



**Auditor of State  
Betty Montgomery**





Mary Taylor, CPA  
Auditor of State

February 21, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

*Mary Taylor*

MARY TAYLOR, CPA  
Auditor of State

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**FINANCIAL CONDITION  
COLUMBIANA COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Columbiana County  
105 Market Street  
Lisbon, Ohio 44432

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Columbiana County, Ohio (the Government), as of and for the year ended December 31, 2005, which collectively comprise the Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Government's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the Government to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Columbiana County, Ohio, as of December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General, Public Assistance, Mental Health and MR/DD funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2006, on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the Government's basis financial statements. The Federal Awards Expenditure Schedule presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the financial statements. We subjected this schedule to the auditing procedures applied in our audit of the Government's basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Betty Montgomery**  
Auditor of State

December 5, 2006

## COLUMBIANA COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 UNAUDITED

The management's discussion and analysis of Columbiana County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2005, within the limitations of the County's cash basis of accounting. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the cash-basis basic financial statements to enhance their understanding of the County's financial performance.

#### **Financial Highlights**

Key financial highlights for 2005 are as follows:

- The total net cash assets of the County increased \$2,194,035. Net cash assets of governmental activities increased \$1,986,275, which represents a 7.30% increase over fiscal year 2004. Net cash assets of business-type activities increased \$207,760 or 12.35% from fiscal year 2004.
- General cash receipts accounted for \$29,870,289 or 35.92% of total governmental activities cash receipts. Program specific cash receipts accounted for \$53,284,210 or 64.08% of total governmental activities cash receipts.
- The County had \$81,155,049 in cash disbursements related to governmental activities; \$53,284,210 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$29,870,289 were adequate to provide for these programs.
- The County's major funds are the general fund, the public assistance fund, the mental health fund, and the MR/DD fund. The general fund, the County's largest major fund, had cash receipts and other financing sources of \$19,657,196 in 2005. The cash disbursements and other financing uses of the general fund, totaled \$18,134,034 in 2005. The general fund's cash balance increased \$1,523,162 from 2004 to 2005.
- The public assistance fund, a County major fund, had cash receipts and other financing sources of \$12,017,971 in 2005. The public assistance fund had cash disbursements of \$12,526,325 in 2005. The public assistance fund cash balance decreased \$508,354 from 2004 to 2005.
- The mental health fund, a County major fund, had cash receipts of \$17,126,302 in 2005. The mental health fund had cash disbursements and other financing uses of \$16,329,277 in 2005. The mental health fund cash balance increased \$797,025 from 2004 to 2005.
- The MR/DD fund, a County major fund, had cash receipts of \$9,717,048 in 2005. The MR/DD fund had cash disbursements of \$9,763,100 in 2005. The MR/DD fund cash balance decreased \$46,052 from 2004 to 2005.

#### **Using this Basic Financial Statements (BFS)**

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 Assets – 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 as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column. In the case of the County, there are four major governmental funds. The general fund is the largest major fund.

## COLUMBIANA COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 UNAUDITED

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

##### *Statement of Net Assets and the Statement of Activities*

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis answer the question, “How did we do financially during 2005?” These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principals 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 assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, 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, sales tax receipts, 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 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 Assets – Cash Basis and the Statement of Activities – Cash Basis, the County is divided into two distinct kinds of activities. Governmental Activities - Most of the County's programs and services are reported here including human services, health, public safety, public works and general government. 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 sewer, water and communication sheriff enterprise funds are reported as business activities

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis can be found on pages 14-16 of this report.

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

##### *Fund Financial Statements*

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

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General Fund, Public Assistance, Mental Health, and MR/DD. The analysis of the County's major governmental funds begins on page 10.

## COLUMBIANA COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 UNAUDITED

#### ***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 principals 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 Assets and fund cash balances or changes in Net Assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross revenues and expenses on the Fund Financial Statements to the Statement of Activities – Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities – Cash Basis. The governmental fund statements can be found on pages 17-22 of this report.

The County's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the General Fund and all annually budgeted special revenue funds are presented to demonstrate the County's compliance with annually adopted budgets. The budgetary statements can be found on pages 23-26 of this report.

#### ***Proprietary Funds***

The County maintains two types of proprietary funds. Enterprise funds use the same basis of accounting (cash basis) as governmental fund activities; therefore, these statements will essentially match the information provided in statements for the County as a whole. The County uses enterprise funds to account for its water, sewer, and communication sheriff operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for a self-funded health insurance program for employees of the County. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. The proprietary fund statements can be found on pages 27-28 of this report.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County's only fiduciary funds are agency funds. Only the cash held at year end for the agency funds are reported on page 29.

#### ***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-47 of this report.

#### **Government-Wide Financial Analysis**

Recall that the Statement of Net Assets provides the perspective of the County as a whole.

The table below provides a summary of the County's net assets for 2005 and 2004.

**COLUMBIANA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

	Governmental Activities <u>2005</u>	Business-type Activities <u>2005</u>	Governmental Activities <u>2004</u>	Business-type Activities <u>2004</u>	<u>2005 Total</u>	<u>2004 Total</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 29,190,100	\$ 1,889,565	\$ 27,203,825	\$ 1,681,805	\$ 31,079,665	\$ 28,885,630
Total assets	<u>29,190,100</u>	<u>1,889,565</u>	<u>27,203,825</u>	<u>1,681,805</u>	<u>31,079,665</u>	<u>28,885,630</u>
<u>Net Assets</u>						
Restricted	25,282,237	-	25,479,835	-	25,282,237	25,479,835
Unrestricted	<u>3,907,863</u>	<u>1,889,565</u>	<u>1,723,990</u>	<u>1,681,805</u>	<u>5,797,428</u>	<u>3,405,795</u>
Total net assets	<u>\$ 29,190,100</u>	<u>\$ 1,889,565</u>	<u>\$ 27,203,825</u>	<u>\$ 1,681,805</u>	<u>\$ 31,079,665</u>	<u>\$ 28,885,630</u>

The total net cash assets of the County increased \$2,194,035. Net cash assets of governmental activities increased \$1,986,275, which represents a 7.30% increase over fiscal year 2004. Net cash assets of business-type activities increased \$207,760 or 12.35% from fiscal year 2004.

A portion of the County's net cash assets, \$25,282,237, represents resources that are subject to external restrictions on how they may be used. The remaining balance of government-wide unrestricted net cash assets of \$3,907,863 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash assets for fiscal years 2005 and 2004.

**COLUMBIANA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

	<b>Change in Net Cash Assets</b>					
	Governmental	Business-type	Governmental	Business-type	2005	2004
	Activities	Activities	Activities	Activities	Total	Total
	<u>2005</u>	<u>2005</u>	<u>2004</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Cash Receipts:</b>						
Program cash receipts:						
Charges for services and sales	\$ 11,518,739	\$ 2,133,340	\$ 12,348,557	\$ 2,143,642	\$ 13,652,079	\$ 14,492,199
Operating grants and contributions	41,297,971	41,391	41,604,767	21,332	41,339,362	41,626,099
Capital grants and contributions	467,500	-	2,598,168	-	467,500	2,598,168
<b>Total program cash receipts</b>	<b><u>53,284,210</u></b>	<b><u>2,174,731</u></b>	<b><u>56,551,492</u></b>	<b><u>2,164,974</u></b>	<b><u>55,458,941</u></b>	<b><u>58,716,466</u></b>
General cash receipts:						
Property taxes	17,590,903	-	16,358,800	-	17,590,903	16,358,800
Sales tax	3,816,579	-	3,849,028	-	3,816,579	3,849,028
Unrestricted grants	2,409,191	-	2,477,795	-	2,409,191	2,477,795
Proceeds from sale of notes	1,070,000	302,692	-	-	1,372,692	-
Proceeds from sale of bonds	148,449	-	-	-	148,449	-
Investment earnings	977,292	19,408	647,162	-	996,700	647,162
Other	3,857,875	288,633	1,252,277	31,180	4,146,508	1,283,457
<b>Total general cash receipts</b>	<b><u>29,870,289</u></b>	<b><u>610,733</u></b>	<b><u>24,585,062</u></b>	<b><u>31,180</u></b>	<b><u>30,481,022</u></b>	<b><u>24,616,242</u></b>
<b>Total cash receipts</b>	<b><u>83,154,499</u></b>	<b><u>2,785,464</u></b>	<b><u>81,136,554</u></b>	<b><u>2,196,154</u></b>	<b><u>85,939,963</u></b>	<b><u>83,332,708</u></b>
<b>Cash Disbursements:</b>						
Legislative and executive	4,625,569	-	5,101,695	-	4,625,569	5,101,695
Judicial	2,449,635	-	2,523,183	-	2,449,635	2,523,183
Public safety	7,548,568	-	7,786,598	-	7,548,568	7,786,598
Public works	7,074,782	-	6,740,206	-	7,074,782	6,740,206
Health	640,544	-	588,326	-	640,544	588,326
Human services	46,487,893	-	47,485,317	-	46,487,893	47,485,317
Other	6,740,482	-	5,478,320	-	6,740,482	5,478,320
Capital outlay	3,765,672	-	2,396,628	-	3,765,672	2,396,628
Debt service:						-
Principal retirement	1,073,532	-	1,801,192	-	1,073,532	1,801,192
Interest and fiscal charges	748,372	-	484,455	-	748,372	484,455
Sewer	-	1,882,435	-	1,612,220	1,882,435	1,612,220
Water	-	681,075	-	289,614	681,075	289,614
Communication sheriff	-	27,369	-	9,088	27,369	9,088
<b>Total cash disbursements</b>	<b><u>81,155,049</u></b>	<b><u>2,590,879</u></b>	<b><u>80,385,920</u></b>	<b><u>1,910,922</u></b>	<b><u>83,745,928</u></b>	<b><u>82,296,842</u></b>
Transfers	(13,175)	13,175	(8,000)	8,000	-	-
<b>Change in net cash assets</b>	<b>1,986,275</b>	<b>207,760</b>	<b>742,634</b>	<b>293,232</b>	<b>2,194,035</b>	<b>1,035,866</b>
<b>Net cash assets at beginning of year</b>	<b><u>27,203,825</u></b>	<b><u>1,681,805</u></b>	<b><u>26,461,191</u></b>	<b><u>1,388,573</u></b>	<b><u>28,885,630</u></b>	<b><u>27,849,764</u></b>
<b>Net cash assets at end of year</b>	<b><u>\$ 29,190,100</u></b>	<b><u>\$ 1,889,565</u></b>	<b><u>\$ 27,203,825</u></b>	<b><u>\$ 1,681,805</u></b>	<b><u>\$ 31,079,665</u></b>	<b><u>\$ 28,885,630</u></b>

