Payments in Lieu of Taxes	164,101	188,553	-	-	164,101	188,553
Grants and Entitlements Not Restricted	2,103,872	2,096,945	-	-	2,103,872	2,096,945
Interest	186,648	447,906	-	-	186,648	447,906
Miscellaneous	682,620	1,156,999	59,191	47,186	741,811	1,204,185
Proceeds from Sale of G.O. Bonds and Notes	2,381,500	515,605	331,533	-	2,713,033	515,605
Proceeds from Loans	13,996	146,000	1,961	67,052	15,957	213,052
Proceeds from Sale of Assets	2,078	250,000	-	-	2,078	250,000
Total General Cash Receipts	18,571,241	17,125,321	392,685	114,238	18,963,926	17,239,559
Total Cash Receipts	49,143,748	45,140,813	3,801,061	3,356,587	52,944,809	48,497,400
Cash Disbursements						
General Government:						
Legislative and Executive	4,344,471	4,033,089	-	-	4,344,471	4,033,089
Judicial	3,757,714	3,499,984	-	-	3,757,714	3,499,984
Public Safety	6,140,591	6,440,133	-	-	6,140,591	6,440,133
Public Works	4,595,865	4,640,231	-	-	4,595,865	4,640,231
Health	10,696,281	10,705,474	-	-	10,696,281	10,705,474
Human Services	8,187,861	7,413,146	-	-	8,187,861	7,413,146
Community and Economic Development	219,179	566,786	-	-	219,179	566,786
Transportation	137,559	182,968	-	-	137,559	182,968
Other	145,048	96,062	-	-	145,048	96,062
Capital Outlay	6,012,799	5,215,368	-	-	6,012,799	5,215,368
Debt Service:						
Principal Retirements	3,736,050	763,308	-	-	3,736,050	763,308
Interest and Fiscal Charges	141,760	156,346	-	-	141,760	156,346
Wastewater Treatment	-	-	3,075,237	2,959,917	3,075,237	2,959,917
Total Cash Disbursements	48,115,178	43,712,895	3,075,237	2,959,917	51,190,415	46,672,812
Increase in Net Position Before Transfers	1,028,570	1,427,918	725,824	396,670	1,754,394	1,824,588
Transfers	9,997	9,997	(9,997)	(9,997)	-	-
Increase in Net Position	1,038,567	1,437,915	715,827	386,673	1,754,394	1,824,588
Net Position, Beginning	15,694,640	14,256,725	1,911,063	1,524,390	17,605,703	15,781,115
Net Position, Ending	$16,733,207	$15,694,640	$2,626,890	$1,911,063	$19,360,097	$17,605,703

Governmental Activities The increase in Operating Grants and Contributions is primarily due to increased funding received in the Board of Development Disabilities program, the Children Services program, and the Community Development Block Grant program. The decrease in Charges for Sales and services is due to less program services being reimbursed in the developmentally disabled, job and family services and public works programs. Interest receipts decreased $261,258 due to more certificates of deposits being renewed in 2013 compared to 2014. Proceeds from the General Obligation Bonds increased $1,865,895 due to the issuance of Road Improvement Bonds in 2014. Capital grants and contributions increased primarily due to increased funding for the Highway Planning and Construction project as well as the federal grant for the Airport Improvement Program. Grants and entitlements not restricted remained fairly consistent from 2013 to 2014.

Property taxes and sales taxes made up 9 percent and 18 percent, respectively, of cash receipts for governmental activities for Lawrence County in 2014. Operating grants and contributions made up 39 percent of cash receipts for governmental activities for the County.

Human services disbursements increased $774,715 primarily due to increased funding for the Job and Family Services programs. Capital outlay disbursements increased mainly due to increased funding from the Highway Planning and Construction program. Principal retirements increased due to the 2012 Road Improvement Bond Anticipation Note being paid off with the issuance of the Series 2014 Road Improvements Bonds.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Tables 3 and 4 show, for governmental and business-type activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The dependence upon tax receipts and intergovernmental monies for governmental and business-type activities is apparent. Most of the human services and public works activities are supported through charges for services and operating grants and contributions; for all governmental activities general cash receipts support is 36 percent as shown in Table 3. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Lawrence County. Tables 3 and 4 below show the total and net cost of services (on a cash basis) for the County.

Table 3
Total Cost of Program Services
Governmental Activities

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General Government:				
Legislative and Executive	$ 4,344,471	$ 3,029,672	$4,033,089	$2,923,052
Judicial	3,757,714	2,839,179	3,499,984	2,668,222
Public Safety	6,140,591	3,474,477	6,440,133	3,366,268
Public Works	4,595,865	1,328,936	4,640,231	1,234,813
Health	10,696,281	2,126,843	10,705,474	1,869,069
Human Services	8,187,861	1,682,783	7,413,146	1,573,301
Community and Economic Development	219,179	40,963	566,786	94,241
Transportation	137,559	25,709	182,968	30,423
Other	145,048	124,190	96,062	80,466
Capital Outlay	6,012,799	(1,007,891)	5,215,368	985,570
Debt Service:				
Principal Retirements	3,736,050	3,736,050	763,308	763,308
Interest and Fiscal Charges	141,760	141,760	156,346	108,670
Total Cash Disbursements	$ 48,115,178	$ 17,542,671	$43,712,895	$15,697,403

Table 4
Total Cost of Program Services
Business-Type Activities

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Wastewater Treatment	$3,075,237	($333,139)	$2,959,917	($282,432)
Total Cash Disbursements	$3,075,237	($333,139)	$2,959,917	($282,432)

Business-Type Activities Business-type activities include wastewater treatment services. Overall net position increased $715,827 from 2013 to 2014. Program receipts exceeded program disbursements for the wastewater treatment segment in the amount of $333,139 primarily as a result of decreased capital outlay related to the wastewater treatment plant construction project and increased charges for services receipts.

The County's Funds

Information about the County's major funds starts on page 14. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of $52,890,885 and cash disbursements and other financing uses of $51,852,318. The net change in fund balance for the year was most significant in the General Fund and the Motor Vehicle Gasoline Tax Fund, where the General Fund cash balance went from $2,545,859 in 2013 to $3,397,903 for 2014, and the Motor Vehicle Gasoline Tax Fund cash balance went from $3,240,272 in 2013 to $2,733,253 for 2013. The primary reason for the change in the Motor Vehicle Gasoline Tax Fund was due to transfers out to a capital projects fund for project expenditures. The primary reason for this change in the General Fund was due to increased sales tax monies. For the Jobs and Family Services Fund, the fund balance increased $76,137, while the fund balance of the Board of Developmental Disabilities Fund increased $348,211.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. Final budgeted receipts and other financing sources were $15,745,282, over original budgeted receipts of $13,844,610. The primary reasons for the increase in budgeted receipts were due to increased consumer spending which resulted in higher than expected sales tax receipts and transfers in being higher than originally budgeted. Total actual receipts were $15,745,282, above original budget estimates of $13,844,610. The increase is due primarily to an increase in sales tax receipts and transfers in being higher than originally budgeted. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were $15,317,642, $427,640 below cash receipts and other financing sources. Original budgeted appropriations and other financing uses were $15,076,713, while final budgeted amounts were $15,380,307. The increase is due to increases in legislative and executive, judicial, and health appropriations which were partially offset by a decrease in appropriations for other expenses.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of $6,012,799 and $45,861 for its governmental activities and its business-type activities, respectively, during 2014.

Debt

Under the cash basis of accounting the County does not report bonds, leases, long-term notes or short-term notes in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds, leases, long-term notes and short-term notes. At December 31, 2014, the County had $3,920,125 outstanding in bonds and related long-term debt for governmental activities and $25,772,727 outstanding in bonds and related long-term debt for business-type activities. For additional information regarding debt, please see notes 10 and 11 to the basic financial statements.

Table 5 summarizes bonds and long-term debt outstanding for governmental activities for 2014 and 2013:

Table 5
Outstanding Debt at December 31
Governmental Activities

	2014	2013
General Obligation Bonds	$2,516,506	$433,098
Lease Financing Agreements	866,615	950,988
OPWC Loans	14,995	24,990
Long Term Notes	522,009	3,722,603
Totals	$3,920,125	$5,131,679

Table 6 summarizes bonds and long-term debt outstanding for business-type activities for 2014 and 2013:

Table 6
Outstanding Debt at December 31
Business-Type Activities

	2014	2013
OWDA Loans	$24,829,440	$25,679,427
OPWC Loans	943,287	693,370
Total	$25,772,727	$26,372,797

Current Financial Related Activities

As the preceding information shows, the County heavily depends on its property and sales taxpayers as well as intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation, and sales tax receipts are dependent upon the economy, the County will be faced with significant challenges over the next several years to contain costs and ultimately determine what options are available to the County to increase financial resources.

All of the County's financial abilities will be needed to meet the challenges of the future.

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 cash basis 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 Jason C. Stephens, County Auditor at Lawrence County, 111 South Fourth Street, Ironton, Ohio 45638.

Lawrence County
Statement of Net Position - Cash Basis
As of December 31, 2014

	Primary Government			Component Units			
	Governmental Activities	**Business-Type Activities**	**Total**	**Tri-State Industries**	**Choices, Inc.**	**Lawrence County Port Authority**	**Lawrence County Transportation Improvement District**
ASSETS							
Equity in Pooled Cash and Cash Equivalents	$ 16,733,207	$ 2,626,890	$ 19,360,097	$ -	$ -	$ -	$ -
Cash and Cash Equivalents in Segregated Accounts	-	-	-	5,916	27,858	107,738	-
Total Assets	16,733,207	2,626,890	19,360,097	5,916	27,858	107,738	-
NET POSITION							
Restricted for:							
Developmental Disabilities	5,048,447	-	5,048,447	-	-	-	-
Job and Family Services	223,114	-	223,114	-	-	-	-
Motor Vehicle and Gas Tax	2,733,253	-	2,733,253	-	-	-	-
Real Estate Assessment	578,223	-	578,223	-	-	-	-
Court Development	366,735	-	366,735	-	-	-	-
Care and Custody	181,942	-	181,942	-	-	-	-
Family Resources	48,936	-	48,936	-	-	-	-
Child Support	706,298	-	706,298	-	-	-	-
GIS	43,429	-	43,429	-	-	-	-
EMS	284,190	-	284,190	-	-	-	-
Indigent Drivers	140,714	-	140,714	-	-	-	-
Common Pleas Court	196,216	-	196,216	-	-	-	-
Debt Service	5,377	-	5,377	-	-	-	-
Capital Projects	854,085	-	854,085	-	-	-	-
Other Purposes	1,924,345	-	1,924,345	-	27,858	107,738	-
Unrestricted	3,397,903	2,626,890	6,024,793	5,916	-	-	-
Total Net Position	$ 16,733,207	$ 2,626,890	$ 19,360,097	$ 5,916	$ 27,858	$ 107,738	$ -

The notes to the basic financial statements are an integral part of this statement.

