

**Columbiana County, Ohio**  
*Audited Financial Statements*

*December 31, 2008*





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Columbiana County, prepared by Rea & Associates, Inc., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 31, 2009

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**COLUMBIANA COUNTY**

**DECEMBER 31, 2008**

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**COLUMBIANA COUNTY**

**DECEMBER 31, 2008**

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**Rea & Associates, Inc.**  
ACCOUNTANTS AND BUSINESS CONSULTANTS

May 8, 2009

122 4th St. NW | PO Box 1020  
New Philadelphia, OH 44663-5120

Board of County Commissioners  
Columbiana County  
Lisbon, OH 44432

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Columbiana County, Ohio (the County), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinions.

Ohio Administrative Code Section 117-02-03(B) requires the County 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 basis of accounting. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statement 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 the County of Columbiana, Ohio, as of December 31, 2008, and the respective changes in cash financial position, where applicable, and the respective budgetary comparison for the General Fund, Public Assistance Fund, Mental Health Fund, MRDD Fund, and the Motor Vehicle and Gas Tax Fund 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 May 8, 2009, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 12 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Budget and Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Hea & Associates, Inc.*



**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

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This discussion and analysis of the Columbiana County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2008, within the limitations of the County's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the County's financial performance.

### **Highlights**

Key highlights for 2008 are as follows:

- During 2007 the County Commissioners chose to impose the ½ percent increase in order to provide the services necessary for County residents. Sales taxes increased 21 percent as the County realized a full year of the ½ percent increase in 2008. Management continues to diligently plan expenses, staying carefully within the County's revenues.
- Net assets of governmental activities increased \$647,886, or 2 percent. This increase is the result of the County receiving the increased property taxes, additional ½ percent in sales tax, actively pursuing grants and monitoring expenses while still maintaining the high standards the communities expect of the County.
- In order to better provide for the safety and well being of the children of Columbiana County, the Children Services Board placed a five year, 1.5 mill levy on the November 2008 ballot. This levy was defeated by the residents of the County. It is the intention of the Children Services Board to place the levy on the May 2009 ballot.
- Columbiana County is not immune to the economic conditions that have affected the United States. Several companies have either reduced employees to a skeleton staff or have decided to close their doors. This will result in reduced property tax collections as well as a higher unemployment rate for the County. The County has applied for the federal economic stimulus package in order to keep the County moving in a positive direction.
- The County's triennial update resulted in an increase in property values. This resulted in a 2 percent increase in property taxes revenue for 2008. The County passed a replacement tax levy in order to better serve the mentally handicapped and physically challenged residents of Columbiana County.
- The County Auditor was able to distribute their budget books for 2008. This provides local governments the information necessary to better plan their financial year.

### **Using the Basic Financial Statements**

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

### **Report Components**

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

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

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*Management's Discussion and Analysis*  
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These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

***Basis of Accounting***

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

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

**Reporting the County as a Whole**

The statement of net assets and the statement of activities reflect how the County did financially during 2008, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the County at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the County's general receipts.

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

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

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

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
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***Business-type activities*** The County has three business-type activities, the provision of sewer, police communication and water. Business-type activities are financed by a fee charged to the customers receiving the service.

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

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

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

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

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

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
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**Columbiana County as a Whole**

Table 1 provides a summary of the County's net assets for 2008 compared to 2007 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalent	\$28,225,209	\$27,657,684	\$2,059,242	\$2,049,067	\$30,284,451	\$29,706,751
Cash and Cash Equivalents with Fiscal Agents	3,034,246	2,953,885	0	0	3,034,246	2,953,885
<i>Total Assets</i>	\$31,259,455	\$30,611,569	\$2,059,242	\$2,049,067	\$33,318,697	\$32,660,636
<b>Net Assets</b>						
Restricted for:						
Capital Projects	\$443,372	\$281,322	\$0	\$0	\$443,372	\$281,322
Debt Service	1,992,302	2,394,696	0	0	1,992,302	2,394,696
Public Safety	2,302,365	1,651,344	0	0	2,302,365	1,651,344
Public Works	3,053,490	3,387,238	0	0	3,053,490	3,387,238
Health Services	3,776,886	3,302,411	0	0	3,776,886	3,302,411
Human Services	13,743,957	13,918,105	0	0	13,743,957	13,918,105
Unclaimed Monies	294,118	294,675	0	0	294,118	294,675
Other Purposes	2,237,993	2,610,491	0	0	2,237,993	2,610,491
Unrestricted	3,414,972	2,771,287	2,059,242	2,049,067	5,474,214	4,820,354
<i>Total Net Assets</i>	\$31,259,455	\$30,611,569	\$2,059,242	\$2,049,067	\$33,318,697	\$32,660,636

Net Assets of governmental activities increased \$647,886 due to the County receiving the increase property taxes, the ½ percent increase in sales tax as well as an increase in grant monies. This increase was offset by an increase in over all disbursements due to the County being able to replenish services for County residents.

Table 2 reflects the changes in net assets in 2008 compared to 2007 on a cash basis of accounting:

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

(Table 2)  
**Changes in Net Assets**  
*(in millions)*

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Receipts</b>						
<i>Program Receipts</i>						
Charges for Services	\$7.22	\$6.68	\$1.92	\$1.67	\$9.14	\$8.35
Operating Grants and Contributions	43.88	48.75	0.00	0.00	43.88	48.75
Capital Grants and Contributions	2.89	0.08	0.62	0.84	3.51	0.92
<i>Total Program Receipts</i>	<u>53.99</u>	<u>55.51</u>	<u>2.54</u>	<u>2.51</u>	<u>56.53</u>	<u>58.02</u>
<i>General Receipts</i>						
Property Taxes	8.79	8.62	0.00	0.00	8.79	8.62
Permissive Sales Tax	12.59	10.43	0.00	0.00	12.59	10.43
Grants and Entitlements	2.53	2.47	0.00	0.00	2.53	2.47
Conveyance Fees	0.92	1.08	0.00	0.00	0.92	1.08
Investment Income	1.38	2.02	0.02	0.04	1.40	2.06
General Obligation Bonds Issued	0.30	2.57	0.00	0.00	0.30	2.57
General Obligation Notes Issued	0.00	0.00	0.00	0.00	0.00	0.00
Refunding General Obligation						
Bonds Issued	0.00	8.49	0.00	0.00	0.00	8.49
OPWC Loan Issued	0.00	0.00	0.03	0.53	0.03	0.53
OWDA Loan Issued	0.00	0.00	0.03	0.08	0.03	0.08
Mortgage Revenue Bonds Issued	0.00	0.00	0.74	0.36	0.74	0.36
Mortgage Revenue Notes Issued	0.00	0.00	0.00	0.38	0.00	0.38
Premium on Bond Issued	0.00	0.08	0.00	0.00	0.00	0.08
Other	0.45	0.88	0.07	0.34	0.52	1.22
<i>Total General Receipts</i>	<u>26.96</u>	<u>36.64</u>	<u>0.89</u>	<u>1.73</u>	<u>27.85</u>	<u>38.37</u>
<i>Total Receipts</i>	<u>\$80.95</u>	<u>\$92.15</u>	<u>\$3.43</u>	<u>\$4.24</u>	<u>\$84.38</u>	<u>\$96.39</u>

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

(Table 2 continued)  
**Changes in Net Assets**  
*(in millions)*

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Program Disbursements</b>						
General Government						
Legislative and Executive	\$6.60	\$5.16	\$0.00	\$0.00	\$6.60	\$5.16
Judicial	5.33	4.76	0.00	0.00	5.33	4.76
Public Safety	7.25	7.43	0.00	0.00	7.25	7.43
Public Works	9.14	10.73	0.00	0.00	9.14	10.73
Health	10.68	10.72	0.00	0.00	10.68	10.72
Human Services	36.17	35.48	0.00	0.00	36.17	35.48
Economic Development and Assistance						
Capital Outlay	1.51	2.38	0.00	0.00	1.51	2.38
Debt Service	1.14	3.09	0.00	0.00	1.14	3.09
Outside Contributions	1.77	10.31	0.00	0.00	1.77	10.31
Employee Contributions	0.68	0.62	0.00	0.00	0.68	0.62
Sewer	0.04	0.04	0.00	0.00	0.04	0.04
Police Communications	0.00	0.00	3.03	3.31	3.03	3.31
Water	0.00	0.00	0.02	0.02	0.02	0.02
	0.00	0.00	0.37	0.74	0.37	0.74
<i>Total Program Disbursements</i>	<u>80.31</u>	<u>90.72</u>	<u>3.42</u>	<u>4.07</u>	<u>83.73</u>	<u>94.79</u>
Change in Net Assets	0.64	1.43	0.01	0.17	0.65	1.60
Net Assets Beginning of Year	<u>30.61</u>	<u>29.18</u>	<u>2.05</u>	<u>1.88</u>	<u>32.66</u>	<u>31.06</u>
Net Assets End of Year	<u>\$31.25</u>	<u>\$30.61</u>	<u>\$2.06</u>	<u>\$2.05</u>	<u>\$33.31</u>	<u>\$32.66</u>

Program receipts represent only 67 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money and grant money for various programs.