**COLUMBIANA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

**Governmental Activities**

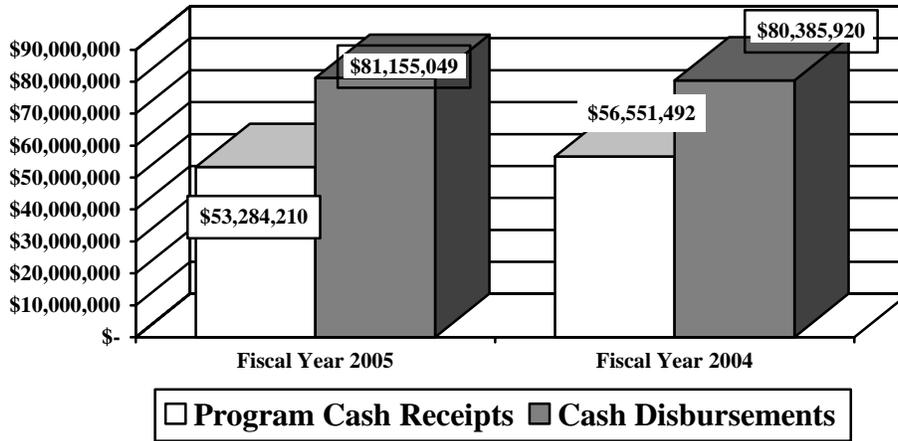
Governmental cash assets increased by \$1,986,275 in 2005 from 2004. This increase is primarily due to steady disbursements in 2005 compared to 2004.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2005, governmental activities net cash disbursements totaled \$27,870,839, or 34.34% of total governmental cash disbursements. Governmental activities programs were supported by \$53,284,210 in direct charges to users and operating grants and contributions.

The County program, human services, accounted for \$46,487,893 or 57.28% of total governmental cash disbursements. Human service programs include: Public Assistance, Mental Health, and MR/DD. Human service programs are primarily supported by cash receipts from property tax, state and federal grants.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2005. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

**Governmental Activities – Program Cash Receipts vs. Total Cash Disbursements**



**Governmental Activities**

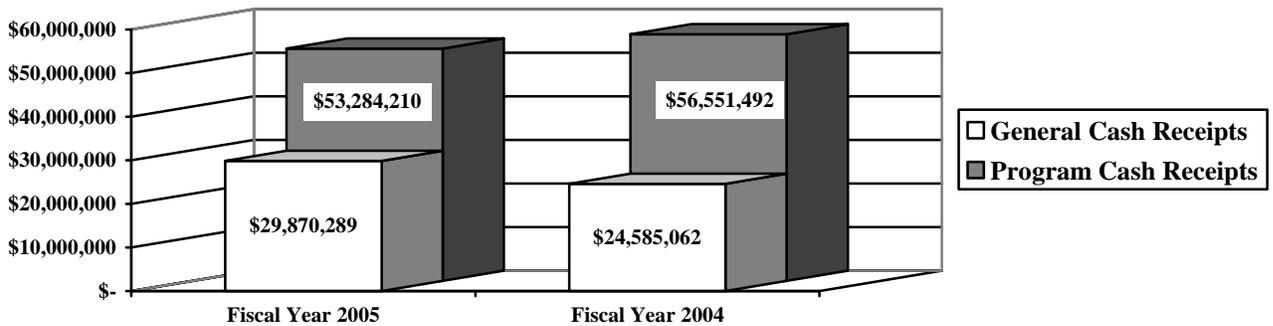
**COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED

	<b>Governmental Activities</b>			
	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>
Cash disbursements:				
Legislative and executive	4,625,569	2,025,288	5,101,695	3,448,589
Judicial	2,449,635	1,511,843	2,523,183	1,625,054
Public safety	7,548,568	5,409,740	7,786,598	4,864,842
Public works	7,074,782	308,634	6,740,206	222,108
Health	640,544	298,457	588,326	352,032
Human services	46,487,893	8,833,999	47,485,317	8,911,396
Other	6,740,482	4,362,802	5,478,320	2,326,300
Capital outlay	3,765,672	3,298,172	2,396,628	(201,540)
Debt service:				
Principal retirement	1,073,532	1,073,532	1,801,192	1,801,192
Interest and fiscal charges	<u>748,372</u>	<u>748,372</u>	<u>484,455</u>	<u>484,455</u>
<b>Total</b>	<b><u>\$ 81,155,049</u></b>	<b><u>\$ 27,870,839</u></b>	<b><u>\$ 80,385,920</u></b>	<b><u>\$ 23,834,428</u></b>

The dependence upon general cash receipts for governmental activities is apparent; with 34.34% of cash disbursements supported through taxes and other general cash receipts during 2005.

**Governmental Activities - General and Program Cash Receipts**



**COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED

**Business-Type Activities**

The Sewer, Water and Sheriff Communication funds are the County's enterprise funds. These programs had cash receipts of \$2,785,464, cash disbursements of \$2,590,879 and transfers in of \$13,175 for fiscal year 2005. The net cash assets of the programs increased \$207,760 from 2004.

**Financial Analysis of the Government's Funds**

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

**Governmental Funds**

The County's governmental funds are accounted for using the cash basis of accounting.

The County's governmental funds reported a combined fund cash balance of \$27,986,933, which is \$1,318,765 above last year's total of \$26,668,168. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2005 and December 31, 2004, for all major and nonmajor governmental funds.

	Fund Cash Balance <u>December 31, 2005</u>	Fund Cash Balance <u>December 31, 2004</u>	Increase <u>(Decrease)</u>
Major Funds:			
General	\$ 3,026,436	\$ 1,503,274	\$ 1,523,162
Public Assistance	1,265,333	1,773,687	(508,354)
Mental Health	3,264,433	2,467,408	797,025
MR/DD	8,374,415	8,420,467	(46,052)
Other Nonmajor Governmental Funds	<u>12,056,316</u>	<u>12,503,332</u>	<u>(447,016)</u>
Total	<u>\$ 27,986,933</u>	<u>\$ 26,668,168</u>	<u>\$ 1,318,765</u>

**General Fund**

The general fund, the County's largest major fund, had cash receipts and other financing sources of \$19,657,196 in 2005. The cash disbursements and other financing uses of the general fund, totaled \$18,134,034 in 2005. The general fund's cash balance increased \$1,523,162 from 2004 to 2005.

**COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED

The table that follows assists in illustrating the cash receipts of the general fund.

	<u>2005</u>	<u>2004</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Cash Receipts:</u></b>			
Taxes	\$ 12,180,120	\$ 11,636,718	4.67 %
Charges for services	2,579,254	2,617,239	(1.45) %
Licenses and permits	9,377	8,053	16.44 %
Fines and forfeitures	418,527	377,853	10.76 %
Intergovernmental	2,409,191	2,477,795	(2.77) %
Investment income	950,377	647,162	46.85 %
Other	<u>649,252</u>	<u>941,978</u>	(31.08) %
Total	<u>\$ 19,196,098</u>	<u>\$ 18,706,798</u>	2.62 %

Licenses and permits decreased as a result of fewer licenses being purchased from the County in 2005. Investment income increased as a result of higher interest rates and the timing of maturity of certain investments. All other revenue remained comparable to 2004.

The table that follows assists in illustrating the expenditures of the general fund.