Lawrence County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2014

		Program Cash Receipts		
Governmental Activities	**Cash Disbursements**	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
General Government:				
Legislative and Executive	$ 4,344,471	$ 845,662	$ 469,137	$ -
Judicial	3,757,714	587,682	330,853	-
Public Safety	6,140,591	1,198,469	1,467,645	-
Public Works	4,595,865	716,915	2,424,777	125,237
Health	10,696,281	1,717,136	6,852,302	-
Human Services	8,187,861	1,314,038	5,191,040	-
Community and Economic Development	219,179	35,206	143,010	-
Transportation	137,559	22,095	89,755	-
Other	145,048	20,858	-	-
Capital Outlay	6,012,799	734,875	2,265,961	4,019,854
Debt Service:				
Principal Retirements	3,736,050	-	-	-
Interest and Fiscal Charges	141,760	-	-	-
Total Governmental Activities	48,115,178	7,192,936	19,234,480	4,145,091
Business-Type Activities:				
Wastewater Treatment	3,075,237	3,408,376	-	-
Total Business-Type Activities	3,075,237	3,408,376	-	-
Total Primary Government	$ 51,190,415	$ 10,601,312	$ 19,234,480	$ 4,145,091
Component Units:				
Tri-State Industries, Inc.	$ 1,349,468	$ 387,901	$ 931,686	$ -
Choices, Inc.	491,476	156,187	-	270,729
Lawrence County Port Authority	4,480,557	458,640	3,888,586	-
Lawrence County Transportation Improvement District	316,500	-	-	306,000
Total Component Units	$ 6,638,001	$ 1,002,728	$ 4,820,272	$ 576,729

General Cash Receipts and Transfers:
Property Taxes Levied for:
General Purposes
DD
Sales Taxes
Payments in Lieu of Taxes
Grants and Entitlements, Not Restricted to Specific Programs
Transfers In (Out)
OPWC and OWDA Loans Issued
General Obligation Bonds and Notes Issued
Proceeds from Sale of Assets
Interest Receipts
Proceeds from Line of Credit/Credit Cards
Miscellaneous

Total General Cash Receipts and Transfers

Changes in Net Position

Net Position Beginning of Year

Net Position End of Year

The notes to the basic financial statements are an integral part of this statement.

Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Position

Primary Government			Component Units			
Governmental Activities	Business-Type Activities	Total	Tri-State Industries	Choices Inc.	Lawrence County Port Authority	Lawrence County Transportation Improvement
$ (3,029,672)	$ -	$ (3,029,672)	$ -	$ -	$ -	$ -
(2,839,179)	-	(2,839,179)	-	-	-	-
(3,474,477)	-	(3,474,477)	-	-	-	-
(1,328,936)	-	(1,328,936)	-	-	-	-
(2,126,843)	-	(2,126,843)	-	-	-	-
(1,682,783)	-	(1,682,783)	-	-	-	-
(40,963)		(40,963)				
(25,709)	-	(25,709)	-	-	-	-
(124,190)	-	(124,190)	-	-	-	-
1,007,891	-	1,007,891	-	-	-	-
			-	-	-	-
(3,736,050)	-	(3,736,050)	-	-	-	-
(141,760)	-	(141,760)	-	-	-	-
(17,542,671)	-	(17,542,671)	-	-	-	-
-	333,139	333,139	-	-	-	-
-	333,139	333,139	-	-	-	-
(17,542,671)	333,139	(17,209,532)	-	-	-	-
			(29,881)	-	-	-
			-	(64,560)	-	-
			-	-	(133,331)	-
			-	-	-	(10,500)
			(29,881)	(64,560)	(133,331)	(10,500)
2,518,946	-	2,518,946	-	-	-	-
1,792,513	-	1,792,513	-	-	-	-
8,724,967	-	8,724,967	-	-	-	-
164,101	-	164,101	-	-	-	-
2,103,872	-	2,103,872	-	-	-	-
9,997	(9,997)	-	-	-	-	-
13,996	1,961	15,957	-	-	-	-
2,381,500	331,533	2,713,033	-	-	-	-
2,078	-	2,078	-	-	-	-
186,648	-	186,648	-	-	116,005	-
-	-	-	1,953	65,022	-	-
682,620	59,191	741,811	43,226	-	9,240	10,500
18,581,238	382,688	18,963,926	45,179	65,022	125,245	10,500
1,038,567	715,827	1,754,394	15,298	462	(8,086)	-
15,694,640	1,911,063	17,605,703	(9,382)	27,396	115,824	-
$ 16,733,207	$ 2,626,890	$ 19,360,097	$ 5,916	$ 27,858	$ 107,738	$ -

Lawrence County

Statement of Cash Basis Assets and Fund Balances and

Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds - Cash Basis

As of and For the Year Ended December 31, 2014

	General	Board of Developmental Disabilities	Job and Family Services	Motor Vehicle Gasoline Tax	All Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS						
Property Taxes	$ 2,518,946	$ 1,792,057	$ -	$ -	$ 456	$ 4,311,459
Sales Taxes	8,724,967	-	-	-	-	8,724,967
Payments in Lieu of Taxes	161,794	2,307	-	-	-	164,101
Charges for Services	1,878,066	601,855	265,328	125,922	3,920,662	6,791,833
Rent	-	-	-	-	-	-
Licenses and Permits	3,479	-	-	-	887	4,366
Fines and Forfeitures	376,321	-	-	20,416	-	396,737
Intergovernmental	1,855,199	5,009,917	5,907,643	7,494,007	5,216,677	25,483,443
Interest	136,984	39,651	-	9,467	546	186,648
Other	39,625	29,010	25,629	91,879	496,477	682,620
Total Cash Receipts	15,695,381	7,474,797	6,198,600	7,741,691	9,635,705	46,746,174
CASH DISBURSEMENTS						
Current:						
General Government:						
Legislative and Executive	3,625,466	-	-	-	719,005	4,344,471
Judicial	3,250,645	-	-	-	507,069	3,757,714
Public Safety	3,891,260	-	-	-	2,249,331	6,140,591
Public Works	754,386	-	-	3,716,242	125,237	4,595,865
Health	194,360	6,949,882	-	-	3,552,039	10,696,281
Human Services	232,009	-	6,122,463	-	1,833,389	8,187,861
Community and Economic Development	-	-	-	-	219,179	219,179
Transportation	-	-	-	-	137,559	137,559
Other	132,288	-	-	-	12,760	145,048
Capital Outlay	1,410	176,704	-	2,703,258	3,131,427	6,012,799
Debt Service:						
Principal Retirements	-	-	-	3,200,000	536,050	3,736,050
Interest and Fiscal Charges	-	-	-	49,887	91,873	141,760
Total Cash Disbursements	12,081,824	7,126,586	6,122,463	9,669,387	13,114,918	48,115,178
Excess of Cash Receipts Over (Under) Cash Disbursements	3,613,557	348,211	76,137	(1,927,696)	(3,479,213)	(1,369,004)
OTHER FINANCING SOURCES (USES)						
Transfers In	26,602	-	-	-	3,720,535	3,747,137
General Obligation Bonds Issued	-	-	-	2,000,000	381,500	2,381,500
Notes Issued	-	-	-	-	13,996	13,996
Proceeds from Sale of Assets	2,078	-	-	-	-	2,078
Transfers Out	(2,790,193)	-	-	(579,323)	(367,624)	(3,737,140)
Total Other Financing Sources (Uses)	(2,761,513)	-	-	1,420,677	3,748,407	2,407,571
Net Change in Fund Cash Balances	852,044	348,211	76,137	(507,019)	269,194	1,038,567
Cash Basis Fund Balances at Beginning of Year	2,545,859	4,700,236	146,977	3,240,272	5,061,296	15,694,640
Cash Basis Fund Balances at End of Year	$ 3,397,903	$ 5,048,447	$ 223,114	$ 2,733,253	$ 5,330,490	$ 16,733,207
CASH BASIS ASSETS AT END OF YEAR						
Equity in Pooled Cash and Cash Equivalents	$ 3,397,903	$ 5,048,447	$ 223,114	$ 2,733,253	$ 5,330,490	$ 16,733,207
Total Assets	$ 3,397,903	$ 5,048,447	$ 223,114	$ 2,733,253	$ 5,330,490	$ 16,733,207
CASH FUND BALANCES AT YEAR END						
Nonspendable	$ 165,557	$ -	$ -	$ -	$ -	$ 165,557
Restricted	-	5,048,447	223,114	2,733,253	5,330,490	13,335,304
Assigned	937,947	-	-	-	-	937,947
Unassigned	2,294,399	-	-	-	-	2,294,399
Total Cash Basis Fund Balances	$ 3,397,903	$ 5,048,447	$ 223,114	$ 2,733,253	$ 5,330,490	$ 16,733,207

The notes to the basic financial statements are an integral part of this statement.

Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
RECEIPTS				
Property Taxes	$ 2,645,000	$ 2,518,946	$ 2,518,946	$ -
Sales Taxes	7,695,612	8,724,967	8,724,967	-
Payments in Lieu of Taxes	142,706	161,794	161,794	-
Charges for Services	1,247,731	1,414,626	1,414,626	-
Licenses and Permits	3,069	3,479	3,479	-
Fines and Forfeitures	331,923	376,321	376,321	-
Intergovernmental	1,636,326	1,855,199	1,855,199	-
Interest	120,185	136,261	136,261	-
Other	22,058	25,009	25,009	-
Total Receipts	13,844,610	15,216,602	15,216,602	-
DISBURSEMENTS				
Current:				
General Government:				
Legislative and Executive	3,633,149	4,563,381	4,506,124	57,257
Judicial	1,904,719	2,904,354	2,904,354	-
Public Safety	4,139,635	3,974,969	3,974,969	-
Public Works	637,424	633,461	632,242	1,219
Health	157,283	196,340	196,340	-
Human Services	235,502	232,009	232,009	-
Other	1,838,116	131,181	131,181	-
Capital Outlay	-	5,599	1,410	4,189
Total Disbursements	12,545,828	12,641,294	12,578,629	62,665
Excess of Receipts Over Disbursements	1,298,782	2,575,308	2,637,973	62,665
OTHER FINANCING SOURCES (USES)				
Transfer In	-	526,602	526,602	-
Proceeds from Sale of Assets	-	2,078	2,078	-
Transfers Out	(2,530,885)	(2,739,013)	(2,739,013)	-
Total Other Financing Sources (Uses)	(2,530,885)	(2,210,333)	(2,210,333)	-
Net Change in Fund Balance	(1,232,103)	364,975	427,640	62,665
Fund Balance at Beginning of Year - As Restated	1,241,462	1,241,462	1,241,462	-
Prior Year Encumbrances Appropriated	160,154	160,154	160,154	-
Fund Balance at End of Year	$ 169,513	$ 1,766,591	$ 1,829,256	$ 62,665

The notes to the basic financial statements are an integral part of this statement.

Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
Board of Developmental Disabilities Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
RECEIPTS				
Property Taxes	$ 1,700,000	$ 1,792,057	$ 1,792,057	$ -
Payments in Lieu of Taxes	2,031	2,307	2,307	-
Charges for Services	40,598	601,855	601,855	-
Intergovernmental	4,724,103	5,009,917	5,009,917	-
Interest	34,887	39,651	39,651	-
Other	198,381	29,010	29,010	-
Total Receipts	6,700,000	7,474,797	7,474,797	-
DISBURSEMENTS				
Current:				
Health	7,181,165	7,286,149	6,949,982	336,167
Capital Outlay	100,000	187,900	176,704	11,196
Total Disbursements	7,281,165	7,474,049	7,126,686	347,363
Net Change in Fund Balance	(581,165)	748	348,111	347,363
Fund Balance at Beginning of Year	4,687,094	4,687,094	4,687,094	-
Prior Year Encumbrances Appropriated	13,142	13,142	13,142	-
Fund Balance at End of Year	$ 4,119,071	$ 4,700,984	$ 5,048,347	$ 347,363

The notes to the basic financial statements are an integral part of this statement.

Lawrence County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
Job and Family Services Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
RECEIPTS				
Intergovernmental	$ 7,127,682	$ 5,907,643	$ 5,907,643	$ -
Charges for Services	-	265,328	265,328	-
Other	243,318	25,629	25,629	-
Total Receipts	7,371,000	6,198,600	6,198,600	-
DISBURSEMENTS				
Current:				
Human Services	7,386,125	6,229,535	6,217,769	11,766
Total Disbursements	7,386,125	6,229,535	6,217,769	11,766
Net Change in Fund Balance	(15,125)	(30,935)	(19,169)	11,766
Fund Balance at Beginning of Year	130,148	130,148	130,148	-
Prior Year Encumbrances Appropriated	16,829	16,829	16,829	-
Fund Balance at End of Year	$ 131,852	$ 116,042	$ 127,808	$ 11,766

The notes to the basic financial statements are an integral part of this statement.