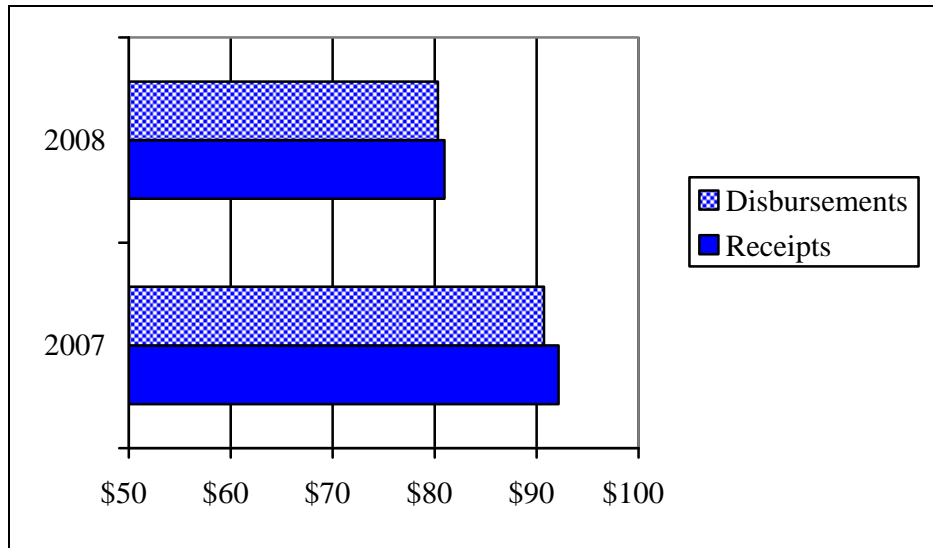
General receipts represent 33 percent of the County's total receipts, and of this amount, 79 percent are property and sales taxes. State and federal grants and entitlements make up the balance of the County's general receipts (9 percent). Other receipts are insignificant and somewhat unpredictable revenue sources.

As residents are feeling the economic downturn, gas tax monies have remained stagnant. The County has received Governor Strickland's economic stimulus package in 2009 that will allow the County to repave 18 miles of County roads. Health and human services make up 13 and 45 percent respectively of total governmental disbursements. The County actively seeks grant money in order to provide the best services possible to its residents. Debt service disbursements decreased due to the County refunding the 1997 jail bonds in 2007.

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

Graph 1  
 Governmental Receipts and Disbursements  
 (In Millions)

	2008	2007
Receipts	\$80.95	\$92.15
Disbursements	80.31	90.72



***Business-Type Activities***

Business-type activities include the County's sewer, police communication and water operations. Net assets for 2008 increased \$10,175. The County completed the Winona sewer project. The County was able to run sewer lines from Guilford to Winona without the necessity of raising sewer rates.

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

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

(Table 3)

**Total and Net Cost of Program Services**

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
<b>Program Disbursements</b>				
General Government				
Legislative and Executive	\$6,604,915	(\$4,672,574)	\$5,165,593	(\$3,346,311)
Judicial	5,333,079	(2,995,450)	4,758,398	(2,429,046)
Public Safety	7,245,419	(5,443,403)	7,429,645	(6,011,276)
Public Works	9,140,431	(541,945)	10,734,261	(108,934)
Health	10,676,199	(1,558,670)	10,717,213	(1,198,674)
Human Services	36,171,046	(8,519,901)	35,482,850	(9,510,345)
Economic Development and Assistance	1,510,653	(397,385)	2,372,653	565,619
Capital Outlay	1,135,539	(436,761)	3,093,155	(2,889,286)
Debt Service	1,769,880	(1,769,880)	10,308,011	(10,308,011)
Outside Participation	681,114	24,375	617,644	25,440
Employee Contribution	38,360	(2,933)	36,464	407
Sewer	3,038,552	(863,672)	3,321,558	(1,192,857)
Police Communications	17,697	9,603	20,017	2,183
Water	372,457	(28,635)	736,948	(378,773)
<i>Total</i>	<u>\$83,735,341</u>	<u>(\$27,197,231)</u>	<u>\$94,794,410</u>	<u>(\$36,779,864)</u>

The negative amounts indicated in Table 3 should not be construed as something bad; they are merely indicative of whether a particular function of government relies on general revenues for financing or is a net contributor of resources to the general government. The total cost of services and the net cost of services both decreased in 2008.

**The Columbiana County's Funds**

***Governmental Funds***

Total governmental funds had receipts of \$79,907,674 and disbursements of \$79,585,384. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$614,343 as the result of increased sales tax and offset by the costs for salaries and benefits. The mental health special revenue fund receipts were \$428,042 more than disbursements due to the County receiving additional grant revenues.

***Enterprise Funds***

Total enterprise funds had operating receipts of \$1,992,021 and operating disbursements of \$2,594,311. The sewer enterprise fund had an operating loss of \$659,928 as the County continues to improve the various sewer lines throughout the County.



**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

**General Fund Budgeting Highlights**

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

During 2008, the County amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to the increase in sales tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$18,458,028 while original disbursements were budgeted at \$17,573,308. This increase was due to the County being able to replenish services due to the ½ percent sales tax. The County kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the slight decrease in fund balance of \$109,828 for 2008.

**Capital Assets and Debt Administration**

*Capital Assets*

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

*Debt*

At December 31, 2008, Columbiana County had the following debt outstanding:

(Table 4)

**Outstanding Debt at Year End**

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
General Obligation Notes	\$775,418	\$1,162,001	\$0	\$0	\$775,418	\$1,162,001
Mortgage Revenue Notes	0	9,260	66,800	456,850	66,800	466,110
General Obligation Bonds	16,054,162	16,243,486	0	0	16,054,162	16,243,486
Mortgage Revenue Bonds	0	0	3,687,391	2,994,000	3,687,391	2,994,000
OWDA Loans	773,865	817,023	777,959	922,030	1,551,824	1,739,053
OPWC Loans	0	8,000	632,589	652,808	632,589	660,808
Capital Leases	496,081	339,810	0	0	496,081	339,810
<i>Total</i>	<u>\$18,099,526</u>	<u>\$18,579,580</u>	<u>\$5,164,739</u>	<u>\$5,025,688</u>	<u>\$23,264,265</u>	<u>\$23,605,268</u>

For further information regarding the County's debt, refer to Note 13 to the basic financial statements.

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2008*  
*Unaudited*

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**Current Issues**

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

**Contacting Columbiana County's Financial Management**

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

**Columbiana County, Ohio**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2008*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$28,225,209	\$2,059,242	\$30,284,451
Cash and Cash Equivalents with Fiscal Agents	3,034,246	0	3,034,246
<i>Total Assets</i>	<u>\$31,259,455</u>	<u>\$2,059,242</u>	<u>\$33,318,697</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$443,372	\$0	\$443,372
Debt Service	1,992,302	0	1,992,302
Public Safety	2,302,365	0	2,302,365
Public Works	3,053,490	0	3,053,490
Health Services	3,776,886	0	3,776,886
Human Services	13,743,957	0	13,743,957
Unclaimed Monies	294,118	0	294,118
Other Purposes	2,237,993	0	2,237,993
Unrestricted	<u>3,414,972</u>	<u>2,059,242</u>	<u>5,474,214</u>
<i>Total Net Assets</i>	<u>\$31,259,455</u>	<u>\$2,059,242</u>	<u>\$33,318,697</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2008*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants Contributions and Interest	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government:				
Legislative and Executive	\$6,604,915	\$1,931,621	\$720	\$0
Judicial	5,333,079	2,181,255	156,374	0
Public Safety	7,245,419	1,182,532	619,484	0
Public Works	9,140,431	104,084	6,192,959	2,301,443
Health	10,676,199	364,341	8,753,188	0
Human Services	36,171,046	606,049	27,045,096	0
Economic Development and Assistance	1,510,653	0	1,113,268	0
Capital Outlay	1,135,539	108,778	0	590,000
Debt Service	1,769,880	0	0	0
Outside Contributions to Health Insurance	681,114	705,489	0	0
Employee Contributions to Health Insurance	38,360	35,427	0	0
<i>Total Governmental Activities</i>	<u>80,306,635</u>	<u>7,219,576</u>	<u>43,881,089</u>	<u>2,891,443</u>
<b>Business Type Activities</b>				
Sewer	3,038,552	1,585,314	0	589,566
Police Communications	17,697	27,300	0	0
Water	372,457	310,378	0	33,444
<i>Total Business-Type Activities</i>	<u>3,428,706</u>	<u>1,922,992</u>	<u>0</u>	<u>623,010</u>
<i>Total Primary Government</i>	<u><u>\$83,735,341</u></u>	<u><u>\$9,142,568</u></u>	<u><u>\$43,881,089</u></u>	<u><u>\$3,514,453</u></u>

**General Receipts**

Property Taxes Levied for:

Human Services

Health Services

Debt Service

Sales Taxes

Conveyance Fees

Grants and Entitlements not Restricted to Specific Programs

Contributions not Restricted to Specific Programs

Interest

General Obligation Bonds Issued

OPWC Loan Issued

OWDA Loan Issued

Mortgage Revenue Bonds Issued

Miscellaneous

*Total General Receipts*

Change in Net Assets

*Net Assets Beginning of Year*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$4,672,574)	\$0	(\$4,672,574)
(2,995,450)	0	(2,995,450)
(5,443,403)	0	(5,443,403)
(541,945)	0	(541,945)
(1,558,670)	0	(1,558,670)
(8,519,901)	0	(8,519,901)
(397,385)	0	(397,385)
(436,761)	0	(436,761)
(1,769,880)	0	(1,769,880)
24,375	0	24,375
(2,933)	0	(2,933)
<u>(26,314,527)</u>	<u>0</u>	<u>(26,314,527)</u>
0	(863,672)	(863,672)
0	9,603	9,603
0	(28,635)	(28,635)
<u>0</u>	<u>(882,704)</u>	<u>(882,704)</u>
<u>(26,314,527)</u>	<u>(882,704)</u>	<u>(27,197,231)</u>
6,698,417	0	6,698,417
1,833,289	0	1,833,289
259,298	0	259,298
12,594,182	0	12,594,182
914,418	0	914,418
2,535,355	0	2,535,355
50	0	50
1,383,532	19,216	1,402,748
296,811	0	296,811
0	30,494	30,494
0	33,749	33,749
0	740,391	740,391
447,061	69,029	516,090
26,962,413	892,879	27,855,292
647,886	10,175	658,061
<u>30,611,569</u>	<u>2,049,067</u>	<u>32,660,636</u>
<u>\$31,259,455</u>	<u>\$2,059,242</u>	<u>\$33,318,697</u>