	<u>2005</u>	<u>2004</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Cash Disbursements</u></b>			
Legislative and executive	\$ 3,538,786	\$ 3,782,884	(6.45) %
Judicial	2,596,974	2,520,884	3.02 %
Public safety	5,453,830	5,868,046	(7.06) %
Public works	46,514	46,851	(0.72) %
Health	101,219	99,178	2.06 %
Human services	423,851	437,350	(3.09) %
Other	4,664,995	3,545,403	31.58 %
Debt service	<u>112,580</u>	<u>764,517</u>	(85.27) %
Total	<u>\$ 16,938,749</u>	<u>\$ 17,065,113</u>	(0.74) %

Debt service cash disbursements decreased as a result of a loan in 2004 that was not incurred in 2005. Other expenditures increased as a result of various expenditures increasing from the prior year. All other cash disbursements remained comparable to 2004.

***Public Assistance Fund***

The public assistance fund, a County major fund, had cash receipts of \$12,017,971 in 2005. The public assistance fund had cash disbursements of \$12,526,325 in 2005. The public assistance fund cash balance decreased \$508,354 from 2004 to 2005.

***Mental Health Fund***

The mental health fund, a County major fund, had cash receipts of \$17,126,302 in 2005. The mental health fund had cash disbursements of \$16,329,277 in 2005. The mental health fund cash balance increased \$797,025 from 2004 to 2005.

**COLUMBIANA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED

***MR/DD Fund***

The MR/DD fund, a County major fund, had cash receipts of \$9,717,048 in 2005. The MR/DD fund had cash disbursements of \$9,763,100 in 2005. The MR/DD fund cash balance decreased \$46,052 from 2004 to 2005.

***Budgeting Highlights - General Fund***

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.

For the general fund, final budget basis receipts and other financing sources were \$935,938 above original budget estimates of \$17,775,620. Actual cash receipts and other financing sources of \$19,657,196 exceeded final budget estimates by \$945,638. The final budgetary basis disbursements and other financing uses of \$18,926,624 were \$1,151,004 above original budget estimates. The actual budgetary basis disbursements and other financing uses of \$18,702,547 were \$224,077 less than the final budget estimates.

**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 \$3,765,672 during fiscal year 2005.

***Debt Administration***

The County had the following long-term obligations outstanding at December 31, 2005 and 2004:

	Governmental Activities <u>2005</u>	Governmental Activities <u>2004</u>
General Obligation Notes	\$ 2,355,189	\$ 1,946,534
General Obligation Bonds	<u>11,021,153</u>	<u>11,349,153</u>
Total long-term obligations	<u>\$ 13,376,342</u>	<u>\$ 13,295,687</u>
	Business-Type Activities <u>2005</u>	Business-Type Activities <u>2004</u>
General Obligation Bonds	\$ 1,325,000	\$ 1,352,000
Mortgage Revenue Bonds	2,331,815	2,238,358
OWDA Loans	1,482,919	1,370,245
OPWC Loans	<u>202,467</u>	<u>217,073</u>
Total long-term obligations	<u>\$ 5,342,201</u>	<u>\$ 5,177,676</u>

## **COLUMBIANA COUNTY, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 UNAUDITED**

#### **Economic Factors and Next Year's Budgets and Rates**

The following economic factors were taken into consideration in preparing the budget for fiscal year 2005:

The County's unemployment rate is currently 6.6%, compared to the 5.9% state average and the 4.9% national average.

State funding is uncertain due to budgetary shortfalls at the State level. It appears Local Government Revenue and Local Government Revenue Assistance Funds may be cut by 20% in the next biennial State budget. These funds represented 12.55% of the County's general fund revenue in 2005. Sales tax revenues are expected to decrease from a drop in the sales tax percentage. Property tax revenues are expected to remain consistent as well as expenditures.

These economic factors were considered in preparing the County's budget for fiscal year 2005. Budgeted revenues and other financing sources in the general fund for fiscal year 2005 are \$18,711,558. The County has continued to practice conservative budgetary practices in order to preserve a positive financial position in future years.

#### **Contacting the County's Financial Management**

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

**CASH BASIS BASIC  
FINANCIAL STATEMENTS**

**COLUMBIANA COUNTY, OHIO**

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2005

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 29,190,100	\$ 1,889,565	\$ 31,079,665
Total assets. . . . .	<u>29,190,100</u>	<u>1,889,565</u>	<u>31,079,665</u>
<b>Net assets:</b>			
Restricted for:			
Public safety programs. . . . .	2,410,715	-	2,410,715
Public works projects . . . . .	2,250,109	-	2,250,109
Human services programs . . . . .	16,000,765	-	16,000,765
Health services . . . . .	354,288	-	354,288
Debt service. . . . .	1,862,343	-	1,862,343
Capital projects . . . . .	838,534	-	838,534
Unclaimed monies. . . . .	321,740	-	321,740
Other purposes . . . . .	1,243,743	-	1,243,743
Unrestricted . . . . .	<u>3,907,863</u>	<u>1,889,565</u>	<u>5,797,428</u>
Total net assets . . . . .	<u>\$ 29,190,100</u>	<u>\$ 1,889,565</u>	<u>\$ 31,079,665</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIANA COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<b>Program Cash Receipts</b>			
	<b>Cash Disbursements</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Governmental activities:</b>				
General government:				
Legislative and executive . . . . .	\$ 4,625,569	\$ 2,600,281	\$ -	\$ -
Judicial . . . . .	2,449,635	937,792	-	-
Public safety . . . . .	7,548,568	760,233	1,378,595	-
Public works . . . . .	7,074,782	7,915	6,758,233	-
Health . . . . .	640,544	250,518	91,569	-
Human services . . . . .	46,487,893	6,433,002	31,220,892	-
Other . . . . .	6,740,482	528,998	1,848,682	-
Capital outlay . . . . .	3,765,672	-	-	467,500
Debt service:				
Principal retirement . . . . .	1,073,532	-	-	-
Interest and fiscal charges . . . . .	748,372	-	-	-
Total governmental activities . . . . .	<u>81,155,049</u>	<u>11,518,739</u>	<u>41,297,971</u>	<u>467,500</u>
<b>Business-Type activities:</b>				
Sewer . . . . .	1,882,435	1,812,163	-	-
Water . . . . .	681,075	295,677	41,391	-
Communication Sheriff . . . . .	27,369	25,500	-	-
Total business-type activities . . . . .	<u>2,590,879</u>	<u>2,133,340</u>	<u>41,391</u>	<u>-</u>
Totals . . . . .	<u>\$ 83,745,928</u>	<u>\$ 13,652,079</u>	<u>\$ 41,339,362</u>	<u>\$ 467,500</u>

**General Cash Receipts and Transfers:**

Property taxes levied for:	
General purposes . . . . .	
Human services - Mental Health Center . . . . .	
Human services - MR/DD . . . . .	
Sales taxes . . . . .	
Grants and entitlements not restricted to specific programs . . . . .	
Sale of notes . . . . .	
Sale of bonds . . . . .	
Investment receipts . . . . .	
Miscellaneous . . . . .	
Total general cash receipts . . . . .	
Transfers . . . . .	
Total general cash receipts and transfers . . . . .	
Change in net cash assets . . . . .	
<b>Net cash assets at beginning of year . . . . .</b>	
<b>Net cash assets at end of year . . . . .</b>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,025,288)	\$ -	\$ (2,025,288)
(1,511,843)	-	(1,511,843)
(5,409,740)	-	(5,409,740)
(308,634)	-	(308,634)
(298,457)	-	(298,457)
(8,833,999)	-	(8,833,999)
(4,362,802)	-	(4,362,802)
(3,298,172)	-	(3,298,172)
(1,073,532)	-	(1,073,532)
(748,372)	-	(748,372)
<u>(27,870,839)</u>	<u>-</u>	<u>(27,870,839)</u>
-	(70,272)	(70,272)
-	(344,007)	(344,007)
-	(1,869)	(1,869)
<u>-</u>	<u>(416,148)</u>	<u>(416,148)</u>
<u>(27,870,839)</u>	<u>(416,148)</u>	<u>(28,286,987)</u>
9,531,837	-	9,531,837
2,109,244	-	2,109,244
5,949,822	-	5,949,822
3,816,579	-	3,816,579
2,409,191	-	2,409,191
1,070,000	302,692	1,372,692
148,449	-	148,449
977,292	19,408	996,700
3,857,875	288,633	4,146,508
<u>29,870,289</u>	<u>610,733</u>	<u>30,481,022</u>
<u>(13,175)</u>	<u>13,175</u>	<u>-</u>
<u>29,857,114</u>	<u>623,908</u>	<u>30,481,022</u>
1,986,275	207,760	2,194,035
<u>27,203,825</u>	<u>1,681,805</u>	<u>28,885,630</u>
<u>\$ 29,190,100</u>	<u>\$ 1,889,565</u>	<u>\$ 31,079,665</u>