Lawrence County

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
Motor Vehicle Gasoline Tax Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
RECEIPTS				
Fines and Forfeitures	$ 25,297	$ 20,416	$ 20,416	$ -
Intergovernmental	9,145,085	7,494,007	7,494,007	-
Charges for Services	-	125,922	125,922	-
Interest	11,730	9,467	9,467	-
Other	410,540	91,879	91,879	-
Total Receipts	9,592,652	7,741,691	7,741,691	-
DISBURSEMENTS				
Current:				
Public Works	1,781,975	4,040,067	3,993,123	46,944
Capital Outlay	1,298,718	2,853,580	2,703,625	149,955
Debt Service:				
Principal Retirements	1,535,095	3,200,000	3,200,000	-
Interest and Fiscal Charges	23,932	49,887	49,887	-
Total Disbursements	4,639,720	10,143,534	9,946,635	196,899
Excess of Receipts Over (Under) Disbursements	4,952,932	(2,401,843)	(2,204,944)	(196,899)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	2,660,149	-	(2,660,149)
Advances Out	-	(10,500)	-	10,500
General Obligation Bonds Issued	-	2,000,000	2,000,000	-
Transfers Out	-	(3,239,473)	(579,323)	2,660,150
	-			
Total Other Financing Sources (Uses)	-	1,410,176	1,420,677	10,501
Net Change in Fund Balance	4,952,932	(991,667)	(784,267)	207,400
Fund Balance at Beginning of Year	2,858,207	2,858,207	2,858,207	-
Prior Year Encumbrances Appropriated	382,066	382,066	382,066	-
Fund Balance at End of Year	$ 8,193,205	$ 2,248,606	$ 2,456,006	$ 207,400

The notes to the basic financial statements are an integral part of this statement.

Lawrence County
Statement of Cash Basis Assets and Net Cash Position and Cash Receipts,
Cash Disbursements and Changes in Net Position
Proprietary Funds - Cash Basis
As of and For the Year Ended December 31, 2014

	Union-Rome Sewer Fund
OPERATING CASH RECEIPTS	
Charges for Services	$ 3,408,376
Other	59,191
Total Operating Cash Receipts	3,467,567
OPERATING CASH DISBURSEMENTS	
Salaries and Benefits	801,905
Contractual Services	949,286
Materials and Supplies	81,499
Capital Outlay	45,861
Other	19,674
Total Operating Cash Disbursements	1,898,225
Excess of Operating Cash Receipts Over Operating Cash Disbursements	1,569,342
NON-OPERATING CASH RECEIPTS (CASH DISBURSEMENTS)	
Proceeds from OWDA Loan	1,961
Proceeds from Bonds Issued	331,533
Interest and Fiscal Charges	(243,448)
Principal Retirement	(933,564)
Total Non-Operating Cash Receipts (Cash Disbursements)	(843,518)
Cash Receipts Over Cash Disbursements Before Transfers	725,824
Transfers Out	(9,997)
Change in Net Position	715,827
Net Position at Beginning of Year	1,911,063
Net Position at End of Year	$ 2,626,890
CASH BASIS ASSETS AT END OF YEAR	
Equity in Pooled Cash and Cash Equivalents	$ 2,626,890
NET POSITION AT END OF YEAR	
Unrestricted	$ 2,626,890

The notes to the basic financial statements are an integral part of this statement.

Lawrence County

Statement of Fiduciary Net Position - Cash Basis

As of December 31, 2014

	Agency Funds
ASSETS	
Equity Pooled in Cash and Cash Equivalents	$ 3,352,726
Cash and Cash Equivalents in Segregated Accounts	687,566
Total Assets	4,040,292
NET POSITION	
Unrestricted	4,040,292
Total Net Position	$ 4,040,292

The notes to the basic financial statements are an integral part of this statement.

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

Lawrence County, Ohio (the County), was settled in 1797, and it was formally established on December 20, 1816 as a County by taking portions of Gallia and Scioto Counties. The County is comprised of fourteen townships. The County is governed by a three-member Board of County Commissioners elected by the voters of the County. The County Auditor is responsible for the fiscal controls of the resources of the County that are maintained in the funds described below. The County Treasurer is the custodian of funds and the investment officer. Other officials that manage various segments of the County's operations are the Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, two Common Pleas Court Judges, and one Judge for the Probate and Juvenile Courts. All of these officials are elected. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrator of public services for the County, including each of these departments.

Reporting Entity

The County utilizes the standards of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statements No. 39 and 61, for determining the reporting entity.

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

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Lawrence County, this includes the Board of Developmental Disabilities, the Union-Rome Sewer District, and all departments and activities that are directly operated by the elected County officials.

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

The County has the following component units:

> Choices, Inc., is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The organization assists in providing housing for persons with mental retardation or developmental disabilities. The Lawrence County Board of Developmental Disabilities (DD) obtains grants to subsidize the purchase of houses for Choices, Inc. Choices, Inc. then rents the houses to developmentally disabled tenants. Based on the significant resources provided by the County to Choices, Inc. and Choices' sole purpose of providing housing to developmentally disabled persons in Lawrence County, Choices, Inc. is a component unit of Lawrence County. Choices, Inc. operates on a fiscal year ending June 30. Separately issued financial statements can be obtained from Choices, Inc., Coal Grove, Ohio.

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)

Reporting Entity (Continued)

Tri-State Industries, Inc., is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The workshop, under a contractual agreement with the Lawrence County Board of Developmental Disabilities (DD), provides sheltered employment for developmentally disabled or handicapped adults in Lawrence County. The Lawrence County Board of DD provides the workshop with staff salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of the workshop. Based on the significant services and resources provided by the County to the workshop and the workshop's sole purpose of providing assistance to the developmentally disabled and handicapped adults of Lawrence County, the workshop is a component unit of Lawrence County. Tri-State Industries, Inc. operates on a fiscal year ending June 30. Separately issued financial statements can be obtained from Tri-State Industries, Inc., Coal Grove, Ohio.

The Lawrence County Port Authority, is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio pursuant to the authority of Sections 4582.21 to 4582.59 of the Ohio Revised Code. The Port Authority was established on December 2, 2004 by the Lawrence County Commissioners. The purpose of the Port Authority is to be involved in the activities that enhance, foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within Lawrence County. The Port Authority provides services that are enumerated in Sections 4582.21 to 4582.59 of the Ohio Revised Code. These services include but are not limited to the power to purchase, construct, reconstruct, enlarge, improve, equip, develop, sell, exchange, lease, convey other interest in, and operate Port Authority facilities to accomplish these activities. The Lawrence County Port Authority operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from the Lawrence County Port Authority, South Point, Ohio.

The Lawrence County Transportation Improvement District (LCTID) is a legally separate entity pursuant to the Ohio Revised Code Section 5540.03(A)(1). The purpose of the LCTID is to improve the transportation system in Lawrence County in order to contribute to the creation or preservation of jobs or employment opportunities or the improvement of economic welfare of the people within the area of the LCTID and to all the State. The Board of Trustees is appointed pursuant to the Ohio Revised Code Section 5540.02(C)(2). The Board of Trustees is made up of five voting members appointed by the Lawrence County Commissioners, there are also two nonvoting members, one of which is appointed by the Speaker of the Ohio House of Representatives and the other is appointed by the president of the Ohio Senate. Separately issued financial statements can be obtained from the Lawrence County Transportation Improvement District, Ironton, Ohio.

The County has elected to include the above component units in the accompanying basic financial statements. See also note 2 to the basic financial statements entitled *Government-wide Financial Statements.*

The following potential component units have been excluded because the County is not financially accountable for these organizations nor are these entities for which the County approves the budget, the issuance of debt, or the levying of taxes.

The Lawrence County Agricultural Society
The Lawrence County Educational Service Center
The Lawrence County Joint Vocational School
The Lawrence County Historical Society
The Lawrence County Extension Service
The Lawrence County Economic Development Corporation
The Lawrence County Domestic Violence Task Force, Inc.
The Lawrence County Council on Aging
The Lawrence County Airpark

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)

Reporting Entity (Continued)

As the custodian of public funds, the County Treasurer 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 activity of the following districts and agencies is presented as agency funds within the County's financial statements:

The Lawrence County Soil and Water Conservation District was statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.

Lawrence County Health District is governed by a five member Board of Health which oversees the operation of the Health District. The Board is appointed by an advisory council comprised of the president of the township trustees, mayors of participating municipalities and one County Commissioner. The Board has sole budgetary authority, and controls surpluses and deficits. The County is not legally obligated for the Health District's debt. Funding is based on a rate per taxable valuation, along with state and federal grants applied for by the Health District.

The Local Emergency Planning Commission was established by the State Emergency Response Commission, which designates Emergency Planning Districts within the State. Commission members are recommended by the County Commissioners and appointed by the State Emergency Response Commission. The Commission receives operating resources in the form of grants from the State.

The County is involved with the following organizations that are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is presented in note 12.

Adams, Lawrence, Scioto Alcohol, Drug Addiction, and Mental Health Services Board
Private Industry Council
Ironton-Lawrence County Community Action Organization
The KYOVA Interstate Planning Commission
Ohio Valley Regional Development Commission
Ohio Valley Resource Conservation and Development Area, Inc.

The County is involved in the following organizations that are defined as public entity shared risk pools. Additional information concerning the public entity shared risk pools is presented in note 13.

Buckeye Joint-County Self-Insurance Council
County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is involved in the following organization that is defined as a joint venture. Additional financial information concerning the joint venture is presented in note 14.

Scioto-Lawrence Counties Joint Solid Waste District

The County is involved with the following organization that is defined as a related organization. Additional financial information concerning the related organization is presented in note 15.

Briggs-Lawrence County Public Library

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lawrence County have been prepared following the cash accounting basis. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements omit assets, liabilities, fund equities, and certain disclosures. The more significant accounting policies are described below.

Fund Accounting

The County's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific County functions or activities. The operation of each fund is accounted for within a separate self-balancing set of accounts.

Governmental Funds

Governmental funds are those through which most governmental functions typically 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. Cash disbursements are assigned to the fund from which they are paid. The following are the County's major governmental funds:

General Fund

The General Fund is the general operating fund of the County and is used to account for all financial resources except those accounted for in another fund. The General Fund is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Board of Developmental Disabilities Special Revenue Fund

This fund is used to provide assistance and training to developmentally disabled individuals. The primary sources of funding are various federal and state grants and a property tax levy.

Job and Family Services Special Revenue Fund

This fund is used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services. The primary sources of funding are various federal and state grants as well as transfers from the General Fund.

Motor Vehicle Gasoline Tax Special Revenue Fund

This fund is used for maintenance and repair of roads and bridges. The primary sources of funding are monies received from state gasoline tax and motor vehicle registration fees.

The other governmental funds of the County account for grants and other resources, debt service, and capital projects, whose use is restricted to a particular purpose.

Proprietary Funds

The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Enterprise funds are the County's only proprietary fund type. The following is the County's major enterprise fund:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Union-Rome Sewer Fund

The Union-Rome Sewer Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered through user charges. The County's Union-Rome Sewer Fund accounts for wastewater treatment services for the County. The major ongoing source of funding is charges for services.

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. The County's only fiduciary funds are agency funds.

Agency Funds

Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

The County's agency funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that have been collected and which will be distributed to other political subdivisions.

Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that 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 statement of net position-cash basis presents the cash basis financial condition of the governmental and the business-type activities of the County at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the County's governmental and business-type activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the County. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general cash receipts of the County.

The government-wide financial statements also display information regarding four legally separate entities, or component units, for which the County is fiscally responsible. These four component units are Tri-State Industries, Inc., Choices, Inc., the Lawrence County Port Authority, and the Lawrence County Transportation Improvement District, and are described further in note 1 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the County chooses to prepare its financial statements and notes on the cash basis of accounting. This basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

For comparability purposes, the component units' financial information has been presented on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

Cash Receipts – Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On a cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On a cash basis, receipts from property taxes are recognized in the year in which the taxes are received. Receipts from grants, entitlements and donations are also recognized in the year in which the monies have been received.

Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

Budget

In accordance with Section 5747.53 of the Ohio Revised Code, the County Budget Commission has provided for the apportionment of undivided local government funds under an alternative method that has been approved by governmental subdivisions within the County. Under this alternative method, the County Budget Commission has waived the requirement for the Taxing Authority of a subdivision to adopt a tax budget.

Estimated Resources

The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources that states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriation.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The original budget figures that appear in the statements of budgetary comparison represent the first appropriation measure that covered the entire fiscal year. The final budget figures that appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

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 are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the County Commissioners.

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

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

Cash and Cash Equivalents and Investments

Cash and cash equivalents consist of the total of fund cash balances of all funds as of December 31, 2014. To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. County funds are maintained in several checking accounts as well as invested in certificates of deposit with terms of one to twelve months. Individual fund balance integrity is maintained through the County's records. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All interest receipts are reported in the General Fund except those specifically related to those funds deemed appropriate according to Board of County Commissioners policy. For 2014, interest receipts amounted to $186,648 in which $136,984 was recorded in the General Fund; $39,651 was recorded in the Board of Developmental Disabilities Special Revenue Fund; $9,467 was recorded in the Motor Vehicle Gasoline Tax Special Revenue Fund; and $546 was recorded in All Other Governmental Funds.

Capital Assets and Depreciation

Capital assets (fixed assets) acquired or constructed for the County are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately on the basic financial statements.

Compensated Absences

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described. All leave will either be absorbed by time off from work or, within certain limitations, be paid to the employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In general, bonds, long-term loans, and capital leases are recorded as cash disbursements in the basic financial statements when paid and are not accrued as liabilities.

Operating Cash Receipts and Cash Disbursements

Operating cash receipts are those cash receipts that are generated directly from the primary activity of the proprietary funds. For the County, these receipts are charges for services for sewer services. Operating cash disbursements are necessary costs incurred to provide the good or service that is the primary activity of the fund. Cash receipts and disbursements not meeting these definitions are reported as non-operating.

Net Cash Position

Net position represents the cash basis assets held by the County at year end. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for grants. The County applies restricted resources when a cash disbursement is made for purposes for which both restricted and unrestricted net position is available.

Of the County's $13,335,304 in restricted net position, none is restricted by enabling legislation.

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements 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. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide financial statements, transfers within governmental activities or within business-type activities are eliminated. Transfers between governmental activities and business-type activities are shown in the same manner as general revenues.

Interfund Receivables/Payable

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

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS

A. Primary Government

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

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

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

A. Primary Government (Continued)

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;

2. Bonds, notes, debentures, or other obligations of or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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 the political subdivisions of Ohio, provided that such political subdivisions are located wholly or partly within the same county as the investing authority;

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;

9. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio;

10. Certain bankers' acceptances for a period not to exceed one hundred and eighty days and commercial paper notes for a period not to exceed two hundred and seventy days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;

11. Under limited circumstances, corporate debt interest rated in any of the three highest rating classifications by at least two nationally recognized rating agencies;

12. Notes issued by corporations incorporated and operating within the United States, or by depository institutions doing business under any state or United States authority and operating within the United States. Such investments shall not exceed fifteen percent of the County's total average portfolio and meet other requirements; and

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

A. Primary Government (Continued)

13. A current unpaid or delinquent tax line of credit authorized under division (G) of section 135.341 of the Revised Code provided that all of the conditions for entering into such a line of credit under that division are satisified.

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 or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. The County maintains a cash pool which is used by all funds.

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.

Deposits:

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The County's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

The County's bank balance of $24,236,202 was either covered by FDIC or collateralized by the financial institutions' public entity deposit pools.

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

A. Primary Government (Continued)

Investments:

The County had the following investments as of December 31, 2014:

	Investment Balance	Maturity <1 year	Maturity 1-2	Maturity >2 years	Percent Invested
Village of Protorville Securities	$105,000	$30,000	$27,900	$47,100	2.09%
Fairland Schools Securities	1,655,000	225,000	230,000	1,200,000	32.95%
Fayette Twp Securities	171,100	55,900	57,000	58,200	3.41%
Perry Twp Securities	44,402	44,402	0	0	0.88%
Rome Twp Securities	36,710	11,995	12,235	12,480	0.73%
Mason Twp Securities	7,709	2,570	2,569	2,570	0.15%
Windsor Twp Securities	29,200	9,600	9,700	9,900	0.58%
Elizabeth Twp Securities	13,600	3,300	3,400	6,900	0.27%
Fairland School/Lease Securities	756,000	378,000	189,000	189,000	15.05%
City of Ironton Securities	396,600	262,500	0	134,100	7.90%
City of Ironton Securities	108,700	108,700	0	0	2.16%
Rome Twp #2 Securities	60,000	11,472	11,730	36,798	1.19%
Village of South Point Securities	460,000	65,714	65,715	328,571	9.16%
Commissioners Securities	113,190	74,710	0	38,480	2.25%
EMS Securities	41,605	41,605	0	0	0.83%
Commissioners Dome Securities	24,240	11,880	6,120	6,240	0.48%
EMS #2 Securities	96,941	23,520	23,991	49,430	1.93%
Sheriff Securities	117,945	28,616	29,189	60,140	2.35%
Building Securities	15,148	4,950	5,049	5,149	0.30%
911 Securities	57,030	13,830	14,120	29,080	1.14%
Ambulance Securities	220,000	53,778	54,584	111,638	4.38%
Sewer Securities	331,533	63,389	64,816	203,328	6.60%
Jail Improvement Securities	32,500	6,214	6,354	19,932	0.65%
Real Estate Securities	129,000	25,000	25,000	79,000	2.57%
Total	$5,023,153	$1,556,645	$838,472	$2,628,036	100.00%

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County limits their investments to those authorized by State statute. All government securities are unrated.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy allows investments in U.S Treasury Obligations, Federal Agency Obligations, Repurchase Agreements, Commercial Paper, Bankers' Acceptances, Municipal Obligations, Bank Deposits, State Pool, Registered Investment Companies (Mutual Funds), Corporate Bonds, Certificates of Deposit or within financial institutions with the State of Ohio as designated by the Federal Reserve Board and other investments permitted by the Ohio Revised Code. The County invested 100% in government securities during 2014.

Custodial Credit Risk – 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 County's investments are held in the name of the County.

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

B. Component Units

At its fiscal year-end, the carrying amount of Tri-State Industries' deposits was $5,916. The entire amount was covered by federal deposit insurance.

At its fiscal year-end, the carrying amount of Choices, Inc.'s deposits was $27,858. The entire amount was covered by federal deposit insurance.

At December 31, 2014, the carrying amount of the Lawrence County Port Authority's deposits was $107,738. The entire amount was covered by federal depository insurance.

At December 31, 2014, the Lawrence County Transportation Improvement District's deposit balance was $-0-.

NOTE 4- BUDGETARY BASIS FUND BALANCES

Differences between the budgetary basis fund balances and fund cash balances are due to encumbrances and funds included as part of the General Fund for cash reporting purposes, but excluded for budgetary purposes. The table below presents those differences for the County's major funds:

	General Fund	Board of Developmental Disabilities	Job and Family Services	Motor Vehicle Gasoline Tax
Budgetary Basis Fund Balances	$1,829,256	$5,048,347	$127,808	$2,456,006
Encumbrances	219,158	100	95,306	277,247
Excluded Funds for Budget Purposes	1,349,489	-	-	-
Fund Cash Balances	$3,397,903	$5,048,447	$223,114	$2,733,253

NOTE 5 - PROPERTY TAX

Property taxes include amounts levied against all real, and public utility property located in the County. Property tax revenue received during 2014 for real and public utility property taxes represents collection of 2013 taxes.

2014 real property taxes are levied after October 1, 2013 on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are intended to finance 2015.

Public utility property currently is assessed at varying percentages of true value; public utility property is assessed at 35 percent of true value. 2014 public utility property taxes became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

The assessed value for the taxes levied in 2014 was $913,903,220 of which real property represented 90 percent ($823,083,050) of the total and public utility property represented 10 percent ($90,820,170) of the total. The full tax rate for all County operations for taxes collected in 2014 was $5.60 per $1,000 of assessed valuation.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due by 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.

The Lawrence County Treasurer collects property tax on behalf of all taxing districts within the County. The Lawrence County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.

NOTE 6 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. By contracting with Buckeye Joint-County Self-Insurance Council for auto, crime, liability and property insurance, the County has addressed these various types of risk.

In the event of losses, the first $250 to $1,000 of any valid claim depending on the type of loss will be paid by the member. The next payment, with a maximum pay range from $100,000 to $2,000,000 per occurrence, will come from the self-insurance pool based on the member's percentage of contribution. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments. Lawrence County does not have any ongoing financial interest or responsibility.

This jointly governed organization is a cost-sharing pool. Coverage provided to the County by the program is as follows:

Policy Type	Annual/ Aggregate Coverage	Deductible
General Liability	$1,000,000/$3,000,000	$1,000
Public Officials Liability	$1,000,000/$3,000,000	$5,000
Law Enforcement	$1,000,000/$3,000,000	$5,000
Auto Liability	$1,000,000 per occurrence	$0
Pollution Liability	$100,000	$1,000
All Risk Blanket Property	Building and Contents per Schedule	$1,000
Flood (Zone A coverage)	$5,000,000	$25,000
Extra Expense	$1,000,000	$1,000
Personal Property of Others	$1,000,000	$1,000
Earthquake	$5,000,000	$25,000
Electronic Data Processing Equipment	$500,000	$1,000
Blanket Bond	$250,000	$0
Elected Officials Bond	Per Bond Schedule	$0
Boiler and Machinery	$46,105,617	$1,000
Inland Marine	$4,183,901	$1,000
Auto Comprehensive	Per Schedule	$100
Auto Collision	Per Schedule	$250
Employees Benefits Liability	$1,000,000/$3,000,000	$1,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. For 2014, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see note 13). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

NOTE 7 - PERMISSIVE SALES AND USE TAX

In February 1983, the Tax Commissioners adopted by resolution a one percent Permissive Sales and Use Tax. In April 1998 a one half percent Permissive Sales and Use Tax, as allowed by Sections 5739.02 and 5742.02, Revised Code was also adopted. Sales and use tax revenue for 2014 amounted to $8,724,967 and is recorded in the General Fund.

NOTE 8 - RETIREMENT SYSTEMS

<u>Ohio Public Employees Retirement System</u>

A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
   1) The Traditional Pension Plan – a cost-sharing multiple-employer defined benefit pension plan.
   2) The Member-Directed Plan – 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 member and (vested) employer contributions plus any investment earnings.
   3) The Combined Plan – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety officers participate in only the Traditional Pension Plan.

   The member contribution rates were 10.0%, 10.0%, and 10.0% for 2014, 2013, and 2012, respectively, for the County. Public safety and law enforcement members contributed at a rate of 12.0% and 13.0%, 12.0% and 12.6%, and 11.5% and 12.1% for 2014, 2013, and 2012, respectively.

   The employer contribution rates were 14.0%, 14.0%, and 14.0%, of covered payroll for 2014, 2013, and 2012, respectively, for the County. For both the law enforcement and public safety divisions, the employer contribution rates were 18.10%, 18.10%, and 18.10%, respectively.

The County's contributions to OPERS for the years ended December 31, 2014, 2013, and 2012, were $2,665,832, $2,446,320, and $1,878,211, respectively. 100% has been contributed for 2014, 2013, and 2012.

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System have an option to choose social security or the Public Employees Retirement System. As of December 31, 2014, none of the elected officials had elected social security.