**Columbiana County, Ohio**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2008*

	General	Motor Vehicle and Gas Tax	Mental Health	Public Assistance
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,640,048	\$3,012,947	\$3,635,464	\$1,387,207
Cash and Cash Equivalents with Fiscal Agents	0	0	0	0
<i>Total Assets</i>	<u>\$2,640,048</u>	<u>\$3,012,947</u>	<u>\$3,635,464</u>	<u>\$1,387,207</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$724,171	\$91,915	\$47,528	\$1,034,879
Reserved for Unclaimed Monies	294,118	0	0	0
Unreserved:				
Undesignated, Reported in:				
General Fund	1,621,759	0	0	0
Special Revenue Funds	0	2,921,032	3,587,936	352,328
Debt Service Fund	0	0	0	0
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances</i>	<u>\$2,640,048</u>	<u>\$3,012,947</u>	<u>\$3,635,464</u>	<u>\$1,387,207</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2008*

Mental Retardation and Developmental Disabilities	Other Governmental Funds	Total Governmental Funds		
			<b>Total Governmental Fund Balances</b>	\$30,190,413
			<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
			Governmental activities' net assets include the internal service fund's cash and cash equivalents. The proprietary funds' statements include these assets.	<u>1,069,042</u>
\$6,198,151	\$10,282,350	\$27,156,167		
3,034,246	0	3,034,246		
<u>\$9,232,397</u>	<u>\$10,282,350</u>	<u>\$30,190,413</u>	<i>Net Assets of Governmental Activities</i>	<u>\$31,259,455</u>
\$99,470	\$454,222	\$2,452,185		
0	0	294,118		
0	0	1,621,759		
9,132,927	7,399,357	23,393,580		
0	1,992,302	1,992,302		
0	436,469	436,469		
<u>\$9,232,397</u>	<u>\$10,282,350</u>	<u>\$30,190,413</u>		

**Columbiana County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2008*

	General	Motor Vehicle and Gas Tax	Mental Health	Public Assistance
<b>Receipts</b>				
Property Taxes	\$0	\$0	\$1,833,289	\$0
Permissive Sales Taxes	12,594,182	0	0	0
Charges for Services	2,003,159	32,328	82,356	18,647
Licenses and Permits	5,954	0	0	0
Fines and Forfeitures	146,464	42,684	0	0
Intergovernmental	2,518,831	8,466,651	8,679,460	14,878,357
Conveyance Fees	914,418	0	0	0
Interest	1,264,993	27,751	0	0
Rentals	94,563	0	0	0
Contributions and Donations	50	0	0	0
Other	144,000	10,556	28,151	9,870
<i>Total Receipts</i>	<u>19,686,614</u>	<u>8,579,970</u>	<u>10,623,256</u>	<u>14,906,874</u>
<b>Disbursements</b>				
Current:				
General Government:				
Legislative and Executive	5,108,789	0	0	0
Judicial	4,332,707	0	0	0
Public Safety	6,230,092	0	0	0
Public Works	0	9,125,927	0	0
Health	139,553	0	10,195,214	0
Human Services	1,560,448	0	0	14,894,067
Economic Development and Assistance	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	62,094	8,000	0	0
Interest and Fiscal Charges	53,342	0	0	0
<i>Total Disbursements</i>	<u>17,487,025</u>	<u>9,133,927</u>	<u>10,195,214</u>	<u>14,894,067</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,199,589</u>	<u>(553,957)</u>	<u>428,042</u>	<u>12,807</u>
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued	0			0
Transfers In	0	208,403	0	308,572
Transfers Out	(1,585,246)	0	0	0
Advances In	56,534	0	0	0
Advances Out	(56,534)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,585,246)</u>	<u>208,403</u>	<u>0</u>	<u>308,572</u>
<i>Net Change in Fund Balances</i>	614,343	(345,554)	428,042	321,379
<i>Fund Balances Beginning of Year</i>	<u>2,025,705</u>	<u>3,358,501</u>	<u>3,207,422</u>	<u>1,065,828</u>
<i>Fund Balances End of Year</i>	<u>\$2,640,048</u>	<u>\$3,012,947</u>	<u>\$3,635,464</u>	<u>\$1,387,207</u>

See accompanying notes to the basic financial statements



**Columbiana County, Ohio**

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2008*

Mental Retardation and Developmental Disabilities	Other Governmental Funds	Total Governmental Funds		
\$5,877,514	\$1,080,201	\$8,791,004	<b>Net Change in Fund Balances - Total Governmental Funds</b> \$619,101	
0	0	12,594,182	<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
0	3,330,811	5,467,301		
0	258,784	264,738		
0	422,198	611,346		
6,083,842	8,318,023	48,945,164		
0	0	914,418		
0	118,539	1,411,283		
0	40,712	135,275		
10,580	324,392	335,022		
135,332	110,032	437,941		
<u>12,107,268</u>	<u>14,003,692</u>	<u>79,907,674</u>		Internal service funds charge insurance costs to other funds. The entity-wide statements eliminate governmental fund expenditures and related internal service fund charges. Governmental activities report allocated net internal service fund revenues (expenses). <u>28,785</u>
0	1,495,656	6,604,445		<u>Change in Net Assets of Governmental Activities</u> <u>\$647,886</u>
0	999,799	5,332,506		
0	1,015,112	7,245,204		
0	14,152	9,140,079		
0	341,371	10,676,138		
11,820,713	7,895,717	36,170,945		
0	1,510,648	1,510,648		
0	1,135,539	1,135,539		
0	911,790	981,884		
0	734,654	787,996		
<u>11,820,713</u>	<u>16,054,438</u>	<u>79,585,384</u>		
<u>286,555</u>	<u>(2,050,746)</u>	<u>322,290</u>		
0	296,811	296,811		
0	1,649,985	2,166,960		
(300,000)	(281,714)	(2,166,960)		
0	56,534	113,068		
0	(56,534)	(113,068)		
<u>(300,000)</u>	<u>1,665,082</u>	<u>296,811</u>		
(13,445)	(385,664)	619,101		
<u>9,245,842</u>	<u>10,668,014</u>	<u>29,571,312</u>		
<u>\$9,232,397</u>	<u>\$10,282,350</u>	<u>\$30,190,413</u>		