**COLUMBIANA COUNTY, OHIO**

STATEMENT OF CASH BASIS ASSETS AND FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	<u>General</u>	<u>Public Assistance</u>	<u>Mental Health</u>	<u>MR/DD</u>
<b>Cash assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 3,026,436	\$ 1,265,333	\$ 3,264,433	\$ 8,374,415
Total assets . . . . .	<u>\$ 3,026,436</u>	<u>\$ 1,265,333</u>	<u>\$ 3,264,433</u>	<u>\$ 8,374,415</u>
<b>Fund cash balances:</b>				
Reserved for encumbrances. . . . .	568,513	387,953	14,081	3,808
Reserved for unclaimed monies . . . . .	321,740	-	-	-
Unreserved, undesignated, reported in:				
General fund. . . . .	2,136,183	-	-	-
Special revenue funds . . . . .	-	877,380	3,250,352	8,370,607
Debt service funds. . . . .	-	-	-	-
Capital projects funds. . . . .	-	-	-	-
Total fund cash balances . . . . .	<u>\$ 3,026,436</u>	<u>\$ 1,265,333</u>	<u>\$ 3,264,433</u>	<u>\$ 8,374,415</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 12,056,316	\$ 27,986,933
<u>\$ 12,056,316</u>	<u>\$ 27,986,933</u>
539,230	1,513,585
-	321,740
-	2,136,183
8,876,834	21,375,173
1,832,343	1,832,343
807,909	807,909
<u>\$ 12,056,316</u>	<u>\$ 27,986,933</u>

**COLUMBIANA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND CASH BALANCES TO  
NET ASSETS - CASH BASIS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2005

**Total governmental fund cash balances** \$ 27,986,933

*Amounts reported for governmental activities in the  
statement of net assets - modified cash basis are different because:*

Internal service funds are used by management to charge the costs of health insurance to individual funds. The cash assets of the internal service fund are included in governmental activities in the statement of net assets - modified cash basis. The net cash assets of the internal service fund are:

1,203,167

**Net assets - modified cash basis of governmental activities**

\$ 29,190,100

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**COLUMBIANA COUNTY, OHIO**

STATEMENT OF CASH BASIS RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>General</u>	<u>Public Assistance</u>	<u>Mental Health</u>	<u>MR/DD</u>
<b>Cash receipts:</b>				
Property taxes . . . . .	\$ 8,363,541	\$ -	\$ 2,109,244	\$ 5,949,822
Sales taxes . . . . .	3,816,579	-	-	-
Charges for services . . . . .	2,579,254	-	5,987,765	6,928
Licenses and permits . . . . .	9,377	-	-	-
Fines and forfeitures . . . . .	418,527	-	-	-
Intergovernmental . . . . .	2,409,191	12,017,971	9,029,293	3,360,216
Investment income . . . . .	950,377	-	-	-
Other . . . . .	649,252	-	-	400,082
Total cash receipts . . . . .	<u>19,196,098</u>	<u>12,017,971</u>	<u>17,126,302</u>	<u>9,717,048</u>
<b>Cash disbursements:</b>				
Current:				
General government:				
Legislative and executive . . . . .	3,538,786	-	-	-
Judicial . . . . .	2,596,974	-	-	-
Public Safety . . . . .	5,453,830	-	-	-
Public works . . . . .	46,514	-	-	-
Health . . . . .	101,219	-	-	-
Human Services . . . . .	423,851	12,526,325	16,329,277	9,763,100
Other . . . . .	4,664,995	-	-	-
Capital outlay . . . . .	-	-	-	-
Debt service:				
Principal retirement . . . . .	51,279	-	-	-
Interest and fiscal charges . . . . .	61,301	-	-	-
Total cash disbursements . . . . .	<u>16,938,749</u>	<u>12,526,325</u>	<u>16,329,277</u>	<u>9,763,100</u>
Excess (deficiency) of cash receipts over (under) cash disbursements . . . . .	<u>2,257,349</u>	<u>(508,354)</u>	<u>797,025</u>	<u>(46,052)</u>
<b>Other financing sources (uses):</b>				
Sale of notes . . . . .	-	-	-	-
Sale of bonds . . . . .	-	-	-	-
Transfers in . . . . .	461,098	-	-	-
Transfers out . . . . .	(1,195,285)	-	-	-
Total other financing sources (uses) . . . . .	<u>(734,187)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund cash balances . . . . .	1,523,162	(508,354)	797,025	(46,052)
<b>Fund cash balances at beginning of year . . . . .</b>	<u>1,503,274</u>	<u>1,773,687</u>	<u>2,467,408</u>	<u>8,420,467</u>
<b>Fund cash balances at end of year . . . . .</b>	<u>\$ 3,026,436</u>	<u>\$ 1,265,333</u>	<u>\$ 3,264,433</u>	<u>\$ 8,374,415</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,168,296	\$ 17,590,903
-	3,816,579
1,995,927	10,569,874
253,156	262,533
267,806	686,333
17,357,991	44,174,662
26,915	977,292
2,808,540	3,857,874
<u>23,878,631</u>	<u>81,936,050</u>
1,167,978	4,706,764
-	2,596,974
2,157,760	7,611,590
7,121,314	7,167,828
548,137	649,356
7,688,745	46,731,298
2,106,178	6,771,173
3,765,672	3,765,672
1,022,253	1,073,532
687,071	748,372
<u>26,265,108</u>	<u>81,822,559</u>
<u>(2,386,477)</u>	<u>113,491</u>
148,449	148,449
1,070,000	1,070,000
1,234,080	1,695,178
(513,068)	(1,708,353)
<u>1,939,461</u>	<u>1,205,274</u>
(447,016)	1,318,765
12,503,332	26,668,168
<u>\$ 12,056,316</u>	<u>\$ 27,986,933</u>

**COLUMBIANA COUNTY, OHIO**

**RECONCILIATION OF THE STATEMENT OF CASH BASIS REVENUES,  
EXPENDITURES, AND CHANGES IN FUND CASH BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**Net change in fund cash balances - total governmental funds** \$ 1,318,765

*Amounts reported for governmental activities in the  
statement of activities - modified cash basis are different because:*

An internal service fund used by management to charge the costs of health insurance to individual funds is not reported in the government-wide statement of activities - modified cash basis. Governmental fund cash disbursements and the related internal service fund cash receipts revenues are eliminated. The net cash receipts of the internal service fund fund is allocated among the governmental activities.

667,510

**Change in net cash assets of governmental activities** \$ 1,986,275

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIANA COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND  
 CASH BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Property taxes . . . . .	\$ 7,562,988	\$ 7,961,201	\$ 8,363,541	\$ 402,340
Sales taxes . . . . .	3,451,258	3,632,977	3,816,579	183,602
Charges for services . . . . .	2,332,369	2,455,175	2,579,254	124,079
Licenses and permits. . . . .	8,479	8,926	9,377	451
Fines and forfeitures. . . . .	378,466	398,393	418,527	20,134
Intergovernmental . . . . .	2,178,585	2,293,293	2,409,191	115,898
Investment income . . . . .	859,407	904,658	950,377	45,719
Other . . . . .	587,106	618,019	649,252	31,233
Total budgetary basis receipts . . . . .	<u>17,358,658</u>	<u>18,272,642</u>	<u>19,196,098</u>	<u>923,456</u>
<b>Budgetary basis disbursements:</b>				
General government:				
Legislative and executive . . . . .	4,754,107	3,852,316	3,726,219	126,097
Judicial. . . . .	3,192,602	2,620,701	2,597,460	23,241
Public safety . . . . .	6,206,526	5,782,661	5,774,514	8,147
Public works . . . . .	49,742	46,514	46,514	-
Health . . . . .	190,990	154,721	101,219	53,502
Human services . . . . .	480,221	456,649	425,012	31,637
Other . . . . .	1,504,988	4,578,693	4,723,744	(145,051)
Debt service:				
Principal retirement . . . . .	51,279	51,279	51,279	-
Interest and fiscal charges . . . . .	41,224	41,264	61,301	(20,037)
Total budgetary basis disbursements. . . . .	<u>16,471,679</u>	<u>17,584,798</u>	<u>17,507,262</u>	<u>77,536</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements . . . . .	<u>886,979</u>	<u>687,844</u>	<u>1,688,836</u>	<u>1,000,992</u>
<b>Other financing sources (uses):</b>				
Transfers in. . . . .	416,962	438,916	461,098	22,182
Transfers out. . . . .	<u>(1,303,941)</u>	<u>(1,341,826)</u>	<u>(1,195,285)</u>	<u>146,541</u>
Total other financing sources (uses) . . . . .	<u>(886,979)</u>	<u>(902,910)</u>	<u>(734,187)</u>	<u>168,723</u>
Net change in fund cash balance . . . . .	-	(215,066)	954,649	1,169,715
<b>Fund cash balance at beginning of year . . . . .</b>	1,020,678	1,020,678	1,020,678	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>482,596</u>	<u>482,596</u>	<u>482,596</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 1,503,274</u>	<u>\$ 1,288,208</u>	<u>\$ 2,457,923</u>	<u>\$ 1,169,715</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIANA COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND  
 CASH BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 PUBLIC ASSISTANCE FUND  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Budgetary basis receipts:</b>				
Intergovernmental . . . . .	\$ 8,500,000	\$ 12,867,543	\$ 12,017,971	\$ (849,572)
Total budgetary basis receipts . . . . .	<u>8,500,000</u>	<u>12,867,543</u>	<u>12,017,971</u>	<u>(849,572)</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Human Services . . . . .	<u>8,500,000</u>	<u>13,730,351</u>	<u>12,914,278</u>	<u>816,073</u>
Total budgetary basis disbursements . . . . .	<u>8,500,000</u>	<u>13,730,351</u>	<u>12,914,278</u>	<u>816,073</u>
Net change in fund cash balance . . . . .	-	(862,808)	(896,307)	(33,499)
<b>Fund cash balance at beginning of year . . . . .</b>	904,066	904,066	904,066	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>869,621</u>	<u>869,621</u>	<u>869,621</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 1,773,687</u>	<u>\$ 910,879</u>	<u>\$ 877,380</u>	<u>\$ (33,499)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIANA COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND  
 CASH BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 MENTAL HEALTH FUND  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Property and other taxes . . . . .	\$ 1,785,793	\$ 2,184,313	\$ 2,109,244	\$ (75,069)
Charges for services . . . . .	5,069,547	6,200,874	5,987,765	(213,109)
Intergovernmental . . . . .	7,644,660	9,350,652	9,029,293	(321,359)
Total budgetary basis receipts . . . . .	<u>14,500,000</u>	<u>17,735,839</u>	<u>17,126,302</u>	<u>(609,537)</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Human services . . . . .	<u>14,500,000</u>	<u>17,755,420</u>	<u>16,343,358</u>	<u>1,412,062</u>
Total budgetary basis disbursements. . . . .	<u>14,500,000</u>	<u>17,755,420</u>	<u>16,343,358</u>	<u>1,412,062</u>
Net change in fund cash balance . . . . .	-	(19,581)	782,944	802,525
<b>Fund cash balance at beginning of year . . . . .</b>	2,446,626	2,446,626	2,446,626	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>20,782</u>	<u>20,782</u>	<u>20,782</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 2,467,408</u>	<u>\$ 2,447,827</u>	<u>\$ 3,250,352</u>	<u>\$ 802,525</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIANA COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND  
 CASH BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 MR/DD FUND  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Budgetary basis receipts:</b>				
Property and other taxes . . . . .	\$ 6,256,272	\$ 11,116,724	\$ 5,949,822	\$ (5,166,902)
Charges for services . . . . .	7,285	12,944	6,928	(6,016)
Intergovernmental . . . . .	3,533,286	6,278,272	3,360,216	(2,918,056)
Other. . . . .	420,689	747,518	400,082	(347,436)
Total budgetary basis receipts. . . . .	<u>10,217,532</u>	<u>18,155,458</u>	<u>9,717,048</u>	<u>(8,438,410)</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Human services . . . . .	<u>10,217,532</u>	<u>10,642,296</u>	<u>9,766,908</u>	<u>875,388</u>
Total budgetary basis disbursements . . . . .	<u>10,217,532</u>	<u>10,642,296</u>	<u>9,766,908</u>	<u>875,388</u>
Net change in fund cash balance . . . . .	-	7,513,162	(49,860)	(7,563,022)
<b>Fund cash balance at beginning of year . . . . .</b>	8,417,567	8,417,567	8,417,567	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>2,900</u>	<u>2,900</u>	<u>2,900</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 8,420,467</u>	<u>\$ 15,933,629</u>	<u>\$ 8,370,607</u>	<u>\$ (7,563,022)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIANA COUNTY, OHIO**  
**STATEMENT OF NET ASSETS - CASH BASIS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2005**