NOTE 8 - RETIREMENT SYSTEMS (Continued)

State Teachers Retirement System

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 9.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members may transfer to a different STRS Ohio retirement plan during their fifth year of membership. Eligible members who do not make a choice during the reselection period will permanently remain in their current plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 9.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits – For members who select the Combined Plan, 10% of the 11% member contribution rate is deposited into the member's defined contribution account and the remaining amount is applied to the DB Plan. Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service credit. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

NOTE 8 - RETIREMENT SYSTEMS (Continued)

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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. A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14% for members and 14% for employers.

For the year ended December 31, 2014, plan members were required to contribute 11 percent of their covered salaries for the first six months of the year and 12 percent for the last six months of 2014. For the first six months of the year ended December 31, 2013 and all of 2012, plan members were required to contribute 10 percent of their annual covered salaries. Plan members were required to contribute 11 percent of their covered salaries for the last six months of 2013. The County was required to contribute 14 percent. The County's required contributions for pension obligations to STRS Ohio for the calendar years ended December 31, 2014, 2013, and 2012 were $111,681, $115,821, and $108,326, respectively; which were equal to the required amounts for those years.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling 1-888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

NOTE 9 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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

   OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying benefit recipients 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.

NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code.

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

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

Employer's contributions are expressed as a percentage of the earnable salary of active members. In 2014, the County contributed at 14.0% of earnable salary for local government employer units and 18.1% for public safety and law enforcement. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post-employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 2.0% during calendar year 2014. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by the OPERS' Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

C. The employer contributions that were used to fund post-employment benefits were $380,681, $188,178, and $751,285, for 2014, 2013, and 2012, respectively; 100 percent has been contributed for 2014, 2013, and 2012.

D. Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0% of the employer contributions toward the health care fund after the end of the transition period.

NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan; and a Combined Plan, which is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Section 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll free 1-888-227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended December 31, 2014, 2013, and 2012. For the County, these amounts equaled $7,977, $8,273, and $7,738, respectively, for 2014, 2013, and 2012, respectively, which equaled the required contributions for these years.

NOTE 10 - DEBT OBLIGATIONS

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. However, information regarding such changes in the County's long-term obligations during 2014 is as follows:

Governmental Long-Term Obligations:	Outstanding 12/31/2013	Additions	Deletions	Outstanding 12/31/2014	Due In One Year
Series 2005B 3.71% Equipment Bond	$ 46,493	$ -	$ 22,791	$ 23,702	$ 23,702
Series 2013 Ambulance Acquisition Bonds 2.00%	120,000	-	23,059	96,941	23,520
Series 2013 County Building Improvement Bonds 2.00%	20,000	-	4,852	15,148	4,950
Series 2013 Police Cruiser Acquisistion Bonds 2.00%	146,000	-	28,055	117,945	28,616
Series 2013 Building Improvement Bonds 2.00%	30,000	-	5,760	24,240	5,880
Series 2013 Equipment Acquisition Bonds 2.00%	70,605	-	13,575	57,030	13,830
Series 2014 Ambulance Acquisition Bonds 1.50%	-	220,000	-	220,000	53,778
Series 2014 County Jail Improvements Bonds 2.25%	-	32,500	-	32,500	6,214
Series 2014 Road Improvements Bonds 2.29%	-	2,000,000	200,000	1,800,000	400,000
Series 2014 Real Estate Acquisition Bonds 2.25%	-	129,000	-	129,000	25,000
Subtotal General Obligation Bonds	433,098	2,381,500	298,092	2,516,506	585,490
Lease Financing Agreement 2010 5.877%	929,597	-	62,982	866,615	75,320
Lease Financing Agreement 2011 6.10%	21,391	-	21,391	-	-
OPWC Loan 1995 0.00%	24,990	-	9,995	14,995	9,995
OWDA Loan 2014 0.00%	-	13,996	13,996	-	-
Long Term Notes:					
Various Purpose Bond Anticipation Note 2010 3.03%	343,785	-	50,099	293,686	52,780
Computer Equipment Note 2009 3.23%	51,101	-	7,447	43,654	7,845
BAN 2012 Emergency Equipment Acquisition 1.25%	82,695	-	41,091	41,604	41,604
Road Improvement BAN 2011 4.73%	33,407	-	3,532	29,875	3,699
Ambulance Acquisition Note 2011 2.49%	62,165	-	62,165	-	-
Road Improvement BAN 2012 1.88%	3,000,000	-	3,000,000	-	-
Various Purpose BAN 2012 2.00%	149,450	-	36,260	113,190	36,990
Total Governmental Long-Term Obligations	$ 5,131,679	$ 2,395,496	$ 3,607,050	$ 3,920,125	$ 813,723

Union-Rome Sewer Fund Obligations:	Outstanding 12/31/2013	Additions	Deletions	Outstanding 12/31/2014	Due In One Year
Sewer 2007 3.25% OWDA Loan	$ 23,970,417	$ 1,947	$ 777,471	$ 23,194,893	$ 787,212
OWDA Loan Agreement #5423, 2010, 0%	1,151,701	-	54,022	1,097,679	-
OWDA Loan 5424	557,309	14	20,455	536,868	29,123
Subtotal OWDA Loans	25,679,427	1,961	851,948	24,829,440	816,335
Sewer Bonds Series 2014	-	331,533	-	331,533	63,389
OPWC Loan 1995 0.00%	253,370	-	54,116	199,254	54,117
OPWC Loan 2009 0.00%	440,000	-	27,500	412,500	27,500
Subtotal Non OWDA	693,370	331,533	81,616	943,287	145,006
Total Union-Rome-Sewer Fund Obligations	$ 26,372,797	$ 333,494	$ 933,564	$ 25,772,727	$ 961,341

NOTE 10 - DEBT OBLIGATIONS (Continued)

The equipment acquisition bonds issued in 2005 in the amount of $200,000 were used to acquire GIS and voting equipment. The debt is being retired from property taxes.

The County entered into a lease financing agreement in February 2010 in the amount of $820,522 for the purpose of various energy conservation improvements. In 2012 an addition was made to this lease in the amount of $215,000. The lease financing agreement is being retired from the debt service fund.

The County entered into a lease agreement in 2011 in the amount of $83,250 for the purpose of obtaining vehicles for the Sheriff's department. The lease financing agreement was retired from the General fund.

The various purpose long term bond anticipation notes in the amount of $520,000 were issued on May 1, 2010 and have a 10 year amortization period. This long term note is being retired from the Auditor-Treasurer Update Fund.

The computer equipment acquisition note in the amount of $77,296 was issued on May 8, 2009 and has a 10 year amortization period. This long term note is being retired from the Clerk of Courts Computer Debt fund.

The County issued bond anticipation notes in the amount of $40,000 on March 17, 2011 for the purpose of paying the County's share of making improvements to North Huntington Heights Road in the Village of Chesapeake. These notes have a 10 year amortization period. This long term note is being retired from the North Huntington Heights Debt Service fund.

The County issued bond anticipation notes on April 18, 2011 in the amount of $182,000 for the purpose of purchasing two ambulances which matured on April 1, 2014. This long term note was retired from the Courthouse/Jail fund.

On June 28, 2012, the County issued Emergency Equipment Acquisition BANs in the amount of $123,279 with a final maturity date of June 1, 2015. This long term note will be retired from the EMS Capital Improvement fund.

The County issued Road Improvement BANs in the amount of $3,000,000 on February 16, 2012 which matured on February 16, 2014. This long term note was retired from the Motor Vehicle Gasoline Tax Fund.

The Building Improvement Acquisition bonds in the amount of $20,000 were issued in October 2013 with a final maturity date of October 2017. These bonds are being repaid from the Building Improvement Debt Service Fund.

The Ambulance Acquisition Bonds Series 2013 in the amount of $120,000 were issued in October 2013 with a final maturity date of October 2018. These bonds are being repaid from the EMS Fund.

The Equipment Acquisition Bonds Series 2013 in the amount of $70,605 were issued in December 2013 with a final maturity date of December 2018. These bonds are being repaid from the 911 Emergency Special Revenue Fund.

The Building Improvement Bonds Series 2013 in the amount of $30,000 were issued in April 2013 with a final maturity date of June 2018. These bonds are being repaid from the Courthouse Jail Capital Projects Fund.

The Police Cruiser Acquisition Bonds Series 2013 in the amount of $146,000 were issued in October 2013 with a final maturity date of October 2018. These bonds are being repaid from the Cruisers Capital Projects Fund.

The Ambulance Acquisition Bonds Series 2014 in the amount of $220,000 were issued in April 2014 with a final maturity date of April 2018. These bonds will be repaid from the EMS Capital Improvement Fund.

The County Jail Improvements Bonds Series 2014 in the amount of $32,500 were issued in July 2014 with a final maturity date of July 2019. These bonds will be repaid from the Courthouse and Jail Capital Improvement Fund.

The Road Improvements Bonds Series 2014 in the amount of $2,000,000 were issued in February 2014 with a final maturity date of February 2019. These are being repaid from the Motor Vehicle Gasoline Tax Fund.

NOTE 10 - DEBT OBLIGATIONS (Continued)

The Real Estate Acquisition Bonds Series 2014 in the amount of $129,000 were issued in December 2014 with a final maturity date of December 2019. These bonds will be repaid from the Mended Reeds Debt Service Fund.

The County Issued Various Purpose BAN in the amount of $185,000 on June 7, 2012. This long term note is being retired from the Courthouse/Jail fund.

The County received an Ohio Public Works Commission loan in 1995 in the amount of $199,937 to improve storm drainage in the eastern part of the County. The debt is being paid from property taxes.

The County received an OWDA loan in 2014 with proceeds of $13,996 for the water quality improvement program. The OWDA loan proceeds were paid by grant funding from the American Reinvestment and Recovery Act.

Annual debt service requirements to maturity for general obligation debt are as follows:

Year Ending December 31	General Obligation Principal	General Obligation Interest	OPWC Loan Principal	Lease Financing Agreement Principal	Lease Financing Agreement Interest	Long Term Note Principal	Long Term Note Interest
2015	$585,490	$34,984	$9,995	$75,320	$48,185	$142,918	$21,615
2016	564,287	49,045	5,000	79,364	44,141	105,463	17,189
2017	567,812	36,797	-	83,627	39,878	109,823	15,802
2018	565,125	24,473	-	88,123	35,382	75,135	8,650
2019	233,792	12,210	-	92,864	30,641	79,127	4,657
2020-2024	-	2,290	-	365,146	88,107	9,543	684
2025	-	-	-	82,171	4,829	-	-
Total	$2,516,506	$159,799	$14,995	$866,615	$291,163	$522,009	$68,597

The County received Ohio Public Works Commission loans totaling $1,082,341 to complete three phases of the Union Rome equalization project. The debt is being paid from sewer charges.

The County received an Ohio Public Works Commission loan in 2009 in the amount of $550,000 for wastewater treatment plant improvements. The debt is being paid from sewer charges.

The County received an OWDA Loan (#4781) dated 2007 for Union Rome Wastewater Treatment Plant improvements in the total amount of $24,740,171. This loan has a 30 year payment period and will be paid off in July 2040. This debt is being paid from sewer charges.

The County received two OWDA loans to assist with the Union Rome Collection System Rehabilitation project. The first loan was for a total amount of $2,002,432 and was repaid with ARRA principal forgiveness grants in prior years. The second loan (#5423) was for a total amount of $1,329,787 with a 20 year payment period with a final payment due in July 2031. This loan has not been finalized so a final amortization schedule is not available. This loan is not included in the OWDA loan amortization schedule.

The County received two OWDA loans to assist with the Union Rome Wastewater Treatment Plant Biosolids project. The first loan was for a total amount of $732,403 and was repaid with ARRA principal forgiveness grants in prior years. The second loan (#5424) was for a total amount of $622,500 with a 20 year payment period with a final payment due in July 2031.