**Columbiana County, Ohio**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
General Fund  
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Sales Taxes	\$11,980,281	\$12,544,208	\$12,594,182	\$49,974
Charges for Services	1,905,515	1,995,210	2,003,159	7,949
Licenses and Permits	5,664	5,930	5,954	24
Fines and Forfeitures	139,325	145,883	146,464	581
Intergovernmental	2,403,141	2,509,413	2,518,831	9,418
Conveyance Fees	869,845	910,790	914,418	3,628
Interest	1,358,880	1,422,845	1,264,993	(157,852)
Rentals	89,953	94,188	94,563	375
Contributions and Donations	48	50	50	0
Other	134,795	147,987	144,000	(3,987)
<i>Total Receipts</i>	<u>18,887,447</u>	<u>19,776,504</u>	<u>19,686,614</u>	<u>(89,890)</u>
<b>Disbursements</b>				
Current:				
General Government				
Legislative and Executive	5,120,461	5,419,375	5,352,929	66,446
Judicial	4,307,219	4,512,123	4,395,114	117,009
Public Safety	6,348,317	6,657,930	6,633,959	23,971
Health	92,000	151,850	151,849	1
Human Services	1,589,531	1,601,314	1,561,909	39,405
Debt Service:				
Principal Retirement	62,438	62,094	62,094	0
Interest and Fiscal Charges	53,342	53,342	53,342	0
<i>Total Disbursements</i>	<u>17,573,308</u>	<u>18,458,028</u>	<u>18,211,196</u>	<u>246,832</u>
<i>Excess of Receipts Over Disbursements</i>	<u>1,314,139</u>	<u>1,318,476</u>	<u>1,475,418</u>	<u>156,942</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(1,685,363)	(1,585,247)	(1,585,246)	1
Advances In	0	0	56,534	56,534
Advances Out	0	0	(56,534)	(56,534)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,685,363)</u>	<u>(1,585,247)</u>	<u>(1,585,246)</u>	<u>1</u>
<i>Net Change in Fund Balance</i>	(371,224)	(266,771)	(109,828)	156,943
<i>Fund Balance Beginning of Year - Restated (See Note 18)</i>				
	1,654,481	1,654,481	1,654,481	0
Prior Year Encumbrances Appropriated	371,224	371,224	371,224	0
<i>Fund Balance End of Year</i>	<u>\$1,654,481</u>	<u>\$1,758,934</u>	<u>\$1,915,877</u>	<u>\$156,943</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Motor Vehicle and Gas Tax Fund  
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Charges for Services	\$33,316	\$40,160	\$32,328	(\$7,832)
Fines and Forfeitures	43,988	53,025	42,684	(10,341)
Intergovernmental	6,353,304	9,957,877	8,466,651	(1,491,226)
Interest	1,193	9,458	27,751	18,293
Other	79,255	515,776	10,556	(505,220)
<i>Total Receipts</i>	<u>6,511,056</u>	<u>10,576,296</u>	<u>8,579,970</u>	<u>(1,996,326)</u>
<b>Disbursements</b>				
Current:				
Public Works	6,936,111	9,630,554	9,217,842	412,712
Debt Service:				
Principal Retirement	<u>0</u>	<u>8,000</u>	<u>8,000</u>	<u>0</u>
<i>Total Disbursements</i>	<u>6,936,111</u>	<u>9,638,554</u>	<u>9,225,842</u>	<u>412,712</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(425,055)	937,742	(645,872)	(1,583,614)
<b>Other Financing Sources</b>				
Transfers In	<u>213,786</u>	<u>251,080</u>	<u>208,403</u>	<u>(42,677)</u>
<i>Net Change in Fund Balance</i>	(211,269)	1,188,822	(437,469)	(1,626,291)
<i>Fund Balance Beginning of Year - Restated (See Note 18)</i>	3,139,232	3,139,232	3,139,232	0
Prior Year Encumbrances Appropriated	<u>219,269</u>	<u>219,269</u>	<u>219,269</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,147,232</u></u>	<u><u>\$4,547,323</u></u>	<u><u>\$2,921,032</u></u>	<u><u>(\$1,626,291)</u></u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual -Budget Basis  
 Mental Health Fund  
 For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property Taxes	\$1,627,909	\$2,123,061	\$1,833,289	(\$289,772)
Charges for Services	0	82,356	82,356	0
Intergovernmental	5,415,787	8,696,712	8,679,460	(17,252)
Other	96,304	45,293	28,151	(17,142)
<i>Total Receipts</i>	7,140,000	10,947,422	10,623,256	(324,166)
<b>Disbursements</b>				
Current:				
Health	7,251,282	11,058,704	10,242,742	815,962
<i>Net Change in Fund Balance</i>	(111,282)	(111,282)	380,514	491,796
<i>Fund Balance Beginning of Year</i>	3,096,140	3,096,140	3,096,140	0
Prior Year Encumbrances Appropriated	111,282	111,282	111,282	0
<i>Fund Balance End of Year</i>	<u>\$3,096,140</u>	<u>\$3,096,140</u>	<u>\$3,587,936</u>	<u>\$491,796</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Public Assistance Fund  
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Charges for Services	\$12,959	\$19,251	\$18,647	(\$604)
Intergovernmental	10,339,636	15,360,221	14,878,357	(481,864)
Other	432,965	30,048	9,870	(20,178)
<i>Total receipts</i>	10,785,560	15,409,520	14,906,874	(502,646)
<b>Disbursements</b>				
Current:				
Human Services	10,067,959	16,296,045	15,928,946	367,099
<i>Excess of Receipts Under Disbursements</i>	717,601	(886,525)	(1,022,072)	(135,547)
<b>Other Financing Sources</b>				
Transfers In	214,440	318,566	308,572	(9,994)
<i>Net Change in Fund Balance</i>	932,041	(567,959)	(713,500)	(145,541)
<i>Fund Balance Beginning of Year</i>	497,869	497,869	497,869	0
Prior Year Encumbrances Appropriated	567,959	567,959	567,959	0
<i>Fund Balance End of Year</i>	<u>\$1,997,869</u>	<u>\$497,869</u>	<u>\$352,328</u>	<u>(\$145,541)</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Mental Retardation and Developmental Disabilities Fund  
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property Taxes	\$6,580,881	\$9,088,686	\$5,877,514	(\$3,211,172)
Intergovernmental	2,624,219	6,288,811	5,029,049	(1,259,762)
Contributions and Donations	9,785	15,354	10,580	(4,774)
Other	983,692	615,329	135,332	(479,997)
<i>Total Receipts</i>	10,198,577	16,008,180	11,052,475	(4,955,705)
<b>Disbursements</b>				
Current:				
Human Services	11,155,075	11,393,800	10,945,751	448,049
<i>Excess of Receipts Over (Under) Disbursements</i>	(956,498)	4,614,380	106,724	(4,507,656)
<b>Other Financing Sources (Uses)</b>				
Transfers In	865,372	422,262	0	(422,262)
Transfers Out	0	(300,000)	(300,000)	0
<i>Total Other Financing Sources (Uses)</i>	865,372	122,262	(300,000)	(422,262)
<i>Net Change in Fund Balance</i>	(91,126)	4,736,642	(193,276)	(4,929,918)
<i>Fund Balance Beginning of Year</i>	6,200,749	6,200,749	6,200,749	0
Prior Year Encumbrances Appropriated	91,208	91,208	91,208	0
<i>Fund Balance End of Year</i>	<u>\$6,200,831</u>	<u>\$11,028,599</u>	<u>\$6,098,681</u>	<u>(\$4,929,918)</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2008*

	Business-Type Activities			Governmental Activity
	Sewer	Nonmajor Enterprise	Total Enterprise Funds	Internal Service
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$1,943,273</u>	<u>\$115,969</u>	<u>\$2,059,242</u>	<u>\$1,069,042</u>
<b>Net Assets</b>				
Unrestricted	<u>\$1,943,273</u>	<u>\$115,969</u>	<u>\$2,059,242</u>	<u>\$1,069,042</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2008*

	Business-Type Activities			Governmental Activity
	Sewer	Nonmajor Enterprise	Total Enterprise Funds	Internal Service
<b>Operating Receipts</b>				
Charges for Services	\$1,585,314	\$337,678	\$1,922,992	\$4,541,722
Other Operating Receipts	35,300	33,729	69,029	9,120
<i>Total Operating Receipts</i>	<u>1,620,614</u>	<u>371,407</u>	<u>1,992,021</u>	<u>4,550,842</u>
<b>Operating Disbursements</b>				
Personal Services	640,349	40,059	680,408	5,773
Contractual Services	652,683	255,883	908,566	347,353
Materials and Supplies	80,511	0	80,511	0
Capital Outlay	851,307	17,827	869,134	0
Other	55,692	0	55,692	0
Claims	0	0	0	4,168,931
<i>Total Operating Disbursements</i>	<u>2,280,542</u>	<u>313,769</u>	<u>2,594,311</u>	<u>4,522,057</u>
<i>Operating Income (Loss)</i>	<u>(659,928)</u>	<u>57,638</u>	<u>(602,290)</u>	<u>28,785</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Capital Grants	589,566	33,444	623,010	0
Mortgage Revenue Bonds Issued	740,391	0	740,391	0
OWDA Loan Issued	33,749	0	33,749	0
OPWC Loan Issued	30,494	0	30,494	0
Interest	19,216	0	19,216	0
Principal Retirement	(597,952)	(67,631)	(665,583)	0
Interest and Fiscal Charges	(160,058)	(8,754)	(168,812)	0
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>655,406</u>	<u>(42,941)</u>	<u>612,465</u>	<u>0</u>
<i>Change in Net Assets</i>	(4,522)	14,697	10,175	28,785
<i>Net Assets Beginning of Year</i>	<u>1,947,795</u>	<u>101,272</u>	<u>2,049,067</u>	<u>1,040,257</u>
<i>Net Assets End of Year</i>	<u>\$1,943,273</u>	<u>\$115,969</u>	<u>\$2,059,242</u>	<u>\$1,069,042</u>

See accompanying notes to the basic financial statements



**Columbiana County, Ohio**  
*Statement of Fiduciary Net Assets and Liabilities - Cash Basis*  
*Agency Funds*  
*December 31, 2008*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$4,787,166</u>
<b>Net Assets</b>	
Unrestricted	<u>\$4,787,166</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**Note 1 - Reporting Entity**

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

A 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, agencies, department and offices that are not legally separate from the County. For the County this includes the departments and agencies that provide the following services: Columbiana County Mental Health and Recovery Board, Columbiana County Mental Health Center, Columbiana County Board of 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). 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 is presented as agency funds within the financial statements:

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

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

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

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

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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

As discussed further under Basis of Accounting, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The County does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the County's accounting policies.

**A. Basis of Presentation**

The County's basic financial statements consist of a government-wide statement of net assets and a statement of activities and fund financial statements providing a more detailed level of financial information.

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

The government-wide statement of net assets presents the cash balance of the governmental and business-type activities of the County at year end. The government-wide statement of activities compares disbursements with program receipts for each function or program of the County's governmental activities and for the business-type activities of the County. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on a cash basis or draws from the County's general receipts.

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

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

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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**B. Fund Accounting**

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

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

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

**Motor Vehicle and Gas Tax Fund** The motor vehicle and gas tax fund accounts for monies received by the County for State gasoline tax and vehicle registration fees used for County road and bridge maintenance construction and improvements.

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

**Public Assistance Fund** The public assistance fund accounts for various Federal and State grants, as well as a 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 Retardation and Developmental Disabilities (MR/DD) Fund** The MR/DD fund accounts for the operation and the costs of administering a workshop for the mentally retarded and developmentally disabled. Revenue sources include a County-wide property tax levy and State and Federal grants.