	<b>Business-type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Fund</b>
	<b>Nonmajor Enterprise Funds</b>	<b>Fund</b>
<b>Cash assets:</b>		
Equity in pooled cash and cash equivalents. . . . .	\$ 1,889,565	\$ 1,203,167
Total assets . . . . .	1,889,565	1,203,167
<b>Net cash assets:</b>		
Unrestricted. . . . .	1,889,565	1,203,167
Total net cash assets. . . . .	\$ 1,889,565	\$ 1,203,167

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIANA COUNTY, OHIO**

STATEMENT OF CASH BASIS RECEIPTS,  
DISBURSEMENTS AND CHANGES IN NET CASH ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Business-Type Activities - Enterprise Funds</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Nonmajor Enterprise Funds</u>	
<b>Operating cash receipts:</b>		
Charges for services . . . . .	\$ 2,133,340	\$ 4,746,832
Other operating cash receipts . . . . .	288,633	-
Total operating cash receipts . . . . .	<u>2,421,973</u>	<u>4,746,832</u>
<b>Operating cash disbursements:</b>		
Personal services . . . . .	610,068	4,079,322
Contractual services . . . . .	952,392	-
Materials and supplies . . . . .	175,311	-
Capital outlay. . . . .	332,339	-
Other . . . . .	94,202	-
Total operating cash disbursements. . . . .	<u>2,164,312</u>	<u>4,079,322</u>
Operating cash receipts over operating cash disbursements . . . . .	<u>257,661</u>	<u>667,510</u>
<b>Nonoperating cash receipts (disbursements):</b>		
Debt service:		
Principal retirement. . . . .	(202,429)	-
Interest and fiscal charges . . . . .	(112,138)	-
Sale of notes. . . . .	302,692	-
Intergovernmental revenue. . . . .	41,391	-
Interest income . . . . .	19,408	-
Transfers in . . . . .	13,175	-
Other nonoperating revenue . . . . .	(112,000)	-
Total nonoperating cash receipts (disbursements). . . . .	<u>(49,901)</u>	<u>-</u>
Changes in net cash assets. . . . .	207,760	667,510
<b>Net cash assets at beginning of year . . . . .</b>	<u>1,681,805</u>	<u>535,657</u>
<b>Net cash assets at end of year . . . . .</b>	<u>\$ 1,889,565</u>	<u>\$ 1,203,167</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIANA COUNTY, OHIO**

**STATEMENT OF CASH BASIS ASSETS AND NET CASH ASSETS  
FIDUCIARY FUND  
DECEMBER 31, 2005**

	<u>Agency</u>
<b>Cash assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 5,177,321
Total assets . . . . .	<u>\$ 5,177,321</u>
<b>Net cash assets:</b>	
Unrestricted. . . . .	\$ 5,177,321
Total net cash assets . . . . .	<u>\$ 5,177,321</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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## COLUMBIANA COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

#### NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

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

#### **Reporting Entity**

Reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Columbiana County, this includes the Columbiana County Mental Health and Recovery Board, Columbiana County Mental Health Center, Columbiana County Board of Mental Retardation and Developmental Disabilities (MRDD) (which includes the Robert Bycroft School for Retarded Children, the Columbiana County Adult Mentally Handicapped Workshop and all departments and activities that are directly operated by the elected County officials.

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 organizations 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; or (3) the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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 no component units.

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

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

**COLUMBIANA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION - (CONTINUED)**

The County is involved with one related organization which is presented in Note 12 to the basic financial statements. The County is also involved in the following jointly governed organizations:

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles, the County chooses to prepare its financial statements and notes on the basis of cash receipts and disbursements. The cash receipts and disbursements basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principals (GAAP). 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 expenditures 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.

**B. Fund Accounting**

The County uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The County classifies each fund as either governmental, proprietary or fiduciary.

**Governmental Funds**

The County classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the County's major governmental funds:

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

Public Assistance - This fund accounts for various federal and state grants, as well as transfer from the general fund used to provide public assistance to general relief recipients, pay their providers for medical assistance, and for certain public social services.

Mental Health - This fund accounts for the operation of a center that provides services to mental patients and individuals considering taking their lives. Revenue sources include state and federal grants and two county-wide property tax levies.

**COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

Mental Retardation and Developmentally Disabled (MR/DD) - This fund accounts for the operation and the costs of administering a workshop for the mentally retarded and developmentally disabled. Revenue sources include a countywide property tax levy and federal and state grants.

Other nonmajor governmental funds of the County are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs and (c) for grants and other resources, the use of which is restricted to a particular purpose.

**Proprietary Funds**

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

*Enterprise Funds* - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The County has three enterprise funds to account for sewer, water and sheriff communication.

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

**Fiduciary Funds**

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

**C. Basis of Presentation and Measurement Focus**

Government-wide Financial Statement of Activities - This statement displays information about the County as a whole, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

**COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

The government-wide statement of activities compares disbursements with program receipts for each segment of the business-type activities of the County and for each function or program of the County's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program 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. Receipts which are not classified as program receipts are presented as general receipts of the County. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the County.

*Fund Financial Statements* - Fund financial statements report detailed information about the County. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Proprietary funds distinguish operating transactions from nonoperating transactions. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating transactions of the County's proprietary funds are charges for sales and services, and include personnel and other disbursements related to the operations of the proprietary fund activity. All other receipts and disbursements not meeting these definitions are reported as nonoperating transactions.

**D. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

The legal level of budgetary control is at the department level within a fund. Although statutory law requires that all funds be budgeted, it is not necessary to do so if the County Commissioners do not anticipate expending the available funds. Budgetary modifications may only be made by resolution of the County Commissioners.

**COLUMBIANA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**Estimated Resources**

The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected resources of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the original and final amended official certificates of estimated resources issued during 2005.

**Appropriations**

A temporary appropriation resolution to control expenditures may be passed on or around January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund and department level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among objects within a fund and department 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 budget figures which appear in the statements of budgetary comparisons represent the original and 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 expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

**Lapsing of Appropriations**

At the close of each 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 is not re-appropriated.