NOTE 10 - DEBT OBLIGATIONS (Continued)

In connection with the OWDA loans and Sewer Bonds, the County has pledged future customer revenues of the Union-Rome Sewer Fund net of specified operating expenses, to repay these loans. The loans are payable, through final maturities, from net revenues applicable to the Union-Rome Sewer Fund. Total principal on these loans outstanding at December 31, 2014 was $25,160,973 and interest estimated to be payable on this balance is $3,274,177. The net revenue available for these loans was $1,569,342 and principal and interest paid was $1,095,396. The coverage ratio for the loans was 1.43 for the year ended December 31, 2014.

The County issued Sewer Bonds in the amount of $331,533 on May 15, 2014 to improve the sewer system in the County. These bonds will be paid from sewer charges.

The Union-Rome Sewer Fund debt service requirements to maturity are as follows:

Year Ending December 31	OPWC Loans	OWDA Principal	OWDA Interest	Sewer Bonds Principal	Sewer Bonds Interest
2015	$81,617	$816,335	$235,267	$63,389	$7,459
2016	81,617	822,553	227,103	64,815	6,033
2017	81,617	830,798	218,858	66,274	4,575
2018	61,636	839,127	210,528	67,765	3,084
2019	30,267	847,539	202,116	69,290	1,559
2020-2024	137,500	4,366,862	881,414	-	-
2025-2029	137,500	4,590,185	658,091	-	-
2030-2034	-	4,720,382	424,652	-	-
2035-2039	-	4,880,723	185,874	-	-
2040	-	1,017,257	7,564	-	-
	$611,754	$23,731,761	$3,251,467	$331,533	$22,710

At December 31, 2014, the County's overall legal debt margin was $17,977,533 with an unvoted debt margin of $9,139,032.

Component Units On October 11, 2005, the Port Authority entered into a loan agreement with Oak Hill Bank (now Wesbanco). The Loan Agreement is for $4,158,061 for thirty years. The terms of the note provide among other things, for repayment in equal monthly installments including principal and 4% Interest until 2010 and an adjustable rate thereafter not to go higher than 6% interest. The balance of the loan as of December 31, 2014 was $2,483,798. The note matures in October 2030.

On September 11, 2007, the Port Authority entered into a loan agreement for $600,000 with the State of Ohio in the Pioneer 166 Loan Program. The loan consists of monthly installments including principal and 1% interest for the first year and 3% interest thereafter. The balance of the loan as of December 31, 2014 was $343,608. The note matures in October 2022.

On December 7, 2009, the Port Authority entered into a loan agreement with Liberty Federal Bank. The Loan Agreement is for $338,250 for thirty years. The terms of the note provide among other things, for repayment in equal monthly installments including principal and 4.37% interest. The balance of the loan as of December 31, 2014 was $190,284. The note matures in January 2020.

On July 19, 2012, the Port Authority entered into a loan agreement with Ohio River Valley Bank (now Citizens Deposit Bank). The Loan Agreement is for $700,000 for fifteen years. The terms of the note provide among other things, for repayment in equal monthly installments including principal and 3.30% interest. The balance of the loan as of December 31, 2014 was $640,808. The note matures in August 2027.

Choices, Inc. entered into seven notes payable with Liberty Federal Savings Bank. The notes were issued at a 5.50% interest rate and have an outstanding balance of $203,240 at June 30, 2014.

NOTE 10 - DEBT OBLIGATIONS (Continued)

Choice, Inc. entered into a note payable with the Ironton & Lawrence County CAO. The note was issued at a 0% interest rated and had an outstanding balance of $24,311 at June 30, 2014.

Choices, Inc. maintains a line of credit at an interest rate of 5.50% with a local banking institution. The line of credit had a balance of $0 at June 30, 2014.

NOTE 11 - NOTES PAYABLE (EXCLUDING LONG TERM NOTES)

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. However, a summary of the short term note transactions for the year ended December 31, 2014, follows:

		Outstanding 12/31/2013	Issued	Retired	Outstanding 12/31/2014	Due Within One Year
Governmental Activities						
New Group Home Real Estate Note	1.75%	129,000	-	129,000	-	-
Total Notes Payable		$ 129,000	$ -	$ 129,000	$ -	$ -

The New Group Home Real Estate Note in the amount of $132,045 was issued on December 28, 2012 and matured on December 27, 2013. A new note in the amount of $129,000 was issued on December 11, 2013 and matured on December 27, 2014. The bond anticipation note is backed by the full faith and credit of the County.

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

Adams, Lawrence, Scioto Alcohol, Drug Addiction, and Mental Health Services (ADAMH) Board

The ADAMH Board is responsible for the delivery of comprehensive mental health and substance abuse services in Adams, Lawrence, and Scioto Counties. The Board provides no direct services but contracts for their delivery. The Board's function is to assess needs, and to plan, monitor, fund, and evaluate the services provided. The Board is managed by eighteen members, two appointed by the Commissioners of Adams County; three by the Commissioners of Lawrence County; five by the Commissioners of Scioto County; four by the Ohio Department of Alcohol and Drug Addiction Services; and four by the Ohio Department of Mental Health.

Each participating county's influence is limited to the number of members each appoints to the Board. The Board exercises total control of the budgeting, appropriation, contracting, and management. Revenues are provided by state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on the County's continued participation, no debt exists, and the County does not have an equity interest in the Board.

Private Industry Council (PIC)

The PIC is a jointly governed organization consisting of representatives from the private and public sectors of Athens, Gallia, Hocking, Lawrence, Meigs, Perry, and Vinton Counties appointed by the County Commissioners from each county. The advisory council is the Governing Board of the PIC. The Board sets policies for the private industry council. State grants are received from the Ohio Department of Job and Family Services in the name of the Ironton-Lawrence County Community Action Organization, which acts as the council's administrative agent. The grants are disbursed among the participating counties based on population. The County does not have any financial interest or responsibility. No contributions were provided to the Board by Lawrence County during 2014.

Ironton-Lawrence County Community Action Organization (CAO)

The CAO is an IRS 501(c)(3) non-profit organization established to plan, develop, and coordinate programs and services designed to combat problems of poverty and seek the elimination of the conditions of poverty that affect the residents of Lawrence County. The CAO administers Community Development and Litter Control Block Grants for Lawrence

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

County as well as similar grants for the City of Ironton. The CAO Board is comprised of public officials from the County, municipalities, villages, and townships within the County. Other members are representatives of the poor in the area served and officials or members of the private sector of the community. The CAO controls its own operations and budget. In 2014, the County paid the CAO $126,909 for various services which include: provision of workforce investment act services, residential development services, the planning commission, and floodplain management.

The KYOVA Interstate Planning Commission

The KYOVA Interstate Planning Commission was established by joint resolution adopted by the State of West Virginia and Ohio. The objectives and policies of the Commission are prescribed in the West Virginia State Code, Chapter 8, Article 4C-4 and the Ohio Revised Code, Section 713.30 et seq. Membership is comprised of elected or appointed county and municipal officials or their officially appointed designees as determined by the three county governing bodies of Cabell and Wayne Counties, West Virginia, and Lawrence County, Ohio, and by the governing bodies of the cities of Huntington, West Virginia, and Ironton, Ohio. The Commission is not dependent upon Lawrence County for its continued existence. In 2014, the County made $17,000 in contributions to the Commission.

Ohio Valley Regional Development Commission

The Ohio Valley Regional Development Commission is a jointly governed organization that serves a twelve county economic development planning district in southern Ohio.

The Commission was formed to influence favorably the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The Commission is not dependent upon Lawrence County for its existence. In 2014, the County made $10,559 in contributions to the Commission.

Ohio Valley Resource Conservation and Development Area, Inc.

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservation and Development Area, Inc. was created to aid regional planning to participating counties. Scioto County, along with Ross, Vinton, Highland, Brown, Adams, Pike, Jackson, Gallia, and Lawrence Counties each appoint three members to the thirty member Council. The Council selects an administrator to oversee operations. The Ohio Valley Resource Conservation and Development Area, Inc. received a contribution from the County of $500 during 2014.

NOTE 13 - PUBLIC ENTITY SHARED RISK POOLS

Buckeye Joint-County Self-Insurance Council

The Buckeye Joint-County Self-Insurance Council is a public entity shared risk pool that serves Athens, Hocking, Jackson, Lawrence, Meigs, Monroe, Morgan, Noble, Perry, Pike, Vinton, and Washington Counties. The Council was formed as an Ohio non-profit corporation for the purpose of establishing a shared risk pool to provide general liability, law enforcement, professional, and fleet insurance. Member counties provide operating resources to the Council based on actuarially determined rates. The degree of control exercised by any participating government is limited to its representation on the Board. The Governing Board is composed of at least one County Commissioner from each of the participating counties. The Governing Board annually elects officers which include a President, Vice President, Second Vice President and two Governing Board Members. The expenditures and investment of funds by the officers must be approved by the Governing Board unless specific limits have been set by the Governing Board to permit otherwise.

NOTE 13 - PUBLIC ENTITY SHARED RISK POOLS (Continued)

Lawrence County does not have any ongoing financial interest or responsibility. The agreement between the County and the Council indicates that a voluntary withdrawal or termination by the County shall constitute a forfeiture of any pro rata share of the Council reserve fund. In the event of the termination of the Council, current members shall be paid in an amount they have contributed to the Council as of the last month of the Council's existence. Current calculation of the potential residual interest is therefore not possible. During 2014, Lawrence County paid $367,943 to the Council for basic insurance coverage and claims.

County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at the meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year and each elected member shall be a County Commissioner.

NOTE 14 - JOINT VENTURE

The Scioto-Lawrence Counties Joint Solid Waste District

The Scioto-Lawrence Counties Joint Solid Waste District is jointly operated by Scioto and Lawrence Counties for the purpose of making disposal of waste in the two-county area more comprehensive in terms of recycling, incinerating and landfill. The Board of Directors consists of nine members, including one County Commissioner from each County.

Lawrence County contributed $36,542 to the District during 2014. The Joint Venture was funded by Special Assessment monies collected. Continued existence of the District is dependent upon the County's continued participation; however, the County does not have an equity interest in the District. The District is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County.

NOTE 15 - RELATED ORGANIZATION

Briggs-Lawrence County Public Library

The Briggs-Lawrence County Public Library is statutorily created as a separate and distinct political subdivision of the State. The Library is governed by a six member Board of Trustees appointed by the Judge of the Court of Common Pleas. While the County Budget Commission approves the budget and any tax levies the Library desires to place on the ballot, these are ministerial functions. The Trustees adopt their own appropriations, hire and fire their own staff, authorize the Library expenditures and do not rely on the County to finance deficits.

NOTE 16 - CONTINGENT LIABILITIES

A. Primary Government

The County received financial assistance from federal and State agencies in the form of grants. The expenditure 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, the effect of any such disallowed claims on the overall financial position of the County at December 31, 2014, if applicable, cannot be determined at this time, except as disclosed in the following paragraph.

A finding for recovery against the Temporary Assistance for Needy Families federal program in the amount of $380,080 was identified by the Ohio Department of Job and Family Services (ODJFS) as a result of a special audit performed by ODJFS. The County is currently negotiating a payment plan with ODJFS to repay this finding.

At December 31, 2014, there are several lawsuits pending against the County. The County's legal counsel is uncertain as to the exact outcome of the lawsuits, but does not estimate any liability on the County's part.

B. Component Units

Currently, there is no pending litigation against Tri-State Industries, Inc., Choices, Inc., the Lawrence County Port Authority, or the Lawrence County Transportation Improvement District.

NOTE 17 - RELATED PARTY TRANSACTIONS

Tri-State Industries, Inc., a component unit of Lawrence County, received contributions from the County DD. In Tri-State Industries, Inc.'s fiscal year 2014, these contributions were $821,008.

Choices, Inc., a component unit of Lawrence County, received contributions from the County for rental assistance, grass cutting, state exemption, and purchase of community house and property purchases. In Choices' fiscal year 2014, these contributions were $179,444.