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

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

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

**Sewer Fund** The sewer fund accounts for sanitary sewer services provided to individual and commercial users in the majority of the unincorporated areas of the County. The costs of providing these services are financed primarily through user charges.

The County also has two nonmajor enterprise funds; police communications which accounts for dispatching services and water which accounts for water services provided to individual and commercial users in the majority of the unincorporated areas of the County.

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

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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***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 the collection and distribution of taxes and various State and Federal monies.

***C. Basis of Accounting***

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

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

***D. Cash and Cash Equivalents***

To improve cash management, cash received by the County is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through County records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

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

During 2008, investments were limited to federal farm credit bank notes, federal home loan bank mortgage corporation notes, federal home loan bank notes, federal national mortgage association notes, repurchase agreements, and STAROhio.

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2008 amounted to \$1,264,993, which includes \$1,141,581 assigned from other County funds.

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

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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***E. Inventory and Prepaid Items***

On the cash-basis of accounting, inventories of supplies and prepaid items are reported as disbursements when purchased. These items are not reflected as assets in the accompanying financial statements.

***F. Capital Assets***

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

***G. Accumulated Leave***

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

***H. Long-term Obligations***

The County's cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal and interest payments are reported when paid.

***I. Bond Premiums***

Bond premiums are presented as an increase of the face amount of the general obligation bonds. On the fund financial statements, bond premiums are reported in the year the bonds are issued.

***J. Interfund Activity***

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

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

***K. Fund Balance Reserves***

The County reserves any portion of fund balances legally segregated for a specific future use or which are not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and unclaimed monies.

Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

***L. Net Assets***

Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation (adopted by the County) or through external restrictions imposed

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$27,844,483 of restricted net assets, none of which is restricted by enabling legislation. Net assets restricted for other purposes include child support enforcement, real estate assessment, indigent guardianship and probate business.

The County first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

***M. Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations ordinance is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the department and object level for all funds. Any budgetary modifications at this level may only be made by ordinance of the County Commissioners.

The certificate of estimated resources may be amended during the year if the County Auditor projects increases or decreases in receipts. The amounts reported as the original and final budget in the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect at the time the original and final appropriations ordinance were passed by County Commissioners.

The County Commissioners may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation ordinance for a fund covering the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation ordinance the County Commissioners passed during the year.

**Note 3 – Compliance**

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 prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

**Note 4 – Budgetary Basis of Accounting**

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

- a) Encumbrances are treated as expenditures for all funds (budgetary basis) rather than as a reservation of fund balance (cash basis).

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

- b) Unrecorded cash, which consists of N.E.O.N activity is not reported by the County on the operating statements (budgetary basis), but is reported on the cash basis operating statements.

	Net Change in Fund Balances				
	General	Motor Vehicle Gas Tax	Mental Health	Public Assistance	Mental Retardation and Developmental Disabilities
	<u>General</u>	<u>Motor Vehicle Gas Tax</u>	<u>Mental Health</u>	<u>Public Assistance</u>	<u>Mental Retardation and Developmental Disabilities</u>
Cash Basis	\$614,343	(\$345,554)	\$428,042	\$321,379	(\$13,445)
Beginning Unrecorded Cash	0	0	0	0	2,953,885
Ending Unrecorded Cash	0	0	0	0	(3,034,246)
Encumbrances	<u>(724,171)</u>	<u>(91,915)</u>	<u>(47,528)</u>	<u>(1,034,879)</u>	<u>(99,470)</u>
Budgetary Basis	<u>(\$109,828)</u>	<u>(\$437,469)</u>	<u>\$380,514</u>	<u>(\$713,500)</u>	<u>(\$193,276)</u>

**Note 5 – Deposits and Investments**

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

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

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

1. United States Treasury Bills, Notes, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States; or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, 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 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;



**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
  - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;
  - b. Banker's acceptances eligible for purchase by the Federal Reserve System and which mature within 180 days after purchase.
10. Fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase.
11. No-load money market mutual fund rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency of instrumentality, and/or highly rate commercial paper.
12. One percent of the County's average portfolio in debt interest rated at the time of purchase in the three categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Other than corporate notes, commercial paper, and bankers acceptances, an investment must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

**Deposits**

**A. Cash on Hand**

At year end the County had \$114,018 in undeposited cash on hand which is included on the financial statements of the County as part of "Equity in Pooled Cash and Cash Equivalents."

**B. Cash with Fiscal Agent**

At year end, the County had \$3,034,246 in cash held by an outside party which is included on the financial statements of the County as "Cash with fiscal agent." The amount is not included in deposits with financial institutions below.

**C. Deposits with Financial Institutions**

At fiscal year-end, the carrying amount of the County's deposits was \$6,527,931. Based on the criteria described in GASB 40, "Deposits and Investment Risk Disclosures", as of December 31, 2008, \$7,613,290 of the County's bank balance of \$9,677,313 was exposed to custodial credit risk as discussed below, while \$2,064,023 was covered by the 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 percent of the carrying value of deposits. Such collateral, as permitted by the Ohio Revised Code, is held in a 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 the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County.

**Investments**

As of December 31, 2008, the County had the following investments:

	Maturity			Total
	Less Than One Year	More Than One Year But Less than Three Years	More Than Three Years But Less than Five Years	
Repurchase Agreements	\$476,000	\$0	\$0	\$476,000
Federal Farm Credit Bank Notes	0	6,766,384	970,000	7,736,384
Federal Home Loan Mortgage Corporation Notes	0	6,851,115	0	6,851,115
Federal Home Loan Bank Notes	503,905	2,025,000	0	2,528,905
Federal National Mortgage Association Notes	1,225,055	6,066,883	1,484,535	8,776,473
STAROhio	1,041,488	0	0	1,041,488
<b>Total Portfolio</b>	<b>\$3,246,448</b>	<b>\$21,709,382</b>	<b>\$2,454,535</b>	<b>\$27,410,365</b>

The market value is less than the carrying value of investments by \$1,019,303.

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses caused by rising interest rates, the County's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the County's investment portfolio be structured

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute limits investments in repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

**Credit Risk.** The underlying securities of the Repurchase Agreements, Federal Farm Credit Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes and Federal National Mortgage Association Notes all carry a credit rating of AAA by Standard and Poor's and STAROhio also carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The County has no investment policy that addresses credit risk.

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments. The Federal Farm Credit Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes and Federal National Mortgage Association Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by counterparty's trust department or agent but not in the County's name. The County has no investment policy dealing with investment custodial risk beyond the requirement in State statute that requires securities purchased pursuant to this division shall be delivered into the custody of the treasurer or governing board or an agent designated by the treasurer or governing board.

**Concentration of Credit Risk.** The County places no limit on the amount it may invest in any one issuer. The following is the County's allocation as of December 31, 2008:

Investment Issuer	Percentage of Investments
Repurchase Agreements	1.74 %
Federal Farm Credit Bank Notes	28.22
Federal Home Loan Mortgage Corporation Notes	24.99
Federal Home Loan Bank Notes	9.23
Federal National Mortgage Association Notes	32.02
STAROhio	3.80

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008 taxes.

2008 real property taxes are levied after October 1, 2008, on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

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

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
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Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes which became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible personal property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

House Bill 66 was signed into law on June 30, 2005. House Bill 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and rail roads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunication property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by taxing districts due to the phasing out of the tax. In calendar years 2006-2010 taxing districts will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

The full tax rate for all County operations for the year ended December 31, 2008, was \$9.25 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	\$1,499,677,500
Public Utility Personal Property	79,103,540
Tangible Personal Property	<u>32,434,125</u>
Total	<u><u>\$1,611,215,165</u></u>

### **Note 7 – Permissive Sales Tax**

Beginning in 2001, the County levied a 1 percent permissive sales tax. The proceeds of the tax are credited to the County's general fund. During September 2002, the County Commissioners approved an increase in the permissive sales tax from 1 percent to 1.5 percent. On May 3, 2005, the County renewed 1 percent of the 1.5 percent sales tax. In November 2005, the County's remaining 0.5 percent of the sales tax did not get renewed. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County from the State Auditor. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County. The County received \$12,594,182 in sales tax receipts in 2008.

### **Note 8 - Risk Management**

#### ***A. Property and Liability***

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2008, the County contracted with CORSA for insurance coverage as follows:

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General Liability	\$1,000,000
Law Enforcement Liability	1,000,000
Public Officials Liability	1,000,000
Automobile Liability	1,000,000
Errors and Omissions	1,000,000
Property	116,701,157
Other Property Insurance:	
Extra Expense	1,000,000
Flood and Earthquakes	100,000,000
Crime Coverage	1,000,000
Excess Liability	5,000,000

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

***B. Self-Insurance***

The County has elected to provide a comprehensive medical benefits package to the employees through a fully-insured program. This package provides a comprehensive medical, prescription and dental plan, which is administered by Anthem. Total claims disbursements in the internal service fund during 2008 were \$4,168,931.

***C. Workers' Compensation***

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

**Note 9 - Defined Benefit Pension Plans**

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

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
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Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The County's contribution rate for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.4 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$1,597,062, \$1,781,543, and \$2,829,376 respectively; 91 percent has been contributed for 2008 and 100 percent for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$25,969 made by the County and \$18,550 made by the plan members.

***B. State Teachers Retirement System of Ohio***

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service or an allowance based on member contributions and earned interest matched by STRS Ohio funds, times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits.