**COLUMBIANA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the County is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. Interest earnings are allocated as authorized by State statute. Investments in federal agency securities are valued at cost. Investments in STAR Ohio and US government money market mutual funds are recorded at share values reported by the mutual fund.

**F. Capital Assets**

Acquisition of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements. Depreciation has not been reported for any capital assets.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the County (See Note 2.A.).

**H. Long-term Obligations**

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

**I. Fund Balance Reserves**

The County reserves those portions of fund equity which are legally segregated for a specific future use or are not available for appropriation or expenditure. Fund equity reserves have been established for encumbrances and unclaimed monies.

**J. Net Assets**

Net assets are reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The County first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

**K. Interfund Activity**

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

**COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements.

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2005, the County has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures".

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the County.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal 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;

**COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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 County or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

At year-end, the County had \$132,933 in undeposited cash on hand which is included on the financial statements of the County as part of "Equity in Pooled Cash and Cash Equivalents."

**B. Deposits with Financial Institutions**

At December 31, 2005, the carrying amount of all County deposits was \$15,891,686. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2005, \$16,225,447 of the County's bank balance of \$16,725,447 was exposed to custodial risk as discussed below, while \$500,000 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the County's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County.

**COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

As of December 31, 2005, the County had the following investments and maturities:

<u>Investment type</u>	<u>Balance at Carrying Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
STAR Ohio	\$ 1,026,311	\$ 1,026,311	\$ -	\$ -	\$ -	\$ -
FHLMC	2,645,344	1,248,594	298,500	-	850,750	247,500
FHLB	1,447,385	499,375	249,800	448,288	-	249,922
FNMA	948,417	398,020	-	249,737	300,660	-
U.S. Government Money Market	14,164,910	14,164,910	-	-	-	-
	<u>\$ 20,232,367</u>	<u>\$ 17,337,210</u>	<u>\$ 548,300</u>	<u>\$ 698,025</u>	<u>\$ 1,151,410</u>	<u>\$ 497,422</u>

The weighted average maturity of investments is .25 years.

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

*Credit Risk:* The County's investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

*Concentration of Credit Risk:* The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2005:

<u>Investment type</u>	<u>Carrying Value</u>	<u>% of Total</u>
U.S. Government Money Market	\$ 14,164,910	70.02
STAR Ohio	1,026,311	5.07
FHLMC	2,645,344	13.07
FNMA	948,417	4.69
FHLB	1,447,385	7.15
	<u>\$ 20,232,367</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investment to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2005:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 15,891,686
Investments	20,232,367
Cash on hand	132,933
Total	<u>\$ 36,256,986</u>

**COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 29,190,100
Business type activities	1,889,565
Agency funds	<u>5,177,321</u>
Total	<u>\$ 36,256,986</u>

**NOTE 5 - PROPERTY TAXES**

Real property taxes are levied on assessed values which equal 35% of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2004.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the fiscal year ended December 31, 2005, was \$9.25 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$5.86 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$7.24 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 2005, was \$9.25 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	\$ 1,358,350,560
Public Utility	89,506,120
Tangible Personal Property	<u>124,614,190</u>
Total Assessed Value	<u>\$ 1,572,470,870</u>

**NOTE 6 - PERMISSIVE SALES TAX**

Beginning in 2001, the County levied a 1% permissive sales tax. The proceeds of the tax are credited to the County's General Fund. During September 2002, the County Commissioners approved an increase in the permissive sales tax from 1% to 1.5%. The County's entire sales tax levy is scheduled to expire in 2005. On May 3, 2005, the County renewed 1% of the 1.5% sales tax. In November 2005, the County's remaining 0.5% of the sales tax did not get renewed. The County received \$3,816,579 in sales tax revenue in 2005.

**COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 7 - RISK MANAGEMENT**

**A. Property and Liability**

The County is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of, damage to, destruction of assets; errors and omissions; and injuries to employees. The County maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured.

Settled claims have not exceeded this commercial coverage in the past three years.

**B. State Workers' Compensation Program**

For 2005, the County participated in the State Workers' Compensation Program for workers' compensation coverage and purchases insurance policies in varying amount for general liability, employee and public official's liability, including errors and omissions of the County's safety force.

**C. Self-Insurance**

The County is also self-insured for employee health insurance. The General Fund pays covered claims to service providers and recovers these costs from charges to other funds based on an actuarially determined cost per employee. Under this program, the General Fund provides coverage for claims up to a maximum of \$75,000 for each individual, per year. The County purchased commercial insurance for claims in excess of coverage provided by the General Fund and all other risks of loss. Settled claims have not exceeded this commercial coverage in the past three years. Total cash disbursements in the internal service fund during 2005 were \$4,079,322.

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

**A. Public Employees Retirement System**

All County full-time employees, other than teachers, participate in the Ohio Public Employees Retirement System (OPERS), a cost sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. 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-Direct Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% a year). Under the Member-Direct 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, employer contributions are invested in OPERS to provide a formula retirement benefit similar in nature to 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.

**COLUMBIANA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a stand alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the County is required to contribute 13.55 percent; 9.55 percent was the portion used to fund pension obligations for 2004. For law enforcement employees, the employee contribution is 10.1 percent of their annual covered salary for sheriffs and deputy sheriffs and 9 percent for all other members of the law enforcement program. (In January 2001, HB416 split the law enforcement program into two divisions; (1) sheriffs, deputy sheriffs, and township police, and (2) the public safety division made up of all other members of the law enforcement program.) The employer contribution is 16.70 percent of which 12.7 percent was the portion used to fund pension obligations. Contributions are authorized by state statute. The contribution rates are determined actuarially. The County's actual contributions for 2005, 2004, and 2003, which were used to fund pension obligations were \$1,937,360, \$1,999,792, and \$1,712,068, respectively. The County has paid all contributions required through December 31, 2005.

**B. State Teachers Retirement Systems**

The County participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43512-3771.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the County is required to contribute 14 percent; 13 percent was the portion used to fund pension obligations for 2005. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's actual contributions for 2005 which were used to fund pension obligations were \$117,447. The County has paid all contributions required through December 31, 2005.

**COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Post Employment Benefits Other Than Pension Benefits by State and Local Governmental Employees." A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 2005 was 13.55 percent of covered payroll for employees not engaged in law enforcement; 4 percent was the portion that was used to fund health care. The employer contribution rate for law enforcement employees for 2005 was 16.70 percent; 4 percent was used to fund health care.

Benefits are advanced funded using the entry age normal cost method. Significant actuarial assumptions include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually, and an additional increase in total payroll of .50 percent to 6.3 percent based on additional pay increases. Health care premiums were assumed to increase 4 percent annually.

OPEB are financed through employer contributions and investment earnings. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

As of December 31, 2005, the total number of benefit recipients eligible for OPEB through the system was 376,109. As of December 31, 2004 (the latest information available), the actuarial value of net assets available for future OPEB payments was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial liability were \$29.5 billion and \$18.7 billion, respectively. The County's actual contributions for 2005 which were used to fund OPEB were \$2,748,820.

**B. State Teachers Retirement System**

The County provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS.

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, healthcare benefits are not guaranteed and the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. 13 percent was the portion used to fund pension obligations for 2005. The Board allocated employer contributions equal to one-percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$17,750 during 2005.

**COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)**

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund at June 30, 2005, was \$3.3 billion. For the year ended June 30, 2005, net health care costs paid by STRS were \$254.780 million and there were 115,395 eligible benefit recipients.

**NOTE 10 - DEBT OBLIGATIONS**

	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
General obligation notes	\$ 1,946,534	\$ 1,070,000	\$ (661,345)	\$ 2,355,189
General obligation bonds	13,999,000	-	(355,000)	13,644,000
Mortgage revenue bonds	2,238,358	148,449	(54,992)	2,331,815
OWDA loans	1,370,245	302,692	(190,018)	1,482,919
OPWC loans	217,073	-	(14,606)	202,467
Total long-term obligations	<u>\$ 19,771,210</u>	<u>\$ 1,521,141</u>	<u>\$ (1,275,961)</u>	<u>\$ 20,016,390</u>

The County's debt obligations at year end consist of the following:

	Interest Rate %	Outstanding at 12/31/2005
General Obligation Notes:		
State Loan for Investment Losses	3.00	\$ 1,021,918
Engineer Building	6.64	126,503
Land Acquisition Note	5.50	30,000
Law Library Note	3.90	128,385
Engineer Road Note	2.80	148,383
Data Processing Loan	4.10	<u>900,000</u>
Total General Obligation Notes		<u>2,355,189</u>
General Obligation Bonds:		
Guilford Sanitary Sewer Improvement	5.00	101,000
Jail Facilities Refunding	5.15	8,725,000
Ohio Wellsville Water System	3.25	1,224,000
Murray Trucking Old Farm Village	4.50	482,000
Municipal Court Bond 97-11	4.38	2,817,000
Municipal Court Bond 97-13	4.38	<u>295,000</u>
Total General Obligation Bonds		<u>13,644,000</u>
Mortgage Revenue Bonds:		
Guliford Lake Sewer	5.00	204,000
Ohio Elkrun Sewer	4.50	1,922,000
County Recorders Equipment Note	3.45	57,366
St. Rt. 170 Sewer Loan	3.00	<u>148,449</u>
Total Mortgage Revenue Bonds		<u>2,331,815</u>

**COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 10 - DEBT OBLIGATIONS - (Continued)**

Ohio Water Development Authority Loans:		
Project No. 8024 - Hanoverton	6.04	896,105
Project No. 6007 - Stagecoach	6.02	180,157
Project No. 4184 - Glenmoor Sewer	1.00	297,422
Project No. 3632 - Winona Sewer Planning	5.65	109,235
Total Ohio Water Development Authority Loans		1,482,919
Ohio Public Works Commission Loans		
Project No. CN627 - Engineering Services	0.00	24,000
Project No. CN720 - Stagecoach	0.00	53,217
Project No. CN24D - Route 7 Waterline	0.00	41,250
Project No. CN33F - Waterline	0.00	84,000
Total Ohio Public Works Commission		202,467
Total Debt Obligations		\$ 20,016,390

General obligation bonds and notes, The Hanoverton Ohio Water Development Authority loan and the Ohio Public Works Commission engineering services loan are being paid from the General Fund and Special Revenue Funds, respectively. Although the debt is in the name of the County, the debt service under the Stagecoach Ohio Water Development Authority, and remaining Ohio Public Works Commission Loans is paid by the Buckeye Water District, which is not part of the County's reporting entity. The remaining Ohio Water Development Authority loans, as well as the mortgage revenue bonds, are being paid from the related enterprise fund user charges. The Glenmoor/LaCroft Sewer Design project financed through an OWDA loan is not closed out at December 31, 2005. Future annual debt service principal and interest requirements for this loan, which has a balance at December 31, 2005 of \$297,422, are not available. All general obligation debt is backed by the full faith and credit of the County.

During 1993, the County realized a significant loss on its investments. This loss created a substantial need for cash to support the County's ongoing operations. A low interest loan was ultimately received from the State of Ohio to provide the necessary operating cash. The monthly payments due under the loan of \$29,719 are withheld from the County's local government funds' distribution from the State of Ohio. The County is required to apply toward the repayment of the loan the excess, if any, of amounts received under the actions to recover the lost funds over the recorded investment losses (including \$150,000 for legal costs).

During 1997, the County defeased a general obligation bond by placing investments in U.S. government direct obligations in an irrevocable escrow account. Such account will be used, together with interest earned thereon, to provide for the payment of all principal and interest on the defeased debt on its schedule due dates. Accordingly, the escrow account and the defeased bond summarized below are not included in the accompanying combined statement of cash receipts and disbursements at December 31, 2005.

**COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 10 - DEBT OBLIGATIONS - (Continued)**

	<u>Defeasance Date</u>	<u>Original Amount Defeased</u>	<u>Original Amount Escrowed</u>	<u>Debt Balance at 12/31/05</u>
County Jail Facilities Construction				
Bond Series 1994	1997	\$ 7,225,000	\$ 7,995,595	\$ 6,040,000

The following is a summary of the County's total future annual principal and interest requirements for debt obligations:

	<u>General Obligation Notes</u>	<u>General Obligation Bonds</u>	<u>Mortgage Revenue Bonds</u>	<u>OWDA Loans</u>	<u>OPWC Loans</u>	<u>Total</u>
2006	\$ 706,111	\$ 1,024,737	\$ 154,050	\$ 120,221	\$ 21,213	\$ 2,026,332
2007	650,298	1,029,666	154,402	228,128	21,213	2,083,707
2008	148,773	1,022,005	149,840	120,221	21,213	1,462,052
2009	144,673	1,026,154	130,950	120,221	17,213	1,439,211
2010	140,573	1,020,092	132,745	120,221	13,213	1,426,844
Thereafter	446,278	11,610,000	1,933,000	775,576	108,402	14,873,256
Totals	<u>\$ 2,236,706</u>	<u>\$ 16,732,654</u>	<u>\$ 2,654,987</u>	<u>\$ 1,484,588</u>	<u>\$ 202,467</u>	<u>\$ 23,311,402</u>

Under the basis of accounting utilized by the County (See Note 2.A.), debt obligations are not reported on the financial statements. Debt obligations are presented above for informational purposes only.

**NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS**

**A. The Columbiana County Planning Commission**

The County participates in the Columbiana County Planning Commission (the "Commission") which is a statutorily created, political subdivision of the State of Ohio. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. The Commission is jointly governed by Columbiana County and local municipalities and townships. In 2005, the County contributed no funds to the Commission.

**B. Carroll/Columbiana/Harrison Solid Waste Management District**

The County participates in the Carroll/Columbiana/Harrison Solid Waste Management District (the "District"), which is a statutorily created, political subdivision of the State of Ohio. The district is a jointly governed organization including Columbiana, Carroll, and Harrison counties and local municipalities and townships. Of the nine members of the District's governing board, the County Commissioners represent three. Each member's control over the operation of the District is limited to its representation on the board. In 2005, the County contributed no funds to the District.

**COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)**

**C. Multi-County Juvenile Attention System**

The County also participates in the Multi-County Juvenile Attention System (the "System"), a jointly governed organization between the following counties: Stark, Holmes, Carroll, Columbiana, Tuscarawas, and Wayne. The operation of the System is controlled by a nineteen-member Board of Trustees, three members from each county with the exception of Stark which has four members. The degree of control exercised by any of the participating Counties is limited to its representation on the Board. The County paid \$850,522 to the System during 2005.

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

N.E.O.N. is a council of governments formed to provide a regional effort in administering, managing and operating programs for certain individuals with development disabilities. Participating counties include Columbiana, Portage, Trumbull, Geauga, Lake, Mahoning, Medina and Stark Counties. N.E.O.N. operation is controlled by their board which is comprised of the superintendent's of Mental Retardation and Developmental Disabilities of each participating county. N.E.O.N. adopts its own budget, authorized expenditures and hire and fire its own staff. During 2005, N.E.O.N., received sufficient revenues from State grant monies and no additional funds were needed from the participants.

**E. Northeast Ohio Trade and Economic Consortium (Consortium)**

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

**NOTE 12 - RELATED ORGANIZATIONS**

**Columbiana County Airport Authority**

The Columbiana County Airport Authority (the "Airport Authority"), was created by resolution of the County Commissioners under the authority of Section 308 of the Ohio Revised Code. The Airport Authority is governed by a seven-member Board of Trustees appointed by the County Commissioners. The Board of Trustees has the authority to exercise all of the powers and privileges provided under law. These powers include the ability to sue or be sued in its corporate name; the power to establish and collect rentals and other charges; the authority to acquire, construct, operate, manage and maintain airport facilities; the authority to buy and sell real and personal property; and the authority to issue debt for acquiring or constructing a facility or permanent improvement. The Airport Authority serves as custodian of its own funds and maintains all records and accounts independent of Columbiana County. The County contributed \$15,812 to the Airport Authority in 2005.

**COLUMBIANA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 13 - CONTINGENCIES**

**A. Litigation**

The County is involved in several pending and threatening lawsuits, including claims by certain county departments demanding increases in funding for their operations. The outcome of these matters and the potential effect on the County's financial position are unknown at this time.

**B. Grant Programs**

The County participates in several grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies should an audit be performed cannot be determined at this time, although the County expects any disallowance would be immaterial.

**NOTE 14 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended December 31, 2005, consisted of the following, as reported in the fund financial statements:

<u>Transfer to</u>	<u>Transfer From</u>	
	<u>General</u>	<u>Nonmajor Governmental Funds</u>
General	\$ -	\$ 461,098
Enterprise Funds	13,175	
Nonmajor Governmental Fund	<u>1,182,110</u>	<u>51,970</u>
Total	<u>\$ 1,195,285</u>	<u>\$ 513,068</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.15.