NOTE 18 - INTERFUND ACTIVITY

Transfers

Funds	Transfers In	Transfers Out
General Fund - Major	$26,602	$2,790,193
Motor Vehicle Gasoline Tax Fund - Major	-	579,323
Other Non-Major Governmental Funds	3,720,535	367,624
Total Governmental Funds	3,747,137	3,737,140
Union Rome Enterprise Fund	-	9,997
Grand Total	$3,747,137	$3,747,137

Transfers are used to move revenues from the fund that collects them in accordance with statute or budget to the fund that is required to expend them in accordance with statute or budget; to segregate money for anticipated capital projects; to provide resources for current operations; or to service debt. Transfers into the General Fund were for court-ordered transfers from the County Court Improvement, Common Pleas and Delinquent Taxes Funds. Transfers from the Motor Vehicle Gasoline Tax Fund and other governmental funds to other governmental funds were for debt service and capital improvement projects. Transfer from the Union Rome Enterprise fund was for debt service. All transfers were done in accordance with the Ohio Revised Code.

NOTE 19 - COMPLIANCE

The Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. Contrary to this requirement, the County elects to prepare its annual financial report in accordance with the cash basis of accounting.

NOTE 20 – SIGNIFICANT COMMITMENTS

Contractual Commitments

During the fiscal year, the County entered into the following contract for the purpose of various improvements:

Contractor	Contract Amount	Amount Paid as of 12/31/14	Remaining Balance
Union Rome Pump Station			
E.L. Robinson Engineering	$ 65,860	$ -	$ 65,860

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Major Funds:	
General	$219,158
Job and Family Services	95,306
Motor Vehicle Gasoline Tax	277,247
Union Rome Sewer	50,902
Total Major Funds	642,613
Non-Major Funds:	
URS Capital Improvement Fund	$31,500
Smart Ohio Grant	56,365
Child Support Enforcement Agency	59,173
Centennial Fund Capital Improvement	50,000
Real Estate Assessment Fund	96,290
Total Non-Major Funds	293,328
Total	$935,941

NOTE 21 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF BALANCES

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The total pension liability will be computed on a different basis than the current actuarial accrued liability and the method of allocating this liability to each participating employer has not yet been determined; while the precise impact is not known, it is deemed likely that this pronouncement would have a material impact on governments who prepare their financial statements in accordance with accounting principles generally accepted in the United States of America. Since the County currently reports on the cash basis of accounting, there is not anticipated to be any effect on the financial statements; however, there will be additional disclosure requirements. The provisions of this statement are effective for the fiscal year ending December 31, 2015, and therefore will be adopted in the next fiscal year.

Restatement of Balances: A restatement of the beginning fund balance was required for the Statement of Receipts, Disbursements and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual for the General Fund. This restatement was necessary due to an accounting error. Beginning fund balance was restated in the amount of $160,000 from $1,401,462 to $1,241,462.

NOTE 22 – FUND BALANCES

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

Fund Balances	General	Board of Developmental Disabilities	Job and Family Services	Motor Vehicle Gasoline Tax	All Other Governmental Funds	Total Governmental Funds
Nonspendable						
Unclaimed Monies	$ 165,557	$ -	$ -	$ -	$ -	$ 165,557
Restricted for						
LCBDD	-	5,048,447	-	-	-	5,048,447
Job and Family Services	-	-	223,114	-	-	223,114
Motor Vehicle Gas Tax	-	-	-	2,733,253	-	2,733,253
Real Estate Assessment	-	-	-	-	578,223	578,223
Court Development	-	-	-	-	366,735	366,735
Care and Custody	-	-	-	-	181,942	181,942
Family Resources	-	-	-	-	48,936	48,936
Child Support	-	-	-	-	706,298	706,298
GIS	-	-	-	-	43,429	43,429
EMS	-	-	-	-	284,190	284,190
Indigent Drivers	-	-	-	-	140,714	140,714
Common Pleas Court	-	-	-	-	196,216	196,216
Other Purposes	-	-	-	-	1,924,345	1,924,345
Capital Improvements	-	-	-	-	854,085	854,085
Debt Services Payments	-	-	-	-	5,377	5,377
Total Restricted	-	5,048,447	223,114	2,733,253	5,330,490	13,335,304
Assigned to						
Other Purposes	937,947	-	-	-	-	937,947
Unassigned	2,294,399	-	-	-	-	2,294,399
Total Fund Balances	$ 3,397,903	$ 5,048,447	$ 223,114	$ 2,733,253	$ 5,330,490	$ 16,733,207

NOTE 23 – SUBSEQUENT EVENT

The Auditor of State is currently reviewing matters surrounding certain grant reporting, the results of the review is unknown at this time.

On June 18, 2015, the County issued $135,000 in manuscript debt to the Board of Elections for the purpose of purchasing equipment. The debt was issued with a 2.25% interest rate and will mature in 2020.

Lawrence County
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2014

Federal Grantor Pass-Through Grantor Program Title	Pass-Through Entity's Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
United States Department of Agriculture				
Passed Through Ohio Department of Education:				
Nutrition Cluster:				
School Breakfast Program	3L70	10.553	$12,142	$0
National School Lunch Program	3L60	10.555	20,190	2,346
Total Nutrition Cluster			32,332	2,346
Passed Through Ohio Department of Job and Family Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1415-11-5380	10.561	679,238	0
Total United States Department of Agriculture			**711,570**	**2,346**
United States Department of Housing and Urban Development				
Passed Through Ohio Department of Development:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	B-F-13-1BN-1	14.228	102,329	0
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	B-F-12-1BN-1	14.228	105,534	0
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	B-E-11-1BN-1	14.228	5,000	0
Total United States Department of Housing and Urban Development			**212,863**	**0**
United States Department of Justice				
Passed through the State of Ohio Office of Criminal Justice Services:				
Crime Victim Assistance:				
Crime Victim Assistance	2015VAGENE051	16.575	17,365	0
Crime Victim Assistance	2014VAGENE051	16.575	50,022	0
Total Crime Victim Assistance			67,387	
Edward Byrne Memorial Justice Assistance Grant Program:				
Drug/Major Crimes Task Force	2013-JG-A01-6284	16.738	37,093	0
Drug/Major Crimes Task Force	2012-JG-A01-6284	16.738	10,921	0
Total Edward Byrne Memorial Justice Assistance Grant Program			48,014	0
Total United States Department of Justice			**115,401**	**0**
United States Department of Transportation				
Direct from the Federal Government:				
Airport Improvement Program	N	20.106	476,073	0
Passed Through Ohio Department of Transportation				
Highway Planning and Construction	PID #87838	20.205	242,870	0
Highway Planning and Construction	PID #92791	20.205	1,773,462	0
			2,016,332	0
Direct from the Federal Government:				
Interagency Hazardous Materials Public Sector Training and Planning Grants	N	20.703	3,200	0
Total United States Department of Transportation			**2,495,605**	**0**
United States Department of Education				
Passed Through Ohio Department of Education:				
Special Education_Preschool Grants	3C50	84.173	63,812	0
Passed Through Ohio Department of Health:				
Speical Education - Grants for Infants and Families	G-1415-11-5380	84.181	26,392	0
Total United States Department of Education			**90,204**	**0**

(continued)

Lawrence County
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2014

Federal Grantor Pass-Through Grantor Program Title	Pass-Through Entity's Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
United States Department of Health and Human Services				
Passed Through Ohio Department of Developmental Disabilities:				
Social Services Block Grant	N/A	93.667	$34,744	$0
Medical Assistance Program				
Targeted Case Management - MAC Payments	N/A	93.778	56,905	0
Total Medical Assistance Program			56,905	0
Passed Through Ohio Department of Job and Family Services:				
Temporary Assistance for Needy Families	G-1415-11-5380	93.558	1,717,892	0
Child Support Enforcement	G-1415-11-5380	93.563	607,289	0
Adoption Assistance	G-1415-11-5380	93.659	671	0
Social Services Block Grant	G-1415-11-5380	93.667	816,048	0
Medical Assistance Program	G-1415-11-5380	93.778	1,008,153	0
Foster Care_Title IV-E	G-1415-11-5380	93.658	258,322	0
Child Care and Development Block Grant	G-1415-11-5380	93.575	88,881	0
Total United States Department of Health and Human Services			**4,588,905**	**0**
United States Election Assistance Commission (EAC)				
Passed Through Ohio Secretary of State:				
Help America Vote Act	N/A	90.401	1,799	0
Total United States Election Assistance Commission (EAC)			**1,799**	**0**
United States Department of Homeland Security				
Passed Through Ohio Emergency Management Agency:				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	N/A	97.036	389,698	0
Hazard Mitigation Grant	N/A	97.039	5,640	0
Emergency Management Performance Grants	N/A	97.042	24,489	0
Total United States Department of Homeland Security			**419,827**	**0**
Total Federal Awards Expenditures			**$8,636,174**	**$2,346**

N/A - pass-through entity number not available.
N - direct from Federal government.

See the accompanying notes to the schedule of federal awards expenditures.

Note 1 – Significant Accounting Policies

The accompanying schedule of federal awards expenditures (the schedule) includes the federal grant activity of the County and has been prepared on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

Note 2 – Subrecipients

The County passes through certain Federal assistance received to other governments or not-for-profit agencies (subrecipients). As described in Note 1, the County records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal programs. Under OMB Circular A-133, the County is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

Note 3 – Community Development Block Grant Program

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

These loans are collateralized by mortgages on the property. At December 31, 2014, the gross amount of loans outstanding under this program was $234,971. Delinquencies total $184,971, which are included in the balance due to lien on the property.

Note 4 – Matching Requirements

Certain Federal programs require that the County contribute non-federal funds (matching funds) to support the Federally-funded programs. The County complied with applicable matching requirements. The expenditure of non-federal matching funds is not included in the schedule.

Note 5 – Food Donation

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

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

Note 6 – Ohio Department of Developmental Disabilities

During the calendar year, the County Board of Developmental Disabilities received a notice of a liability owed to the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of $1,079.91. The Cost Report liability was for settlement of the difference between the state-wide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This liability is not listed on the County's schedule of federal awards expenditures since the underlying expenses occurred in prior reporting periods and the liability was invoiced by the Ohio Department of Developmental Disabilities.

CERTIFIED PUBLIC ACCOUNTANT

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Commissioners
Lawrence County
111 South Fourth Street
Ironton, Ohio 45638

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Lawrence County, Ohio (the County) as of and for the year ended December 31, 2014, 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 28, 2015, wherein we noted the County followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America. Our report includes a reference to another auditor who audited the financial statements of the Lawrence County Port Authority as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that is reported on separately by the auditor. The financial statements of Tri-State Industries and Choices, Inc. were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Tri-State Industries or Choices, Inc.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Millhuff-Stang, CPA, Inc.
1428 Gallia Street / Portsmouth, Ohio 45662 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2014-001.

County's Response to Findings

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Natalie Millhuff-Stang

Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.

September 28, 2015

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Independent Auditor's Report

Board of Commissioners
Lawrence County
111 South Fourth Street
Ironton, Ohio 45638

Report on Compliance for Each Major Federal Program

We have audited Lawrence County's, Ohio (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of the Lawrence County Port Authority, a discretely presented component unit, which expended $2,532,668 in federal awards which is not included in the schedule during the year ended December 31, 2014. Our audit, described below, did not include the operations of the Lawrence County Port Authority because the component unit engaged other auditors to perform an audit in accordance with Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Millhuff-Stang, CPA, Inc.
1428 Gallia Street / Portsmouth, Ohio 45662 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

Basis for Qualified Opinion on Community Development Block Grant/States Program, Temporary Assistance for Needy Families, and Medical Assistance Program

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA 14.228 Community Development Block Grant/States Program as described in 2014-002 and 2014-006 for Cash Management and 2014-005 for Period of Availability, and CFDA 93.558 Temporary Assistance for Needy Families and CFDA 93.778 Medical Assistance Program as described in 2014-003 for Activities Allowed and Unallowed. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to these programs.