Funding Policy – For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
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The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2008, 2007, and 2006 were \$110,688, \$110,430 and \$125,730 respectively; 100 percent has been contributed for 2008, 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$1,475 made by the County and \$4,104 made by the plan members.

**Note 10 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

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

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

Disclosures for the health care plan are presented separately in OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment health care through their contributions to OPERS. A portion of each employer's contribution to the traditional and combined plans is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.0 percent of covered payroll (17.40 percent for public safety and law enforcement). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll.

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

The County's contribution allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$1,557,517, \$1,149,937 and \$1,011,437 respectively; 91 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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***B. State Teachers Retirement System of Ohio***

Plan Description – Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple employer health care plan to eligible retirees who participated in the defined benefit or the combined pension plans and their eligible family members. Coverage includes hospitalization, physicians’ fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligation to contribute are established by the STRS Ohio based on authority granted by State statute.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio.

STRS Ohio issues a financial report that includes financial information for the health care plan. Interested parties can view the most recent report at [www.strsoh.org](http://www.strsoh.org) or obtain a copy by calling (888) 227-7877.

Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2007, 2006 and 2005. The 14 percent contribution is the maximum rate allowed under Ohio law.

All benefit recipients pay a portion of the health care cost in the form of a monthly premium. The County’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$8,514, \$8,495 and \$8,995 respectively; 100 percent has been contributed for 2008, 2007 and 2006.

**Note 11 - Contingencies**

***A. Grants***

The County receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the County at December 31, 2008.

***B. Litigation***

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



**Columbiana County, Ohio**  
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**Note 12 - Interfund Transfers**

Interfund transfers for the year ended December 31, 2008, consisted of the following:

Transfers To	Transfers From			Totals
	General	Mental Retardation and Developmental Disabilities	Other Governmental Funds	
Motor Vehicle and Gas Tax	\$208,403	\$0	\$0	\$208,403
Public Assistance	308,572	0	0	308,572
Other Governmental Funds	1,068,271	300,000	281,714	1,649,985
<b>Totals</b>	<b>\$1,585,246</b>	<b>\$300,000</b>	<b>\$281,714</b>	<b>\$2,166,960</b>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed. The Mental Retardation and Developmental Disabilities (MRDD) fund transfer was to a MRDD permanent improvement fund. The transfers from the other governmental funds were made up of the following; three separate transfers in the amount of \$242,714 from the municipal court funds to the debt service funds and two transfers in the amount of \$39,000 from the common pleas fund to the courtroom renovation fund.

**Note 13 - Long-Term Obligations**

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
<b><i>Governmental Activities Debt</i></b>			
<u>General Obligation Notes:</u>			
State Loan for Investment Losses	3.00%	\$3,934,954	2008
County EMA	4.73%	112,000	2016
Law Library Note	3.90%	166,000	2013
Board of Election Loan	5.25%	9,488	2010
Data Processing Loan	4.10%	1,000,000	2014
<u>Mortgage Revenue Notes:</u>			
County Recorders Equipment Note	3.45%	105,000	2008
<u>General Obligation Bonds:</u>			
Refunding Jail Facilities Bonds	4.00%-4.12%	8,490,000	2024
Courthouse Window Renovations	4.13%	844,000	2037
Guilford Sanitary Sewer Improvement	5.00%	276,000	2019
Courthouse Renovations	4.25%	2,714,000	2036
Ohio Wellsville Water System	3.25%	1,332,000	2039
Murray Trucking Old Farm Village	4.50%	502,000	2041
Municipal Court Bonds #2	4.38%	2,865,000	2034
Municipal Court Bonds #1	4.38%	300,000	2034
<u>Ohio Water Development Authority Loan:</u>			
Hanoverton Planning Permanent Financing	6.04%	1,178,054	2021
<u>Ohio Public Works Loan:</u>			
Engineering Services	0.00%	120,000	2008

**Columbiana County, Ohio**  
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The changes in governmental long-term obligations during the year were as follows:

	Balance 12/31/07	Additions	Reductions	Balance 12/31/08	Amounts Due in One Year
<b>Governmental Activities</b>					
<i>General Obligation Notes:</i>					
State Loan for Investment Losses	\$350,895	\$0	\$350,895	\$0	\$0
County EMA	100,800	0	11,200	89,600	11,200
Law Library Note	97,663	0	16,539	81,124	17,206
Board of Election Loan	7,091	0	2,397	4,694	2,372
Data Processing Loan	700,000	0	100,000	600,000	100,000
<i>Total General Obligation Notes</i>	<u>1,256,449</u>	<u>0</u>	<u>481,031</u>	<u>775,418</u>	<u>130,778</u>
<i>Mortgage Revenue Notes:</i>					
County Recorders Equipment Note	9,260	0	9,260	0	0
<i>General Obligation Bonds:</i>					
Refunding Jail Facilities Bonds	8,490,000	0	340,000	8,150,000	375,000
Unamortized Premium	79,664	0	4,686	74,978	0
Unamortized Accounting Loss	(281,367)	0	(16,551)	(264,816)	0
Total Refunding Jail Facilities Bonds	8,288,297	0	328,135	7,960,162	375,000
Courthouse Window Renovations	713,426	130,574	15,000	829,000	15,000
Guilford Sanitary Sewer Improvement	87,000	0	7,000	80,000	7,000
Courthouse Renovations	2,501,763	166,237	48,000	2,620,000	50,000
Ohio Wellsville Water System	1,183,000	0	21,000	1,162,000	22,000
Murray Trucking Old Farm Village	470,000	0	6,000	464,000	6,000
Municipal Court Bonds #2	285,000	0	6,000	279,000	6,000
Municipal Court Bonds #1	2,715,000	0	55,000	2,660,000	57,000
<i>Total General Obligation Bonds</i>	<u>16,243,486</u>	<u>296,811</u>	<u>486,135</u>	<u>16,054,162</u>	<u>538,000</u>
<i>Ohio Water Development Authority Loan:</i>					
Hanoverton Planning Permanent Financing	817,023	0	43,158	773,865	45,764
<i>Ohio Public Works Commission Loan:</i>					
Engineering Services	8,000	0	8,000	0	0
<i>Other Long-term Obligation:</i>					
Capital Leases	339,810	193,154	36,883	496,081	73,224
<i>Total Governmental Activities</i>	<u>\$18,579,580</u>	<u>\$489,965</u>	<u>\$970,019</u>	<u>\$18,099,526</u>	<u>\$787,741</u>

**Columbiana County, Ohio**  
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Original issue amounts and interest rates of the County's business-type debt issues were as follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Year of Maturity</u>
<b><i>Business-type Activities Debt</i></b>			
<u>Mortgage Revenue Notes:</u>			
Vodry State Route 170 Duke Road Sewer	4.97%	\$83,500	2016
Winona Area Waste System	4.35%	231,700	2008
Roseview Acres	4.26%	150,000	2008
<u>Mortgage Revenue Bonds:</u>			
Guliford Lake Sewer	5.00%	350,000	2019
Ohio Elkrun Sewer	4.50%	2,051,000	2039
Winona Area Waste System #1	4.25%	595,000	2045
Winona Area Waste System #2	4.50%	360,000	2046
Winona Sanitary Sewer	4.75%	118,776	2018
Beaver Local Wastewater #1	4.70%	383,000	2018
Beaver Local Wastewater #2	4.15%	192,250	2014
Roseview Acres	4.85%	46,500	2018
<u>Ohio Water Development Authority Loans:</u>			
Stagecoach-Dairy Lane	6.02%	317,372	2014
Glenmoor/Lacroft	1.00%	776,268	2012
<u>Ohio Public Works Commission Loans:</u>			
State Route 7 Water Line Extension #1	0.00%	50,000	2022
State Route 7 Water Line Extension #2	0.00%	96,000	2023
Stagecoach-Dairy Lane	0.00%	122,347	2013
State Route 45 Water Line Extension	0.00%	375,000	2017
Roseview Acres Treatment Plant	0.00%	1,816,619	2037

**Columbiana County, Ohio**  
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The changes in business-type long-term obligations during the year were as follows:

	Balance 12/31/07	Additions	Reductions	Balance 12/31/08	Amounts Due in One Year
<b>Business-Type Activities</b>					
<i><b>Mortgage Revenue Notes:</b></i>					
Vodry State Route 170 Duke Road Sewer	\$75,150	\$0	\$8,350	\$66,800	\$8,350
Winona Area Waste System	231,700	0	231,700	0	0
Roseview Acres	150,000	0	150,000	0	0
<i>Total Mortgage Revenue Notes</i>	<u>456,850</u>	<u>0</u>	<u>390,050</u>	<u>66,800</u>	<u>8,350</u>
<i><b>Mortgage Revenue Bonds:</b></i>					
Guliford Lake Sewer	183,000	0	11,000	172,000	12,000
Ohio Elkrun Sewer	1,871,000	0	27,000	1,844,000	28,000
Winona Area Waste System #1	583,000	0	6,000	577,000	7,000
Winona Area Waste System #2	357,000	0	3,000	354,000	4,000
Winona Sanitary Sewer	0	118,641	0	118,641	5,206
Beaver Local Wastewater #1	0	383,000	0	383,000	20,529
Beaver Local Wastewater #2	0	192,250	0	192,250	28,858
Roseview Acres	0	46,500	0	46,500	3,527
<i>Total Mortgage Revenue Bonds</i>	<u>2,994,000</u>	<u>740,391</u>	<u>47,000</u>	<u>3,687,391</u>	<u>109,120</u>
<i><b>OWDA Loans:</b></i>					
Stagecoach-Dairy Lane	145,402	0	18,962	126,440	20,103
Glenmoor/Lacroft	776,628	33,749	158,858	651,519	160,450
<i>Total OWDA Loans</i>	<u>922,030</u>	<u>33,749</u>	<u>177,820</u>	<u>777,959</u>	<u>180,553</u>
<i><b>OPWC Loans:</b></i>					
State Route 7 Water Line Extension #1	35,000	0	2,500	32,500	2,500
State Route 7 Water Line Extension #2	72,000	0	4,800	67,200	4,800
Stagecoach-Dairy Lane	38,433	0	5,913	32,520	5,913
State Route 45 Water Line Extension	356,250	0	37,500	318,750	37,500
Roseview Acres Treatment Plant	151,125	30,494	0	181,619	6,054
<i>Total OPWC Loans</i>	<u>652,808</u>	<u>30,494</u>	<u>50,713</u>	<u>632,589</u>	<u>56,767</u>
<i>Total Business-type Activities</i>	<u><u>\$5,025,688</u></u>	<u><u>\$804,634</u></u>	<u><u>\$665,583</u></u>	<u><u>\$5,164,739</u></u>	<u><u>\$354,790</u></u>

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

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).

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The County's overall legal debt margin was \$31,992,863 with an unvoted debt margin of \$9,324,636 at December 31, 2008. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2008 are as follows:

**Governmental Activities**

	General Obligation Notes		General Obligation Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$130,803	\$19,444	\$538,000	\$665,953	\$45,764	\$46,742
2010	131,386	16,280	556,000	684,119	48,528	43,978
2011	129,799	12,852	578,000	621,551	51,460	41,046
2012	131,273	9,536	604,000	598,092	54,568	37,938
2013	118,557	6,301	633,000	573,572	57,864	34,642
2014 - 2018	113,600	5,480	3,552,000	2,463,112	346,161	116,370
2019 - 2023	0	0	4,284,000	1,682,410	169,520	15,491
2024 - 2028	0	0	2,251,000	902,875	0	0
2029 - 2033	0	0	1,935,000	540,818	0	0
2034 - 2038	0	0	1,180,000	130,083	0	0
2039 - 2041	0	0	133,000	8,725	0	0
<i>Total</i>	<u>\$755,418</u>	<u>\$69,893</u>	<u>\$16,244,000</u>	<u>\$8,871,310</u>	<u>\$773,865</u>	<u>\$336,207</u>

**Business-Type Activities**

	Mortgage Revenue Notes		Mortgage Revenue Bonds		OWDA Loans		OPWC
	Principal	Interest	Principal	Interest	Principal	Interest	Loans Principal
2009	\$8,350	\$3,366	\$109,118	\$160,955	\$180,553	\$13,727	\$56,767
2010	8,350	2,946	110,430	160,262	183,373	10,907	56,767
2011	8,350	2,525	113,985	155,207	186,280	8,001	56,767
2012	8,350	2,110	120,584	150,044	189,281	4,999	56,767
2013	8,350	1,683	126,445	144,452	25,399	2,316	56,767
2014 - 2018	25,050	2,525	790,829	641,715	13,073	785	200,975
2019 - 2023	0	0	348,000	478,040	0	0	56,970
2024 - 2028	0	0	408,000	395,773	0	0	30,270
2029 - 2033	0	0	508,000	294,548	0	0	30,270
2034 - 2038	0	0	628,000	169,081	0	0	30,269
2039 - 2043	0	0	311,000	54,449	0	0	0
2044 - 2046	0	0	113,000	8,732	0	0	0
<i>Total</i>	<u>\$66,800</u>	<u>\$15,155</u>	<u>\$3,687,391</u>	<u>\$2,813,258</u>	<u>\$777,959</u>	<u>\$40,735</u>	<u>\$632,589</u>

**Note 14 – Capital Lease**

During 2008, the County entered into a lease for the Sheriff's radio. In prior years, the County entered into a capitalized lease obligation for cabling equipment installed in the courthouse. These leases meet the criteria for a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases". The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2008.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

	Amounts
2009	95,235
2010	95,235
2011	95,235
2012	95,235
2013	95,236
2014 - 2015	100,929
Total Minimum Lease Payments	577,105
Less: Amount Representing Interest	(81,024)
Present Value of Minimum Lease Payments	\$496,081

**Note 15 – Shared Risk Pool**

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

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2008 was \$311,799.

**Note 16 – Jointly Governed Organizations**

***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 2008, the County did not contribute to the Commission.

***Carroll/Columbiana/Harrison Solid Waste Management District*** The County participates in the Carroll/Columbiana/Harrison Solid Waste Management District (the "District"), which is a statutorily created, political subdivision of the State of Ohio. The District is a jointly governed organization including Columbiana, Carroll, and Harrison counties and local municipalities and townships. Of the nine members of

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2008*

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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 2008, the County paid \$14,151 to the Commission.

***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 \$1,011,016 to the System during 2008.

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

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

## **Note 17 – Related Organization**

### **Columbiana County Airport Authority**

The Columbiana County Airport Authority (the "Airport Authority"), was created by resolution of the County Commissioners under the authority of Section 308 of the Ohio Revised Code. The Airport Authority is governed by a seven-member Board of Trustees appointed by the County Commissioners. The Board of Trustees has the authority to exercise all of the powers and privileges provided under law. These powers include the ability to sue or be sued in its corporate name; the power to establish and collect rentals and other charges; the authority to acquire, construct, operate, manage and maintain airport facilities; the authority to buy and sell real and personal property; and the authority to issue debt for acquiring or constructing a facility or permanent improvement. The Airport Authority serves as custodian of its own funds and maintains all records and accounts independent of Columbiana County. The County contributed \$8,714 to the Airport Authority in 2008.

## **Note 18 – Restatement of Prior Year Fund Balance**

In prior years, the County reported unrecorded cash on the cash basis operating statement as opposed to the budgetary basis operating statements. This restatement increased the general fund's beginning balance - budgetary basis \$254,451, from \$1,400,030 to \$1,654,481 and increased the motor vehicles gas tax special revenue fund's beginning balance - budgetary basis \$5,691 from \$3,133,541 to \$3,139,232.



**Rea & Associates, Inc.**  
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020  
New Philadelphia, OH 44663-5120

May 8, 2009

Board of Commissioners  
Columbiana County  
Lisbon, OH 44432

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Columbiana (the "County") as of and for the year ended December 31, 2008, wherein we noted the County uses a comprehensive accounting basis 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 County's internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the cash basis of accounting such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected in the County's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as item 2008-002 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.



County of Columbiana  
Independent Auditor's Report on Internal Control over Financial  
Reporting and on Compliance and other Matters Based on an Audit  
of Financial Statements Performed in Accordance with  
Government Auditing Standards  
May 8, 2009  
Page 2

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider item 2008-002 to be a material weakness. We also noted certain matters that we have reported to management of the County in a separate letter dated May 8, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs and responses as item 2008-001. We also noted certain matters that we have reported to management of the County in a separate letter dated May 8, 2009.

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

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies, pass-through entities, and the Board of Commissioners and is not intended to be and should not be used by anyone other than those specified parties.

*Rea & Associates, Inc.*



**Rea & Associates, Inc.**  
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020  
New Philadelphia, OH 44663-5120

May 8, 2009

Board of County Commissioners  
Columbiana County  
Lisbon, Ohio 44432

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

Compliance

We have audited the compliance of the County of Columbiana (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County'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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County of Columbiana complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.

Internal Control over Compliance

The management of the County 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 County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by an entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies, pass-through entities, and the Board of Commissioners and is not intended to be and should not be used by anyone other than those specified parties.

*Hea & Associates, Inc.*

COLUMBIANA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE:</b>			
<i>Passed through Ohio Department of Education</i>			
National School Lunch Program	10.555	03-PU-05-08	\$ 19,292
National School Lunch Program	10.555	03-PU-06-09	8,489
Total National School Lunch Program			<u>27,781</u>
<i>Direct Award</i>			
Community Facilities Program (Courtroom Renovation)	10.766		260,391
Total Community Facilities Program			<u>260,391</u>
<i>Direct Award</i>			
Water and Waste Disposals Systems for Rural Communities	10.760		187,069
Water and Waste Disposals Systems for Rural Communities	10.760		24,065
Total Water and Waste Disposals Systems for Rural Communities			<u>211,134</u>
<b>Total U.S. Department of Agriculture</b>			<b>499,306</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>			
<i>(Passed through Ohio Department of Development)</i>			
Community Development Block Grant	14.228	B-F-06-015-1	123,862
	14.228	B-C-07-015-1	68,988
	14.228	B-M-06-015-1	30,000
	14.228	B-P-07-015-1	276,781
	14.228	B-F-07-015-1	60,945
CDBG Revolving Loan	14.228	N/A	40,000
Total CDBG			<u>600,576</u>
<i>(Passed through State Department of Development)</i>			
HOME Investment Partnerships Program	14.239	B-C-07-015-2	282,086
<b>Total U.S. Department of Housing and Urban Development</b>			<b>882,662</b>
<b>APPALACHIAN REGIONAL COMMISSION:</b>			
<i>Direct Award</i>			
Appalachian Local Development District Assistance	23.009	OH-15012-05	<b>28,792</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>			
<i>(Passed through Ohio Department of Transportation)</i>			
Highway Planning and Construction	20.205	COL-CR410-7.06	65,474
	20.205	COL-CR410-7.06	51,397
	20.205	COL-CR410-7.06	188,205
	20.205	COL-CR410-7.06	76,917
	20.205	COL-CR410-7.06	78,230
Total Highway Planning and Construction			<u>460,223</u>
<i>(Passed through Ohio Environmental Protection Agency)</i>			
State Emergency Response Commission	20.703	HME01016090	31,262
<b>Total U.S. Department of Transportation</b>			<b>491,485</b>

COLUMBIANA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
<b>U.S. DEPARTMENT OF JUSTICE:</b>			
<i>(Passed through Governor's Office of Criminal Justice)</i>			
Crime Victim's Assistance-VOCA	16.575	2008VAGENE174	
Crime Victim's Assistance-VOCA	16.575	2009VAGENE174	\$ 56,451
Crime Victim's Assistance-SVAA	16.575	2008SACHAE174	
Crime Victim's Assistance-SVAA	16.575	2009SAGENE174	19,419
VOCA Court Advocate	16.575		7,718
Total VOCA			<u>83,588</u>
Edward Byrne Memorial Justice Assistance Grant	16.738		51,160
Edward Byrne Memorial Justice Assistance Grant	16.738		7,965
Total Edward Byrne Memorial Justice Assistance Grant			<u>59,125</u>
Juvenile Accountability Block Grant	16.523		15,969
Juvenile Accountability Block Grant	16.523		1,547
Total Juvenile Accountability Block Grant			<u>17,516</u>
<b>Total U.S. Department of Justice</b>			<b>160,229</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
<i>(Passed through State Department of Mental Retardation and Development Disabilities)</i>			
Medicaid Match	93.778		393,625
Targeted Case Management	93.778		192,585
I/O Match	93.778		867
Total 93.778 Passed Through State Dept. of MRDD			<u>587,077</u>
Title XX - Social Services Block Grant	93.667	FY2008	35,181
Title XX - Social Services Block Grant	93.667	FY2009	17,726
Total Title XX - Social Services Block Grant			<u>52,907</u>
<i>(Passed through Ohio Department of Alcohol and Drug Addiction Services)</i>			
Substance Abuse Prevention & Treatment Block Grant			
Women's Focus Project	93.959		174,565
Federal Per Capita	93.959		312,895
TANF Prevention Services	93.959		37,265
Prevention at Work	93.959		20,938
Total Substance Abuse Prevention & Treatment Block Grant			<u>545,663</u>
Title XIX Medical Assistance Program	93.778		529,107
Alcohol and Drug Free State Incentive Grant	93.243		24,099
<i>(Passed through Ohio Department of Mental Health)</i>			
Block Grants for Community Mental Health Services			
Community Plan	93.958		66,949
Total Block Grants for Community Mental Health Services			<u>66,949</u>
Title XIX Medical Assistance Program	93.778		2,990,275
Total Medicaid Assistance Programs	93.778		<u>4,106,459</u>

COLUMBIANA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
Title XX Social Services Block Grant	93.667		\$ 134,952
Total Title XX Social Services Block Grant	93.667		187,859
PATH Homeless	93.150		43,617
			43,617
FAST Grant	93.556		44,981
Incredible Years Grant	93.556		10,000
			54,981
<i>(Passed through Ohio Department of Aging)</i>			
Special Program for the Aging, Title IIIB	93.044		67,979
Special Program for the Aging, Title IIID	93.043		6,689
			74,668
Voting Access for Individuals with Disabilities	93.617		720
<i>(Passed through Ohio State University Research Foundation)</i>			
Block Grants for Community Mental Health Services Suicide Prevention	93.958		1,000
Total Block Grants for Community Mental Health Services	93.958		67,949
Substance Abuse Prevention & Treatment Block Grant Suicide Prevention	93.959		1,000
Total Substance Abuse Prevention & Treatment Block Grant	93.959		546,663
<b>Total U.S. Department of Health and Human Services</b>			<b>5,107,015</b>
<b>U.S. DEPARTMENT OF EDUCATION:</b>			
<i>(Passed through Ohio Department of Education)</i>			
Special Education Cluster Title VI-B	84.027	065920-6BSF-2008	52,788
	84.027	065920-6BSF-2009	21,266
			74,054
Early Childhood Special Education	84.173	065920-PGS1-2008P	10,426
	84.173	065920-PGS1-2009P	4,485
	84.173A	065920-PGD106	3,000
			17,911
Total Special Education Cluster			91,965
Title V	84.298	065920-C2S1-2008	342
	84.298	065920-C2S1-2009	50
Total Title V			392
Safe and Drug Free Schools	84.186B		48,566
<b>Total U.S. Department of Education</b>			<b>140,923</b>

COLUMBIANA COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b> <i>(Passed through Ohio Emergency Management Agency)</i>			
Emergency Management Performance Grant	97.042	2008-EME-80002	\$ 60,000
Total Emergency Management Performance Grant			<u>60,000</u>
State Homeland Security Program	97.073	2007-GET-70030	82,226
Total State Homeland Security			<u>82,226</u>
<i>(Passed through Emergency Food and Shelter Board)</i>			
Emergency Food and Shelter Program	97.024	671000-099	8,202
Total Emergency Food and Shelter Program			<u>8,202</u>
<b>Total U.S. Department of Homeland Security</b>			<b><u>150,428</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 7,460,840</u></b>

The accompanying notes are an integral part of this schedule.

**COUNTY OF COLUMBIANA, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2008**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Columbiana County and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State and Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2: LOANS OUTSTANDING**

The County established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households 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. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by equipment and mortgages.

Activity in the CDBG revolving loan fund during 2008 is as follows:

Beginning loans receivables balance as of January 1, 2008:	\$ 311,016
Loans Made:	40,000
Loan principal repaid on loans issued prior to 2008:	(28,549)
Loan principal repaid on 2008 loans issued:	<u>0</u>
Ending loans receivable balances as of December 31, 2008:	\$ 322,467
Cash balance on hand in the revolving loan fund as of December 31, 2008:	<u>\$ 109,428</u>
Total value of revolving loan fund portion of the CDBG 14.228 program	\$ 431,895
Other grants administered through the 14.228 program	<u>560,576</u>
Total CDBG 14.228 program	<u>\$ 992,471</u>

**NOTE 3: MATCHING REQUIREMENTS**

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



**NOTE 4: SUBRECIPIENTS**

The County passes-through certain Federal assistance received from U.S. Department of Housing and Urban Development and U.S. Department of Health and Human Services to other governments or not for-profit agencies (subrecipients). As described in Note 1, the County records expenditures of Federal awards to subrecipients when paid in cash.

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

**COLUMBIANA COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2008**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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A-133 Ref.  
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d) (1) (ii)	Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any internal control deficiencies reported for major programs which were not considered to be material?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section 510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Medical Assistance Program (Medicaid, Title XIX)	CFDA # 93.778
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**MATERIAL NON-COMPLIANCE**

<b>FINDING NUMBER</b>	<b>2008-001</b>
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**Ohio Admin. Code Section 117-2-03(B)** requires the County to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

The County chose to prepare its financial statements and notes on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than GAAP. The financial statements and notes omit assets, liabilities, fund equities, and disclosures that are material, however cannot be determined at this time.

It is recommended that the County prepare its annual financial report in accordance with GAAP.

**COLUMBIANA COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)  
DECEMBER 31, 2008**

**MATERIAL WEAKNESS**

<b>FINDING NUMBER</b>	<b>2008-002</b>
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**Auditor of State Technical Bulletin 2000-008** requires entities to record the cash value benefit of payments made on behalf of the entity by the state or federal government, as a memo receipt and disbursement in the year the on behalf disbursements are made.

During 2008, the County did not record the total benefit of the payments made on behalf of the County by Ohio Public Works Commission (OPWC) and the Ohio Department of Transportation (ODOT). The County did establish two new funds during 2008 to account for the on behalf payments. The County also established a process requiring the County Engineer to submit this information to the County Auditor during the year. The County Auditor did record all payment information submitted by the County Engineer, however, the County Engineer's reports were not complete. As part of the County's financial reporting process, the financial statement preparers also go through a verification process. However, the financial statements presented for audit did not reflect all payments made. The audited financial statements have been adjusted to reflect the accurate amounts.

We recommend the County establish a process to verify the amounts reported by the County Engineer on a monthly basis and to confirm the amounts recorded with OPWC and ODOT at year end to ensure the accuracy and completeness of the amounts recorded.

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

COLUMBIANA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133, SECTION .315(b)  
DECEMBER 31, 2008

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2007-001	Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03, the County failed to prepare its financial statements in accordance with generally accepted accounting principles	No	Re-issued as Finding 2008-001

**COLUMBIANA COUNTY**  
**COUNTY'S RESPONSE TO FINDINGS**  
**DECEMBER 31, 2008**

**Response to Finding 2008-001:**

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. Although the Commissioners did have the available appropriations to afford to prepare this report, they decided against it due not only to money concerns, but also having adequate staffing to pull together the appropriate records and still maintain their normal job duties. Additionally, the County weighed in the extra cost the audit would incur if GAAP statements were prepared, and decided it was not in the County's best interest to implement GAAP statements this year. The County feels the GAAP look alike report provides a suitable substitution.

**Response to Finding 2008-002:**

Columbiana County has established procedures to account for the OPWC and ODOT monies paid on behalf of Columbiana County. The County Auditor will contact OPWC and ODOT to verify the numbers provided by the County Engineer.





**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  
SEPTEMBER 10, 2009**