**FINANCIAL CONDITION  
COLUMBIANA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass Through Entity Number	Expenditures
<b><u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed through the Ohio Department of Development:</i>			
Micro Enterprise FY04	14.228	B-M-04-015-1	24,333
CDBG Formula FY04		B-F-04-015-1	112,268
CDBG Formula FY03		B-F-03-015-1	99,748
CDBG Formula FY02		B-F-02-015-1	2,459
ECHO Dell Waterline		B-W-03-015-1	160,000
<b>Total CFDA #14.228</b>			<u>398,808</u>
Chip Grant Home FY03	14.239	B-C-03-015-2	310,395
<b>Total CFDA # 14.239</b>			<u>310,395</u>
<b>Total U.S. Housing and Urban Development</b>			<u>709,203</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed Through the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Federal Drug and Alcohol Per Capita	93.959	FY-04/05	356,595
Federal Women's Focus Project		FY-04/05	218,199
<b>Total CFDA # 93.959</b>			<u>574,794</u>
Youth Mentoring Program	84.186A	FY-04/05	61,685
Prevention at Work		FY-04/05	35,816
Step-by-Step Program/Drug Community Prevention		FY-04/05	83,700
<b>Total CFDA # 84.186A</b>			<u>181,201</u>
Medicaid Assistance Program - Title XIX	93.778	FY-04/05	359,147
<b>Total CFDA # 93.778</b>			<u>359,147</u>
<i>Passed Through the Ohio Department of Mental Health:</i>			
Community Plan Block Grant	93.958	FY-04/05	91,613
Children/Adolescent Block Grant		FY-04/05	6,890
Path Homeless Grant		FY-04/05	53,853
Path Employment Grant		FY-04/05	6,402
<b>Total CFDA # 93.958</b>			<u>158,758</u>
Title XX Social Service Block Grant	93.667	FY-04/05	950
<b>Total CFDA # 93.667</b>			<u>950</u>
Medicaid Assistance	93.778	FY-04/05	2,553,732
<b>Total CFDA # 93.778</b>			<u>2,553,732</u>
All Hazards	93.003	FY-04/05	4,818
<b>Total CFDA # 93.003</b>			<u>4,818</u>
Fast Grant	93.556	FY-04/05	55,561
<b>Total CFDA # 93.556</b>			<u>55,561</u>
<i>Passed Through the Ohio Department of Mental Retardation and Development Disabilities:</i>			
Title XX Social Service Block Grant	93.667	FY-04	38,068
Title XX Social Service Block Grant		FY-05	19,687
<b>Total CFDA # 93.667</b>			<u>57,755</u>
<i>Medicaid Assistance Program-Title XIX:</i>			
Community Alternative Funding	93.778	FY-00	55,925
Community Alternative Funding		FY-03	40,171
Community Alternative Funding		FY-04	1,498,197
Community Alternative Funding (Target Case Management)		FY-00	12,230
Community Alternative Funding (Target Case Management)		FY-03	11,310
<b>Total CFDA # 93.778</b>			<u>1,617,833</u>
Title XXI	93.767	FY-04/05	13,005
<b>Total CFDA # 93.767</b>			<u>13,005</u>
<i>Passed Through the Ohio Department of Aging:</i>			
Special Program for the Aging-Title III, Part B	93.044	FY-05	63,211
<b>Total CFDA # 93.044</b>			<u>63,211</u>
Special Program for the Aging - Title III, Part D	93.043	FY-05	6,900
<b>Total CFDA # 93.043</b>			<u>6,900</u>
Special Program for the Aging - Title III, Part E	93.052	FY-05	2,880
<b>Total CFDA # 93.052</b>			<u>2,880</u>

**FINANCIAL CONDITION  
COLUMBIANA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass Through Entity Number	Expenditures
Passport Grant	93.778	FY-05	25,700
<b>Total CFDA # 93.778</b>			<u>25,700</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>5,676,245</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed through the Ohio Department of Education:</i>			
National School Lunch Program	10.555	03-PU-04-05	8,327
National School Lunch Program		03-PU-05-06	3,918
<b>Total CFDA # 10.555</b>			<u>12,245</u>
<b>Total U.S. Department of Agriculture</b>			<u>12,245</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed Through the Governor's Office of Criminal Justice Services:</i>			
Victims of Crime Grant	16.575	06-VAGENE-174	38,716
Victim of Crime Grant Extension		05-VAGENE-467	22,578
State Victims Assistance Grant		06-SAGENE-174	3,853
State Victims Assistance Grant Extension		05_SAGENE-467	4,801
Voca Court Advocate		03-VACHAE-553	505
Voca Court Advocate		05-VACHAE-553	6,814
<b>Total CFDA # 16.575</b>			<u>77,267</u>
Expanded Probation	16.523	04-JB-015-B026	9,765
<b>Total CFDA # 16.523</b>			<u>9,765</u>
<b>Total U.S. Department of Justice</b>			<u>87,032</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed through the Ohio Department of Education:</i>			
Special Education Grants to States	84.027	065920-PG-6B-2005P	37,863
		065920-PG-6B-2006P	25,846
<b>Total CFDA # 84.027</b>			<u>63,709</u>
Special Education Pre-School Grant	84.173	065920-PG-S1-2005P	9,875
		065920-PG-S1-2006P	5,492
<b>Total CFDA # 84.173</b>			<u>15,367</u>
IDEA Grant	84.298	065920-C2-S1-2005P	124
<b>Total CFDA # 84.298</b>			<u>124</u>
<b>Total U.S. Department of Education</b>			<u>79,200</u>
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>			
<i>Direct Program-Emergency Food and Shelter Human Services:</i>			
FEMA-Commissioners	97.036	FY05	6,587
FEMA-Engineers		FY05	48,687
FEMA-Engineers		FY05	591,697
<b>Total CFDA # 97.036</b>			<u>646,971</u>
State Homeland Security Program Grant FY03	97.004	2002-TE-CX-0106	58,920
State Homeland Security Program Grant FY04			150,911
State Homeland Security Program Grant FY05			7,368
<b>Total CFDA # 97.004</b>			<u>217,199</u>
<i>Passed Through the Ohio Emergency Mangement Agency:</i>			
Emergency Mangement Assistance	97.042	2005-EM-T5-0001	51,845
<b>Total CFDA #97.042</b>			<u>51,845</u>
SERC	20.703	HME0-1016090	22,772
<b>Total CFDA # 20.703</b>			<u>22,772</u>
Emergency Food and Shelter	83.523	FY2005	9,100
<b>Total CFDA # 83.523</b>			<u>9,100</u>
<b>Total Federal Emergency Management Agency</b>			<u>947,887</u>

FINANCIAL CONDITION  
COLUMBIANA COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass Through Entity Number	Expenditures
<b><u>FEDERAL HIGHWAY ADMINISTRATION</u></b>			
<i>Passed Through the Ohio Department of Transportation:</i>			
Guardrail Project	20.205	FY2005	710,575
<b>Total CFDA # 20.205</b>			<u>710,575</u>
<b>Total Federal Highway Administration</b>			<u>710,575</u>
<b><u>RURAL DEVELOPMENT / RURAL HOUSING SERVICE</u></b>			
<i>United States Department of Agriculture</i>			
Municipal Court	10.766		1,557,248
<b>Total CFDA # 39.011</b>			<u>1,557,248</u>
<b>Total General Services Adm. Election Assistance Commission</b>			<u>1,557,248</u>
<b>Total Federal Awards Expenditures</b>			<u><b>\$9,779,635</b></u>

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

**FINANCIAL CONDITION  
COLUMBIANA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE A -- SIGNIFICANT ACCOUNTING POLICIES**

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

For the purpose of the Schedule, federal awards include the following:

Direct federal awards

Pass-through funds received from non-federal organizations made under federally sponsored programs conducted by those organizations.

The information presented in the Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations.

**NOTE B – LOANS OUTSTANDING**

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (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.

The total loans outstanding as of December 31, 2005 from the County's CDBG Revolving Loan Fund (CFDA# 14.228) were \$ 68,679.



**Auditor of State  
Betty Montgomery**

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

Columbiana County  
105 South Market Street  
Lisbon, Ohio 44432

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Columbiana County (the Government) as of and for the year ended December 31, 2005, which collectively comprise the Government's basic financial statements and have issued our report thereon dated December 5, 2006, wherein, we noted the Government uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Government's internal control over financial reporting to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Government's management dated December 5, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

As part of reasonably assuring whether the Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item, 2005-001. In a separate letter to the Government's management dated December 5, 2006, we reported a matter related to noncompliance we deemed immaterial.

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

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

**Betty Montgomery**  
Auditor of State

December 5, 2006



## **Auditor of State Betty Montgomery**

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

Columbiana County  
105 South Market Street  
Lisbon, Ohio 44432

To the Board of Commissioners:

#### **Compliance**

We have audited the compliance of Columbiana County (the Government) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended December 31, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the Government's major federal programs. The Government's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Government's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Government's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Government's compliance with those requirements.

In our opinion, the Government complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2005.

#### **Internal Control Over Compliance**

The Government's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Government's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance not required inclusion in this report, that we reported to the Government's management in a separate letter dated December 5, 2006

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

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

**Betty Montgomery**  
Auditor of State

December 5, 2006

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

**FINANCIAL CONDITION  
COLUMBIANA COUNTY  
DECEMBER 31, 2005**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA # 20.205, CFDA # 10.766, CFDA # 97.036
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

**Finding # 2005-001**

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

**Finding # 2005-001 – (Continued)**

Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County chose to prepare its financial statements and notes on the basis of cash receipts and disbursements. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Revised Code Section 117.38, the County may be fined and subject to various other administrative remedies, for its failure to file the required financial report.

It is recommended that the County prepare its annual financial report in accordance with generally accepted accounting principles.

**Official's Response:**

Columbiana County has tried to abide by the State's requirements, but the County has had considerable financial problems over the past few years. The requirement for ORC 117.38 is almost an impossible task for the County to abide by. The Commissioners do not have the available appropriations to afford to be able to do this report. The County feels that the GAAP look alike report would at least provide a suitable substitution.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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**None**

**FINANCIAL CONDITION  
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2004-001	Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, the County failed to prepare its financial statements in accordance with generally accepted accounting principles.	No	This finding will be reissued as 2005-001





Mary Taylor, CPA  
Auditor of State

**FINANCIAL CONDITION**

**COLUMBIANA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 20, 2007**