Qualified Opinion on Community Development Block Grant/States Program, Temporary Assistance for Needy Families, and Medical Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Community Development Block Grant/States Program, Temporary Assistance for Needy Families Program, and Medical Assistance Program for the year ended December 31, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed another instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-004. Our opinion on each major federal major is not modified with respect to this matter.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-002 through 2014-006, that we consider to be material weaknesses.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Natalie Millhuff-Stang

Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.

September 28, 2015

Section I – Summary of Auditor's Results

Financial Statements	
Type of financial statement opinion:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	Yes
Federal Awards	
Internal control over major program(s):	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Modified – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CFDA #14.228), Temporary Assistance for Needy Families (CFDA #93.558), and Medical Assistance Program (CFDA #93.778); Unmodified – all others
Any auditing findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	Yes
Identification of major program(s):	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CFDA #14.228); Airport Improvement Program (CFDA #20.106); Highway Planning and Construction (CFDA #20.205); Temporary Assistance for Needy Families (CFDA #93.558); Medical Assistance Program (CFDA #93.778); Disaster Grants-Public Assistance (Presidentially Declared Disasters) (CFDA #97.036)
Dollar threshold used to distinguish between type A and type B programs:	$300,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2014-001 – Noncompliance – Financial Reporting

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

Finding 2014-001 – Noncompliance – Financial Reporting (Continued)

Ohio Administrative Code 117-2-03 (B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the County prepared its financial statements in accordance with the cash basis of accounting. The accompanying financial statements and notes omit material assets, liabilities, fund equities, and disclosures. Pursuant to Ohio Revised Code Section 117.38, the County is subject to fines and various other administrative remedies. The County should consider filing on a GAAP basis in order to comply with state regulations.

Client Response:
After doing a cost benefit analysis, it has been determined that there is no true benefit to the County to prepare its financial reports on the GAAP basis. The County would rather use that money for the benefit of public safety and keep Sheriff's deputies on the roads.

Section III – Federal Award Findings and Questioned Costs

Finding 2014-002 – Noncompliance/Material Weakness – Cash Management

CFDA Title and Number	Community Development Block Grants/State's Program, CFDA #14.228
Federal Award Number and Year	2012/2013
Federal Agency	US Department of Housing and Urban Development
Pass-Through Entity	Ohio Development Services Agency

24 C.F.R. Section 85.21(c) and Section (A)(3)(f) of the Ohio Development Services Agency, Office of Housing and Community Partnership's Financial Management Rules and Regulations Handbook, require grantees to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that draw downs should be limited to amounts that will enable the grantee to disburse funds on hand to a balance of less than $5,000 within fifteen days of receipts. In 2014, the County did not disburse federal cash received from draw down requests within the fifteen day requirement in several instances. The County should implement a cash management program to facilitate monitoring of these cash draw downs to ensure that funds are expended within fifteen days of receipt. In order to alleviate the difficulty of complying with these cash management requirements, the County may consider the use of interfund advances from the general fund to the fund from which these receipts are disbursed. Once grant funding is subsequently received from the grantor agency, advances could be repaid to the general fund.

Responsible Official's Response and Corrective Action Planned:
Response from County's Contractor: The 15 day expenditure rule tends to be a problem due to expenditure payment processing shut down at the County Auditor's office during late December and if the PO's are not paid before year end. The budget for the next year is set in early December thus the unpaid PO's have not been budgeted in the new year causing delay in payment processing. The grant management team will work with the Auditor's office at year end to determine how to make the budget process for re-appropriation more efficient and compliant.

Planned Implementation Date of Corrective Action:
September 30, 2015

Official(s) Responsible for Corrective Action:
Board of Commissioners

Finding 2014-003 – Noncompliance/Material Weakness – Activities Allowed and Unallowed

CFDA Title and Number	Temporary Assistance for Needy Families, CFDA #93.558 Medical Assistance Program, CFDA #93.778
Federal Award Number and Year	2013/2014
Federal Agency	US Department of Health and Human Services
Pass-Through Entity	Ohio Department of Job and Family Services

45 CFR Section 95.507(a)(2) requires cost allocation plans conform to the accounting principles and standards in Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments (2 CFR pt. 225). Furthermore, 2 CFR 225 Appendix A Sections (C)(1)(a) and (C)(3)(a) states, program costs must be reasonable and necessary and allocated in accordance with the benefits received by the program. Additionally, 2 CFR 225 Appendix B Section (8)(h)(6) indicates, random moment sampling may be used to allocate salaries and wages to a Federal award, but such systems must "meet acceptable statistical sampling standards".

The Ohio Department of Job and Family Services has implemented a cost allocation plan approved by the US Department of Health and Human services and has communicated time sampling requirements for said plan to county agencies. Ohio Administrative Code 5101:9-7-23 Section (E)(2)(b) directs an employee completing the RMS observation moment to complete the comment section. Comments must demonstrate that the activity codes support the work being performed by the assigned position at the time of the observation.

When RMS forms are completed:

i. Observation should include a case number or other identifier or is marked 001.
ii. Observation should include the activity, where applicable.
iii. Documentation should exist to substantiate the claimed program and/or activity on the RMS sample observation.
iv. Employee must respond to the observation within 24 business hours.
v. The RMS Coordinator must review and approved all observation moment responses within 48 hours. If the observation had been flagged as part of the quality assurance control group, the supervisor/supervisor designee should validate the response within the same twenty-four-hour response period that is available to the employee. Also it should be approved by the supervisor/supervisor designee, and the response should be accepted by the RMS coordinator.
vi. No unauthorized or vacant positions should be included.

During our testing of RMS forms, we noted thirteen of sixty-three (20.6%) instances where proper documentation was not maintained to substantiate the claimed program. These thirteen instances consisted of the following programs charged:

1. One instance to Food Assistance
2. One instance to Child Welfare
3. One instance to Title XX
4. Four instances to Medicaid
5. Six instances to TANF

We also noted that in four of the ten (40%) control forms tested, the RMS form was not validated in the RMS system indicating review by the Supervisor. Two of the exceptions were related to the Social Services (SS) cost pool and the remaining two exceptions were related to the Income Maintenance (IM) cost pool.

Also, we noted one instance out of sixty-three (1.5%) where the RMS form was not approved by the RMS Coordinator within 48 hours.

Finding 2014-003 – Noncompliance/Material Weakness – Activities Allowed and Unallowed (Continued)

Failure of personnel to maintain proper documentation, the RMS Supervisors to review and validate RMS control member forms, and the RMS Coordinator to approve the RMS forms timely could result in the County not accurately allocating costs to the appropriate categories within the identified cost pools.

The Agency should implement additional procedures to ensure that:

1. Proper supporting documentation is maintained to substantiate the claimed program during all RMS observations.
2. All quality assurance control RMS observations are properly validated.
3. All RMS observations are approved by the RMS Coordinator within 48 hours.

Responsible Official's Response and Corrective Action Planned:
We are hoping to have all supervisors to have access to the RMS system and to change our process of reviewing and validating the control member samples by October 9, 2015. We are also in the process of continuing to educate and remind our workers to have a write up to document and verify what they were working on. We are hoping that having more supervisor involvement will help with this as well.

Planned Implementation Date of Corrective Action:
October 9, 2015

Official(s) Responsible for Corrective Action:
Director and Fiscal Officer, Lawrence County Department of Job and Family Services

Finding 2014-004 – Noncompliance/Material Weakness – Suspension and Debarment

CFDA Title and Number	Airport Improvement Program, CFDA #20.106
Federal Award Number and Year	2013/2014
Federal Agency	US Department of Health and Human Services
Pass-Through Entity	Ohio Department of Job and Family Services

2 CFR part 180 states that non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other specified criteria. 2 CFR section 180.220 of the government-wide nonprocurement debarment and suspension guidance contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300). The information contained in the EPLS is available in printed and electronic formats. The printed version is published monthly. Copies may be obtained by purchasing a yearly subscription from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, or by calling the Government Printing Office Inquiry and Order Desk at (202) 783-3238. The electronic version can be accessed on the Internet (https://www.sam.gov/portal/SAM/##11).

Finding 2014-004 – Noncompliance/Material Weakness – Suspension and Debarment (Continued)

The County entered into a contract for which determination as to suspension or debarment status had not been made. The County was subject to the risk of issuing funds to a vendor that is suspended or debarred. The County should implement procedures to ensure that suspension and debarment determinations are made, and documented, prior to awarding a contract to be paid for with federal funds.

Responsible Official's Response and Corrective Action Planned:
Will be corrected in future.

Planned Implementation Date of Corrective Action:
September 28, 2015

Official(s) Responsible for Corrective Action:
Board of Commissioners

Finding 2014-005 – Noncompliance/Material Weakness/Questioned Costs – Period of Availability

CFDA Title and Number	Community Development Block Grants/State's Program, CFDA #14.228
Federal Award Number and Year	2012
Federal Agency	US Department of Housing and Urban Development
Pass-Through Entity	Ohio Development Services Agency

A-102 Common Rule, §___.23 and OMB Circular A-110 (2 CFR section 215.28) state that federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of a subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period.

A-102 Common Rule, §___.23 and OMB Circular A-110 (2 CFR section 215.71) state that non-Federal entities subject to the A-102 Common Rule shall liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation The Federal agency may extend this deadline upon request.

The County had an expenditure for $24,000 on October 17, 2014 for grant number B-F-12-1BG-1. However, the grant period ended on February 28, 2014, which resulted in the expenditure falling outside of the period of availability. The County should implement procedures to ensure that it expends funds within the period of availability.

Responsible Official's Response and Corrective Action Planned:
Response from County's Contractor: The funds were initially requested for payment in early February 2014 but due to appropriation problems. There are numerous emails about the status of the payment and the PO was not processed and the grant administrator was unaware of unpaid PO until September and at that time the PO was processed and obligated paid. The administrator will in the future work with the County Auditor to assure all PO's are processed in a timely manner and confirm all unspent funds are appropriated to allow timely expenditures.

Planned Implementation Date of Corrective Action:
September 30, 2015

Finding 2014-005 – Noncompliance/Material Weakness/Questioned Costs – Period of Availability (Continued)

Official(s) Responsible for Corrective Action:
Board of Commissioners.

Finding 2014-006 – Noncompliance/Material Weakness – Cash Management

CFDA Title and Number	Community Development Block Grants/State's Program, CFDA #14.228
Federal Award Number and Year	2012
Federal Agency	US Department of Housing and Urban Development
Pass-Through Entity	Ohio Development Services Agency

Item 3 of the Statement of the Agreement within the grant agreement for grant number B-F-12-1BN-1 from the Ohio Development Services Agency (ODSA) states that unspent grant funds shall be returned to the grantor within thirty days after the expiration or termination of the agreement. This grant agreement expired on February 28, 2014, but the funds were not returned to ODSA until September 11, 2014, which is significantly past the thirty day deadline. The County should implement procedures to ensure that funds are timely returned when unspent proceeds accumulate.

Responsible Official's Response and Corrective Action Planned:
Response from County's Contractor: Unspent funds were repaid once the formal state monitoring was completed by ODSA and a letter issued for the confirmed balance, at which time the funds were returned to the State. The grant administrator will work with the Ohio Development Services Agency to find a way to confirm the amount due for refund to ODSA in order to meet the time rule.

Planned Implementation Date of Corrective Action:
September 30, 2015

Official(s) Responsible for Corrective Action:
Board of Commissioners

Lawrence County
Schedule of Prior Audit Findings
OMB Circular A-133 Section .315(b)
For the Year Ended December 31, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
Finding 2013-001	Noncompliance with ORC Section 117.38/OAC Section 117-2-03(B) – Failure to Report on Required Accounting Basis	No	Reissued as Finding 2014-001
Finding 2013-002	Noncompliance/Material Weakness – Cash Management – CDBG	No	Reissued as Finding 2014-002

This page intentionally left blank.

Dave Yost • Auditor of State

LAWRENCE COUNTY FINANCIAL CONDITION

LAWRENCE 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
MARCH 1, 2016

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov