



Dave Yost • Auditor of State



**ASHLAND COUNTY**  
**TABLE OF CONTENTS**

TITLE	PAGE
Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position .....	13
Statement of Activities .....	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	22
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual	
General Fund .....	23
Motor Vehicle and Gasoline Tax Fund .....	24
Job and Family Services Fund .....	25
Alcohol, Drug Addiction, and Mental Health Services Fund .....	26
Developmental Disabilities Fund .....	27
Statement of Fund Net Position – Enterprise Funds.....	28
Statement of Revenues, Expenses, and Changes in Fund Net Position Enterprise Funds.....	29
Statement of Cash Flows – Enterprise Funds.....	30
Statement of Fiduciary Assets and Liabilities – Agency Funds.....	31
Notes to the Basic Financial Statements.....	33
Schedule of Federal Awards Expenditures .....	67
Notes to the Schedule of Federal Awards Expenditures .....	69
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	71
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A133.....	73
Schedule of Findings.....	75
Schedule of Prior Audit Findings .....	76

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Ashland County  
142 West 2<sup>nd</sup> Street  
Ashland, Ohio 44805

To the County Commissioners:

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashland County, Ohio, as of December 31, 2014, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General; Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; and Developmental Disabilities Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

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

The Schedule of Federal Awards Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2015, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 31, 2015

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Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

The discussion and analysis of Ashland County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

Highlights

In total, the County's net position decreased \$1,020,379, or less than 2 percent. Governmental activities decreased less than 2 percent and business-type activities increased 4 percent.

Using this Annual Report

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

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

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

Reporting the County as a Whole

The statement of net position and the statement of activities reflect how the County did financially during 2014. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

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

Reporting the County's Most Significant Funds

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

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

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

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

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

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2014 and 2013.

Table 1  
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<u>Assets</u>						
Current and Other Assets	\$29,493,994	\$29,453,163	\$432,157	\$454,085	\$29,926,151	\$29,907,248
Capital Assets, Net	36,961,741	37,599,765	303,708	321,253	37,265,449	37,921,018
Total Assets	66,455,735	67,052,928	735,865	775,338	67,191,600	67,828,266
<u>Liabilities</u>						
Current and Other Liabilities	1,697,074	1,244,534	21,135	23,012	1,718,209	1,267,546
Long-Term Liabilities	2,462,638	2,808,234	1,491,803	1,565,109	3,954,441	4,373,343
Total Liabilities	4,159,712	4,052,768	1,512,938	1,588,121	5,672,650	5,640,889
<u>Deferred Inflows of Resources</u>	7,127,269	6,775,317	0	0	7,127,269	6,775,317
<u>Net Position</u>						
Net Investment in Capital Assets	35,684,257	35,982,281	303,708	321,253	35,987,965	36,303,534
Restricted	15,211,713	16,959,249	0	0	15,211,713	16,959,249
Unrestricted (Deficit)	4,272,784	3,283,313	(1,080,781)	(1,134,036)	3,192,003	2,149,277
Total Net Position (Deficit)	\$55,168,754	\$56,224,843	(\$777,073)	(\$812,783)	\$54,391,681	\$55,412,060

The change in net position for governmental activities was not significant (less than 2 percent decrease); however, there were several notable changes. Although there was very little change in current and other assets overall, there was a \$1.1 million decrease in cash and cash equivalents; most of this related to unreimbursed costs at year end within the Developmental Disabilities department. This decrease was offset by increases in various other assets such as receivables due from other governments (reimbursements), property taxes, and materials and supplies inventory (primarily road salt not used as of year end). The most significant increase in current and other liabilities largely represents amounts due to state agencies and the decrease in long-term liabilities reflects the retirement of debt.

The 4 percent increase in net position for business-type activities is primarily due to a decrease in the liability for postclosure costs at the landfill.

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

Table 2 reflects the change in net position for 2014 and 2013.

Table 2  
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$3,758,708	\$3,666,438	\$884,355	\$792,566	\$4,643,063	\$4,459,004
Operating Grants, Contributions, and Interest	14,708,172	13,534,265	0	0	14,708,172	13,534,265
Capital Grants and Contributions	1,608,801	260,155	0	0	1,608,801	260,155
Total Program Revenues	<u>20,075,681</u>	<u>17,460,858</u>	<u>884,355</u>	<u>792,566</u>	<u>20,960,036</u>	<u>18,253,424</u>
General Revenues						
Property Taxes Levied for						
General Operations	2,221,788	2,194,554	0	0	2,221,788	2,194,554
Health-Alcohol, Drug Addiction, and Mental Health Services	847,599	843,682	0	0	847,599	843,682
Health-Developmental Disabilities	3,414,959	3,391,773	0	0	3,414,959	3,391,773
Health-Other	507,814	505,282	0	0	507,814	505,282
Payment in Lieu of Taxes	19,872	23,424	0	0	19,872	23,424
Permissive Sales Taxes Levied for						
General Operations	5,912,031	5,579,516	0	0	5,912,031	5,579,516
County Jail Operations	1,112,797	1,014,844	0	0	1,112,797	1,014,844
Debt Service	379,800	379,800	0	0	379,800	379,800
Capital Projects	59,718	0	0	0	59,718	0
Other Local Taxes	3,901	3,621	0	0	3,901	3,621
Grants and Entitlements	2,140,260	2,368,875	0	0	2,140,260	2,368,875
Interest	70,736	64,501	0	0	70,736	64,501
Other	1,138,885	1,302,828	2,287	2,269	1,141,172	1,305,097
Total General Revenues	<u>17,830,160</u>	<u>17,672,700</u>	<u>2,287</u>	<u>2,269</u>	<u>17,832,447</u>	<u>17,674,969</u>
Total Revenues	<u>37,905,841</u>	<u>35,133,558</u>	<u>886,642</u>	<u>794,835</u>	<u>38,792,483</u>	<u>35,928,393</u>
<u>Program Expenses</u>						
General Government						
Legislative and Executive	5,045,047	5,644,266	0	0	5,045,047	5,644,266
Judicial	1,916,178	1,812,554	0	0	1,916,178	1,812,554
Public Safety						
Sheriff	6,136,111	5,951,414	0	0	6,136,111	5,951,414
Other	326,673	252,772	0	0	326,673	252,772
Public Works	6,372,710	6,083,642	0	0	6,372,710	6,083,642
Health						
Alcohol, Drug Addiction, and Mental Health Services	3,567,496	2,592,652	0	0	3,567,496	2,592,652
Developmental Disabilities	8,301,467	7,359,016	0	0	8,301,467	7,359,016
Other	937,985	938,031	0	0	937,985	938,031

(continued)

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

Table 2  
Change in Net Position  
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Human Services						
Children Services	\$2,041,803	\$2,151,889	\$0	\$0	\$2,041,803	\$2,151,889
Job and Family Services	2,733,950	2,780,431	0	0	2,733,950	2,780,431
Other	1,262,369	1,184,899	0	0	1,262,369	1,184,899
Conservation and Recreation	63,099	61,499	0	0	63,099	61,499
Intergovernmental	222,018	302,534	0	0	222,018	302,534
Interest and Fiscal Charges	35,024	41,908	0	0	35,024	41,908
Landfill	0	0	256,492	296,341	256,492	296,341
Recycling	0	0	594,440	559,190	594,440	559,190
Total Expenses	<u>38,961,930</u>	<u>37,157,507</u>	<u>850,932</u>	<u>855,531</u>	<u>39,812,862</u>	<u>38,013,038</u>
Increase (Decrease) in Net Position	(1,056,089)	(2,023,949)	35,710	(60,696)	(1,020,379)	(2,084,645)
Net Position (Deficit) Beginning of Year	<u>56,224,843</u>	<u>58,248,792</u>	<u>(812,783)</u>	<u>(752,087)</u>	<u>55,412,060</u>	<u>57,496,705</u>
Net Position (Deficit) End of Year	<u><u>\$55,168,754</u></u>	<u><u>\$56,224,843</u></u>	<u><u>(\$777,073)</u></u>	<u><u>(\$812,783)</u></u>	<u><u>\$54,391,681</u></u>	<u><u>\$55,412,060</u></u>

For governmental activities, there was a substantial increase in program revenues for both operating grants and contributions and capital grants and contributions. A large portion of the increase in operating grants and contributions is related to the restoration of some grant allocations for alcohol, drug addiction, and mental health services programs. The increase in capital grants and contributions is due to resources received during year for road resurfacing and bridge replacement. General revenues remained fairly similar to the prior year; however, there was a modest increase in sales tax revenues. Expenses for governmental activities also remained fairly similar to the prior year with the exception of the alcohol, drug addiction, and mental health services and developmental disabilities programs. Additional grant resources provided for additional alcohol, drug addiction, and mental health programs during 2014 and needed services within the developmental disabilities program led to higher costs. The programs having the greatest costs continue to be for legislative and executive (which are the primary general government operations); the sheriff; the engineer; alcohol, drug addiction, and mental health services, developmental disabilities (Dale Roy), and job and family services activities (including children's services). These programs account for almost 88 percent of all governmental expenses.

For business-type activities, there was a 12 percent increase in revenues due to increased activity (charges) at both the landfill and the recycling center. The total change in expenses was less than 1 percent.

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

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

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
General Government:				
Legislative and Executive	\$5,045,047	\$5,644,266	\$3,354,045	\$3,935,547
Judicial	1,916,178	1,812,554	535,821	666,951
Public Safety				
Sheriff	6,136,111	5,951,414	5,506,621	5,319,740
Other	326,673	252,772	290,773	237,671
Public Works	6,372,710	6,083,642	(28,984)	1,430,074
Health				
Alcohol, Drug Addiction and Mental Health Services	3,567,496	2,592,652	1,841,630	1,185,490
Developmental Disabilities	8,301,467	7,359,016	5,210,887	4,452,148
Other	937,985	938,031	671,156	685,386
Human Services				
Children Services	2,041,803	2,151,889	1,001,489	1,232,843
Job and Family Services	2,733,950	2,780,431	179,537	(41,719)
Other	1,262,369	1,184,899	233,166	394,131
Conservation and Recreation	63,099	61,499	63,099	61,499
Intergovernmental	222,018	302,534	(8,015)	94,980
Interest and Fiscal Charges	35,024	41,908	35,024	41,908
Total Expenses	<u>\$38,961,930</u>	<u>\$37,157,507</u>	<u>\$18,886,249</u>	<u>\$19,696,649</u>

The County's general revenues (primarily property taxes, sales taxes, and unrestricted grants and entitlements) supported 48 percent of the governmental programs provided by the County (53 percent in 2013). A review of the above table reveals that a number of the County's programs have consistently received substantial support through program revenues. For instance, 33 percent of legislative and executive costs were provided for through various charges for services. The judicial program also provides for 72 percent of its costs through various fines, court costs, and grants. The public works program is provided for through program revenues, primarily motor vehicle license and gas taxes as well as from charges to other governmental entities for which the County Engineer provides services. Various operating grants provided for 48 percent of the costs for alcohol, drug addiction, and mental health services programs, 37 percent of the costs for developmental disabilities programs, and 93 percent of the costs of the job and family services program.

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

Governmental Funds Financial Analysis

The County's major governmental funds are the General Fund and the Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; and Developmental Disabilities special revenue funds. The General Fund had a substantial increase in fund balance for 2014. Revenues and expenditures had similar increases (3 percent and 4 percent, respectively) but revenues were in excess of expenditures.

Fund balance increased 12 percent in the Motor Vehicle and Gasoline Tax Fund. Both revenues and expenditures increased substantially as a result of increased activity for infrastructure improvements by the County in 2014. Activity in this fund fluctuates from year to year based on road and bridge repair/replacement needs.

There was not a significant change in fund balance in the Job and Family Services Fund.

There was a 41 percent decrease in fund balance for the Alcohol, Drug Addiction, and Mental Health Services Fund. There was a significant increase in program expenses related to an increase in grant funding for 2014; however, expenditures continued to exceed revenues.

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

Business-Type Activities Financial Analysis

In 2014, the landfill had an operating income for the first time in more than ten years. The County closed its landfill in 1997 and costs are currently related to postclosure activities.

Budgetary Highlights

The County prepares an annual budget of revenues and expenditures/expenses for all funds of the County for use by County officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations resolution which is effective the first day of January. The County's most significant budgeted fund is the General Fund. For revenues, changes from the original budget to the final budget were largely due to improved sales tax revenue expectations as the economy continues to rebound and for intergovernmental resources due to conservative original estimates. Changes from the final budget to actual revenues were minimal. For expenditures, changes from the original budget to the final budget were made to coincide with anticipated revenue adjustments. The most significant change from the final budget to actual expenditures was in the legislative and executive program due to conservative budgeting.

Capital Assets and Debt Administration

Capital Assets - The County's net investment in capital assets for governmental and business-type activities as of December 31, 2014, was \$35,684,257 and \$303,708, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities consisted of road improvements and bridge replacements. Disposals were minimal. For business-type activities, there were no additions or disposals. For further information regarding the County's capital assets, refer to Note 10 to the basic financial statements.

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

Debt - At December 31, 2014, the County had outstanding general obligation bonds and loans, in the amount of \$1,260,000 and \$94,434, respectively. In addition, the County's long-term obligations also include compensated absences and the liability for landfill postclosure costs. For further information regarding the County's long-term obligations, refer to Notes 17 and 18 to the basic financial statements.

Current Issues

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

Request for Information

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

Ashland County  
Statement of Net Position  
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$14,377,033	\$348,045	\$14,725,078
Cash and Cash Equivalents in Segregated Accounts	4,887	19,687	24,574
Accounts Receivable	790	46,175	46,965
Accrued Interest Receivable	20,029	0	20,029
Permissive Sales Taxes Receivable	1,907,172	0	1,907,172
Other Local Taxes Receivable	17,579	0	17,579
Due from Other Governments	4,587,656	0	4,587,656
Prepaid Items	73,527	0	73,527
Materials and Supplies Inventory	965,275	0	965,275
Inventory Held for Resale	0	18,250	18,250
Property Taxes Receivable	7,521,946	0	7,521,946
Payment in Lieu of Taxes Receivable	18,100	0	18,100
Nondepreciable Capital Assets	1,048,825	118,865	1,167,690
Depreciable Capital Assets, Net	35,912,916	184,843	36,097,759
<b>Total Assets</b>	<b>66,455,735</b>	<b>735,865</b>	<b>67,191,600</b>
<u>Liabilities</u>			
Accrued Wages Payable	216,948	8,247	225,195
Accounts Payable	681,677	6,619	688,296
Contracts Payable	50,268	0	50,268
Due to Other Governments	688,233	6,269	694,502
Matured Compensated Absences Payable	15,551	0	15,551
Retainage Payable	11,685	0	11,685
Accrued Interest Payable	2,712	0	2,712
Separation Benefits Payable	30,000	0	30,000
Long-Term Liabilities:			
Due Within One Year	704,057	79,419	783,476
Due in More Than One Year	1,758,581	1,412,384	3,170,965
<b>Total Liabilities</b>	<b>4,159,712</b>	<b>1,512,938</b>	<b>5,672,650</b>
<u>Deferred Inflows of Resources</u>			
Property Taxes	7,109,169	0	7,109,169
Payment in Lieu of Taxes	18,100	0	18,100
<b>Total Deferred Inflows of Resources</b>	<b>7,127,269</b>	<b>0</b>	<b>7,127,269</b>
<u>Net Position</u>			
Net Investment in Capital Assets	35,684,257	303,708	35,987,965
Restricted for:			
Debt Service	533,014	0	533,014
Public Works	3,494,975	0	3,494,975
Alcohol, Drug Addiction, and Mental Health Services	1,208,314	0	1,208,314
Developmental Disabilities	4,933,948	0	4,933,948
Children Services	515,163	0	515,163
Real Estate Assessment	1,110,959	0	1,110,959
County Jail	595,572	0	595,572
Other Purposes	2,819,768	0	2,819,768
Unrestricted (Deficit)	4,272,784	(1,080,781)	3,192,003
<b>Total Net Position (Deficit)</b>	<b>\$55,168,754</b>	<b>(\$777,073)</b>	<b>\$54,391,681</b>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Activities  
For the Year Ended December 31, 2014

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
<u>Governmental Activities</u>				
General Government				
Legislative and Executive	\$5,045,047	\$1,682,993	\$8,009	\$0
Judicial	1,916,178	1,099,445	280,912	0
Public Safety				
Sheriff	6,136,111	396,215	233,275	0
Other	326,673	1,215	34,685	0
Public Works	6,372,710	220,137	4,572,756	1,608,801
Health				
Alcohol, Drug Addiction, and Mental Health Services	3,567,496	0	1,725,866	0
Developmental Disabilities	8,301,467	0	3,090,580	0
Other	937,985	177,658	89,171	0
Human Services				
Children Services	2,041,803	0	1,040,314	0
Job and Family Services	2,733,950	0	2,554,413	0
Other	1,262,369	181,045	848,158	0
Conservation and Recreation	63,099	0	0	0
Intergovernmental	222,018	0	230,033	0
Interest and Fiscal Charges	35,024	0	0	0
<b>Total Governmental Activities</b>	<b>38,961,930</b>	<b>3,758,708</b>	<b>14,708,172</b>	<b>1,608,801</b>
<u>Business-Type Activities</u>				
Landfill	256,492	302,239	0	0
Recycling	594,440	582,116	0	0
<b>Total Business-Type Activities</b>	<b>850,932</b>	<b>884,355</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>\$39,812,862</b>	<b>\$4,643,063</b>	<b>\$14,708,172</b>	<b>\$1,608,801</b>

General Revenues

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

Total General Revenues

Change in Net Position

Net Position (Deficit) Beginning of Year

Net Position (Deficit) End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(\$3,354,045)	\$0	(\$3,354,045)
(535,821)	0	(535,821)
(5,506,621)	0	(5,506,621)
(290,773)	0	(290,773)
28,984	0	28,984
(1,841,630)	0	(1,841,630)
(5,210,887)	0	(5,210,887)
(671,156)	0	(671,156)
(1,001,489)	0	(1,001,489)
(179,537)	0	(179,537)
(233,166)	0	(233,166)
(63,099)	0	(63,099)
8,015	0	8,015
(35,024)	0	(35,024)
(18,886,249)	0	(18,886,249)
0	45,747	45,747
0	(12,324)	(12,324)
0	33,423	33,423
(18,886,249)	33,423	(18,852,826)
2,221,788	0	2,221,788
847,599	0	847,599
3,414,959	0	3,414,959
507,814	0	507,814
19,872	0	19,872
5,912,031	0	5,912,031
1,112,797	0	1,112,797
379,800	0	379,800
59,718	0	59,718
3,901	0	3,901
2,140,260	0	2,140,260
70,736	0	70,736
1,138,885	2,287	1,141,172
17,830,160	2,287	17,832,447
(1,056,089)	35,710	(1,020,379)
56,224,843	(812,783)	55,412,060
<u>\$55,168,754</u>	<u>(\$777,073)</u>	<u>\$54,391,681</u>

Ashland County  
Balance Sheet  
Governmental Funds  
December 31, 2014

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,631,057	\$718,094	\$490,459	\$1,220,827
Cash and Cash Equivalents in Segregated Accounts	4,887	0	0	0
Accounts Receivable	290	500	0	0
Accrued Interest Receivable	19,974	25	0	0
Permissive Sales Taxes Receivable	1,510,522	0	0	0
Other Local Taxes Receivable	0	17,579	0	0
Due from Other Governments	842,442	2,037,416	325,045	135,805
Interfund Receivable	300	0	265,246	0
Prepaid Items	73,527	0	0	0
Materials and Supplies Inventory	27,009	914,733	9,307	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	120,565	0	0	0
Property Taxes Receivable	2,366,095	0	0	914,094
Payment in Lieu of Taxes Receivable	8,400	0	0	0
<b>Total Assets</b>	<u>\$7,605,068</u>	<u>\$3,688,347</u>	<u>\$1,090,057</u>	<u>\$2,270,726</u>
<u>Liabilities</u>				
Accrued Wages Payable	\$67,953	\$41,222	\$47,719	\$5,262
Accounts Payable	128,232	59,603	43,044	167,359
Contracts Payable	20,160	0	0	0
Due to Other Governments	195,462	29,506	55,315	7,413
Interfund Payable	0	0	0	0
Matured Compensated Absences Payable	0	6,369	0	0
Retainage Payable	0	0	0	0
Separation Benefits Payable	0	0	0	0
<b>Total Liabilities</b>	<u>411,807</u>	<u>136,700</u>	<u>146,078</u>	<u>180,034</u>
<u>Deferred Inflows of Resources</u>				
Property Taxes	2,236,252	0	0	863,932
Payment in Lieu of Taxes	8,400	0	0	0
Unavailable Revenue	1,782,463	1,723,747	119,230	180,400
<b>Total Deferred Inflows of Resources</b>	<u>4,027,115</u>	<u>1,723,747</u>	<u>119,230</u>	<u>1,044,332</u>
<u>Fund Balances</u>				
Nonspendable	152,458	914,733	9,307	0
Restricted	4,223	913,167	815,442	1,046,360
Committed	40,764	0	0	0
Assigned	776,106	0	0	0
Unassigned (Deficit)	2,192,595	0	0	0
<b>Total Fund Balances</b>	<u>3,166,146</u>	<u>1,827,900</u>	<u>824,749</u>	<u>1,046,360</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$7,605,068</u>	<u>\$3,688,347</u>	<u>\$1,090,057</u>	<u>\$2,270,726</u>

See Accompanying Notes to the Basic Financial Statements

Developmental Disabilities	Other Governmental	Total
\$4,723,731	\$4,472,300	\$14,256,468
0	0	4,887
0	0	790
24	6	20,029
0	396,650	1,907,172
0	0	17,579
658,719	588,229	4,587,656
0	13,590	279,136
0	0	73,527
12,074	2,152	965,275
0	0	120,565
3,694,190	547,567	7,521,946
9,700	0	18,100
<u>\$9,098,438</u>	<u>\$6,020,494</u>	<u>\$29,773,130</u>
\$33,103	\$21,689	\$216,948
80,429	203,010	681,677
0	30,108	50,268
340,031	60,506	688,233
300	278,836	279,136
9,182	0	15,551
0	11,685	11,685
30,000	0	30,000
<u>493,045</u>	<u>605,834</u>	<u>1,973,498</u>
3,491,466	517,519	7,109,169
9,700	0	18,100
665,599	656,017	5,127,456
<u>4,166,765</u>	<u>1,173,536</u>	<u>12,254,725</u>
12,074	2,152	1,090,724
4,426,554	4,092,037	11,297,783
0	162,853	203,617
0	0	776,106
0	(15,918)	2,176,677
<u>4,438,628</u>	<u>4,241,124</u>	<u>15,544,907</u>
<u>\$9,098,438</u>	<u>\$6,020,494</u>	<u>\$29,773,130</u>

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Ashland County  
 Reconciliation of Total Governmental Fund Balances  
 to Net Position of Governmental Activities  
 December 31, 2014

Total Governmental Fund Balances		\$15,544,907
<p>Amounts reported for governmental activities on the statement of net position are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		36,961,741
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.</p>		
Accounts Receivable	105,862	
Accrued Interest Receivable	13,394	
Permissive Sales Taxes Receivable	1,319,743	
Due from Other Governments	3,275,680	
Delinquent Property Taxes Receivable	412,777	
		5,127,456
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Accrued Interest Payable	(2,712)	
General Obligation Bonds Payable	(1,260,000)	
Loan Payable	(94,434)	
Compensated Absences Payable	(1,108,204)	
		(2,465,350)
Net Position of Governmental Activities		\$55,168,754

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2014

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
<u>Revenues</u>				
Property Taxes	\$2,200,115	\$0	\$0	\$844,894
Payment in Lieu of Taxes	9,315	0	0	0
Permissive Sales Taxes	5,881,531	0	0	0
Other Local Taxes	3,901	182,356	0	0
Charges for Services	1,793,770	0	0	0
Licenses and Permits	2,800	0	0	0
Fines and Forfeitures	107,497	36,924	0	0
Intergovernmental	2,021,009	5,784,676	2,268,538	1,760,866
Interest	48,917	443	0	0
Other	694,332	97,836	69,526	232,806
<b>Total Revenues</b>	<b>12,763,187</b>	<b>6,102,235</b>	<b>2,338,064</b>	<b>2,838,566</b>
<u>Expenditures</u>				
Current:				
General Government				
Legislative and Executive	4,516,138	0	0	0
Judicial	1,370,437	0	0	0
Public Safety				
Sheriff	4,069,026	0	0	0
Other	179,515	0	0	0
Public Works	85,982	5,911,364	0	0
Health				
Alcohol, Drug Addiction, and Mental Health Services	0	0	0	3,558,716
Mental Retardation and Developmental Disabilities	0	0	0	0
Other	176,810	0	0	0
Human Services				
Children Services	0	0	0	0
Job and Family Services	0	0	2,430,360	0
Other	305,206	0	0	0
Conservation and Recreation	42,250	0	0	0
Intergovernmental	65,025	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>10,810,389</b>	<b>5,911,364</b>	<b>2,430,360</b>	<b>3,558,716</b>
Excess of Revenues Over (Under) Expenditures	1,952,798	190,871	(92,296)	(720,150)
<u>Other Financing Sources (Uses)</u>				
Loan Issued	0	0	11,085	0
Transfers In	0	0	80,498	0
Transfers Out	(1,125,784)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(1,125,784)</b>	<b>0</b>	<b>91,583</b>	<b>0</b>
Changes in Fund Balances	827,014	190,871	(713)	(720,150)
Fund Balances Beginning of Year	2,339,132	1,637,029	825,462	1,766,510
Fund Balances End of Year	<b>\$3,166,146</b>	<b>\$1,827,900</b>	<b>\$824,749</b>	<b>\$1,046,360</b>

See Accompanying Notes to the Basic Financial Statements

<u>Developmental Disabilities</u>	<u>Other Governmental</u>	<u>Total</u>
\$3,402,957	\$506,112	\$6,954,078
10,557	0	19,872
0	1,531,473	7,413,004
0	0	186,257
0	1,077,533	2,871,303
0	266,160	268,960
0	218,921	363,342
3,202,423	2,906,367	17,943,879
15,000	200	64,560
166,119	393,868	1,654,487
<u>6,797,056</u>	<u>6,900,634</u>	<u>37,739,742</u>
0	666,135	5,182,273
0	535,931	1,906,368
0	1,789,012	5,858,038
0	146,208	325,723
0	3,107	6,000,453
0	0	3,558,716
8,228,599	0	8,228,599
0	759,177	935,987
0	2,043,126	2,043,126
0	318,414	2,748,774
0	948,032	1,253,238
0	0	42,250
0	156,993	222,018
0	340,000	340,000
0	35,520	35,520
<u>8,228,599</u>	<u>7,741,655</u>	<u>38,681,083</u>
<u>(1,431,543)</u>	<u>(841,021)</u>	<u>(941,341)</u>
0	0	11,085
0	1,045,286	1,125,784
0	0	(1,125,784)
<u>0</u>	<u>1,045,286</u>	<u>11,085</u>
(1,431,543)	204,265	(930,256)
<u>5,870,171</u>	<u>4,036,859</u>	<u>16,475,163</u>
<u>\$4,438,628</u>	<u>\$4,241,124</u>	<u>\$15,544,907</u>

Ashland County  
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to Statement of Activities  
 For the Year Ended December 31, 2014

Changes in Fund Balances - Total Governmental Funds (\$930,256)

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

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

Capital Outlay - Nondepreciable Capital Assets	522,847	
Capital Outlay - Depreciable Capital Assets	1,701,570	
Depreciation	(2,810,281)	
		(585,864)

The book value of capital assets is removed from the capital asset account on the statement of net position when disposed of resulting in a loss on disposal of capital assets on the statement of activities. (52,160)

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

Delinquent Property Taxes	38,082	
Permissive Sales Taxes	51,342	
Intergovernmental	70,495	
Interest	6,613	
Other	(433)	
		166,099

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position. 340,000

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding obligations on the statement of net position. 496

Loan proceeds are reported as other financing sources in the governmental funds but the issuance increases long-term liabilities on the statement of net position. (11,085)

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 16,681

Change in Net Position of Governmental Activities (\$1,056,089)

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
General Fund  
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final		Final Budget Over (Under)
<u>Revenues</u>				
Property Taxes	\$2,196,800	\$2,197,800	\$2,197,246	(\$554)
Payment in Lieu of Taxes	9,315	9,315	9,315	0
Permissive Sales Taxes	5,350,000	5,827,000	5,826,030	(970)
Other Local Taxes	3,500	3,500	3,901	401
Charges for Services	1,706,811	1,794,911	1,786,490	(8,421)
Licenses and Permits	2,100	2,100	2,800	700
Fines and Forfeitures	109,000	109,000	107,704	(1,296)
Intergovernmental	1,785,394	2,030,183	2,028,247	(1,936)
Interest	50,050	50,050	51,592	1,542
Other	204,419	561,419	620,199	58,780
<b>Total Revenues</b>	<b>11,417,389</b>	<b>12,585,278</b>	<b>12,633,524</b>	<b>48,246</b>
<u>Expenditures</u>				
Current:				
General Government				
Legislative and Executive	4,484,994	5,044,335	4,638,601	405,734
Judicial	1,347,603	1,389,802	1,351,456	38,346
Public Safety				
Sheriff	3,792,605	4,090,262	4,072,576	17,686
Other	189,700	193,498	180,259	13,239
Public Works	76,590	86,287	86,230	57
Health				
Other	177,084	177,398	176,810	588
Human Services				
Other	375,997	374,435	304,089	70,346
Conservation and Recreation	26,850	42,250	42,250	0
Intergovernmental	65,000	65,000	65,000	0
<b>Total Expenditures</b>	<b>10,536,423</b>	<b>11,463,267</b>	<b>10,917,271</b>	<b>545,996</b>
Excess of Revenues Over Expenditures	880,966	1,122,011	1,716,253	594,242
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	32,000	32,000	28,731	(3,269)
Advances In	0	0	22,150	22,150
Transfers Out	(1,672,648)	(1,622,494)	(1,125,534)	496,960
<b>Total Other Financing Sources (Uses)</b>	<b>(1,640,648)</b>	<b>(1,590,494)</b>	<b>(1,074,653)</b>	<b>515,841</b>
Changes in Fund Balance	(759,682)	(468,483)	641,600	1,110,083
Fund Balance Beginning of Year	1,603,084	1,603,084	1,603,084	0
Prior Year Encumbrances Appropriated	157,781	157,781	157,781	0
<b>Fund Balance End of Year</b>	<b>\$1,001,183</b>	<b>\$1,292,382</b>	<b>\$2,402,465</b>	<b>\$1,110,083</b>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Motor Vehicle and Gasoline Tax Fund  
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Other Local Taxes	\$175,000	\$178,500	\$178,538	\$38
Fines and Forfeitures	47,000	39,000	38,986	(14)
Intergovernmental	4,758,813	4,870,813	5,779,528	908,715
Interest	1,000	1,000	443	(557)
Other	173,187	100,187	100,570	383
Total Revenues	5,155,000	5,189,500	6,098,065	908,565
<u>Expenditures</u>				
Current:				
Public Works				
Engineer	6,040,291	6,030,956	6,379,270	(348,314)
Changes in Fund Balance	(885,291)	(841,456)	(281,205)	560,251
Fund Balance Beginning of Year	704,648	704,648	704,648	0
Prior Year Encumbrances Appropriated	185,391	185,391	185,391	0
Fund Balance End of Year	\$4,748	\$48,583	\$608,834	\$560,251

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Job and Family Services Fund  
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$2,371,597	\$2,272,597	\$2,272,289	(\$308)
Other	87,500	70,500	69,526	(974)
Total Revenues	2,459,097	2,343,097	2,341,815	(1,282)
<u>Expenditures</u>				
Current:				
Human Services				
Job and Family Services	2,573,698	2,921,698	2,433,761	487,937
Excess of Revenues Under Expenditures	(114,601)	(578,601)	(91,946)	486,655
<u>Other Financing Sources</u>				
Loan Issued	28,403	28,403	28,403	0
Transfers In	80,498	80,498	80,498	0
Total Other Financing Sources	108,901	108,901	108,901	0
Changes in Fund Balance	(5,700)	(469,700)	16,955	486,655
Fund Balance Beginning of Year	467,804	467,804	467,804	0
Prior Year Encumbrances Appropriated	5,700	5,700	5,700	0
Fund Balance End of Year	<u>\$467,804</u>	<u>\$3,804</u>	<u>\$490,459</u>	<u>\$486,655</u>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Alcohol, Drug Addiction, and Mental Health Services Fund  
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$841,650	\$848,650	\$845,093	(\$3,557)
Intergovernmental	1,670,056	1,733,384	1,762,314	28,930
Other	5,400	219,400	232,806	13,406
Total Revenues	2,517,106	2,801,434	2,840,213	38,779
<u>Expenditures</u>				
Current:				
Health				
Alcohol, Drug Addiction, and Mental Health Services	2,759,562	3,719,344	3,660,036	59,308
Changes in Fund Balance	(242,456)	(917,910)	(819,823)	98,087
Fund Balance Beginning of Year	1,530,016	1,530,016	1,530,016	0
Prior Year Encumbrances Appropriated	248,994	248,994	248,994	0
Fund Balance End of Year	<u>\$1,536,554</u>	<u>\$861,100</u>	<u>\$959,187</u>	<u>\$98,087</u>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Developmental Disabilities Fund  
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$3,310,000	\$3,403,000	\$3,403,293	\$293
Payment in Lieu of Taxes	11,157	11,157	11,157	0
Intergovernmental	2,799,000	3,049,201	3,014,031	(35,170)
Interest	8,000	15,000	15,000	0
Other	172,443	168,443	166,119	(2,324)
<b>Total Revenues</b>	<b>6,300,600</b>	<b>6,646,801</b>	<b>6,609,600</b>	<b>(37,201)</b>
<u>Expenditures</u>				
Current:				
Health				
Developmental Disabilities	7,343,342	8,550,955	7,953,114	597,841
Changes in Fund Balance	(1,042,742)	(1,904,154)	(1,343,514)	560,640
Fund Balance Beginning of Year	5,952,396	5,952,396	5,952,396	0
Fund Balance End of Year	<u>\$4,909,654</u>	<u>\$4,048,242</u>	<u>\$4,608,882</u>	<u>\$560,640</u>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Fund Net Position  
Enterprise Funds  
December 31, 2014

	Business-Type Activities		
	Landfill	Other Enterprise	Total Enterprise
<u>Assets</u>			
<u>Current Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$55,793	\$2,480	\$58,273
Cash and Cash Equivalents in Segregated Accounts	0	19,687	19,687
Accounts Receivable	28,504	17,671	46,175
Interfund Receivable	9,205	0	9,205
Inventory Held for Resale	0	18,250	18,250
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	289,772	0	289,772
Total Current Assets	383,274	58,088	441,362
<u>Non-Current Assets</u>			
Nondepreciable Capital Assets	61,465	57,400	118,865
Depreciable Capital Assets, Net	0	184,843	184,843
Total Non-Current Assets	61,465	242,243	303,708
Total Assets	444,739	300,331	745,070
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Wages Payable	532	7,715	8,247
Accounts Payable	1,419	5,200	6,619
Interfund Payable	0	9,205	9,205
Compensated Absences Payable	2,079	4,223	6,302
Due to Other Governments	1,185	5,084	6,269
Postclosure Costs Payable	73,117	0	73,117
Total Current Liabilities	78,332	31,427	109,759
<u>Non-Current Liabilities</u>			
Compensated Absences Payable	1,807	2,838	4,645
Postclosure Costs Payable	1,407,739	0	1,407,739
Total Non-Current Liabilities	1,409,546	2,838	1,412,384
Total Liabilities	1,487,878	34,265	1,522,143
<u>Net Position</u>			
Net Investment in Capital Assets	61,465	242,243	303,708
Unrestricted (Deficit)	(1,104,604)	23,823	(1,080,781)
Total Net Position (Deficit)	(\$1,043,139)	\$266,066	(\$777,073)

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenses,  
and Changes in Fund Net Position  
Enterprise Funds  
For the Year Ended December 31, 2014

	Business-Type Activities		
	Landfill	Other Enterprise	Total Enterprise
<u>Operating Revenues</u>			
Charges for Services	\$302,239	\$165,000	\$467,239
Sale of Recyclables	0	417,116	417,116
Other	293	1,994	2,287
	302,532	584,110	886,642
<u>Operating Expenses</u>			
Personal Services	53,133	222,085	275,218
Materials and Supplies	716	1,587	2,303
Contractual Services	21,199	31,010	52,209
Other	181,444	322,213	503,657
Depreciation	0	17,545	17,545
	256,492	594,440	850,932
Changes in Net Position	46,040	(10,330)	35,710
Net Position (Deficit) Beginning of Year	(1,089,179)	276,396	(812,783)
Net Position (Deficit) End of Year	(\$1,043,139)	\$266,066	(\$777,073)

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Cash Flows  
Enterprise Funds  
For the Year Ended December 31, 2014

	Business-Type Activities		
	Landfill	Other Enterprise	Total Enterprise
Increase (Decrease) in Cash and Cash Equivalents			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Customers	\$285,085	\$584,024	\$869,109
Cash Received from Other Revenues	293	1,994	2,287
Cash Payments for Personal Services	(52,673)	(223,186)	(275,859)
Cash Payments to Suppliers	(716)	(1,668)	(2,384)
Cash Payments for Contractual Services	(94,836)	(30,766)	(125,602)
Cash Payments for Other Expenses	(181,444)	(314,301)	(495,745)
Net Cash Provided by (Used for) Operating Activities	(44,291)	16,097	(28,194)
Cash and Cash Equivalents Beginning of Year	389,856	6,070	395,926
Cash and Cash Equivalents End of Year	<u>\$345,565</u>	<u>\$22,167</u>	<u>\$367,732</u>
Reconciliation of Operating Income (Loss) to <u>Net Cash Provided by (Used for) Operating Activities</u>			
Operating Income (Loss)	<u>\$46,040</u>	<u>(\$10,330)</u>	<u>\$35,710</u>
Adjustments to Reconcile Operating Income (Loss) to <u>Net Cash Provided by (Used for) Operating Activities</u>			
Depreciation	0	17,545	17,545
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	(7,949)	1,908	(6,041)
Increase in Interfund Receivable	(9,205)	0	(9,205)
Increase in Inventory Held for Resale	0	(225)	(225)
Increase in Accrued Wages Payable	184	701	885
Increase (Decrease) in Accounts Payable	125	(748)	(623)
Decrease in Contracts Payable	(2,932)	0	(2,932)
Increase (Decrease) in Compensated Absences Payable	56	(2,532)	(2,476)
Increase in Due to Other Governments	220	573	793
Decrease in Postclosure Costs Payable	(70,830)	0	(70,830)
Increase in Interfund Payable	0	9,205	9,205
Total Adjustments	<u>(90,331)</u>	<u>26,427</u>	<u>(63,904)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$44,291)</u>	<u>\$16,097</u>	<u>(\$28,194)</u>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
December 31, 2014

Assets

Equity in Pooled Cash and Cash Equivalents	\$2,369,113
Cash and Cash Equivalents in Segregated Accounts	946,495
Other Local Taxes Receivable	12,001
Due from Other Governments	2,034,511
Property Taxes Receivable	49,717,229
Special Assessments Receivable	<u>362,000</u>
 Total Assets	 <u><u>\$55,441,349</u></u>

Liabilities

Due to Other Governments	\$53,574,805
Undistributed Assets	<u>1,866,544</u>
 Total Liabilities	 <u><u>\$55,441,349</u></u>

See Accompanying Notes to the Basic Financial Statements

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**Note 1 - Reporting Entity**

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

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

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

**A. Primary Government**

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

**B. Component Units**

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the County. There were no component units of Ashland County in 2014.

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

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

**Note 1 - Reporting Entity** (continued)

The County participates in several jointly governed organizations and insurance pools, and is associated with a related organization. These organizations are presented in Notes 21, 22, and 23 to the basic financial statements. These organizations are:

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

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

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

**Fund Financial Statements**

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

**B. Fund Accounting**

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

**Governmental Funds**

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

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

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

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

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

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

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

Proprietary Funds

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

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

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. The County did not have any trust funds in 2014. The County's agency funds account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

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

**D. Basis of Accounting**

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

**Revenues - Exchange and Nonexchange Transactions**

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

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

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The County did not report any deferred outflows of resources for 2014.

**Note 2 - Summary of Significant Accounting Policies** (continued)

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, payment in lieu of taxes, and unavailable revenue. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2014, but which were levied to finance 2015 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes accrued interest, permissive sales taxes, intergovernmental revenue including grants, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available.

Expenses/Expenditures

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

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

E. Budgetary Process

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

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

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

**F. Cash and Investments**

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

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

During 2014, the County invested in nonnegotiable certificates of deposit, federal agency securities, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s net asset value per share, which is the price the investment could be sold for on December 31, 2014.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2014 was \$48,917, which includes \$43,549 assigned from other County funds.

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2014, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**H. Inventory**

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

**I. Restricted Assets**

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

J. Capital Assets

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

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

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

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

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

K. Interfund Receivables/Payables

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

L. Compensated Absences

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

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

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

**M. Accrued Liabilities and Long-Term Obligations**

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

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

**N. Net Position**

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

**O. Fund Balance**

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

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

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

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

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

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

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

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

**P. Operating Revenues and Expenses**

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

**Note 2 - Summary of Significant Accounting Policies** (continued)

**Q. Interfund Transactions**

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

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

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

**R. Estimates**

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

**Note 3 - Accountability and Compliance**

**A. Accountability**

At December 31, 2014, the CHIP and WIA special revenue funds had a deficit fund balance, in the amount of \$9,987 and \$5,931, respectfully, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**B. Compliance**

At December 31, 2014, the Motor Vehicle and Gasoline Tax special revenue fund had expenditures in excess of appropriations, in the amount of \$348,314. The County will review appropriations and amend them as necessary during the year to ensure appropriations cover all expenditures.

**Note 4 - Budgetary Basis of Accounting**

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

**Note 4 - Budgetary Basis of Accounting** (continued)

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

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

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

	Changes in Fund Balance				
	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services	Developmental Disabilities
GAAP Basis	\$827,014	\$190,871	(\$713)	(\$720,150)	(\$1,431,543)
<u>Increase (Decrease) Due To</u>					
Revenue Accruals					
Accrued 2013, Received in Cash 2014	629,119	325,541	226,884	7,015	8,076
Accrued 2014, Not Yet Received in Cash	(720,908)	(331,773)	(205,815)	(5,567)	(195,868)
Expenditure Accruals					
Accrued 2013, Paid in Cash 2014	(292,276)	(179,647)	115,537	(48,110)	(214,899)
Accrued 2014, Not Yet Paid in Cash	411,807	136,700	(119,168)	180,034	493,045
Cash Adjustments					
Unrecorded Activity 2013	115,470	4,311	0	28,595	115,185
Unrecorded Activity 2014	(124,852)	(2,249)	0	(28,396)	(114,849)
Prepaid Items	(185)	0	0	0	0
Materials and Supplies Inventory	3,203	(317,948)	230	0	(2,661)
Advances In	22,150	0	0	0	0
Transfers In	250	0	0	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(229,192)	(107,011)	0	(233,244)	0
Budget Basis	<u>\$641,600</u>	<u>(\$281,205)</u>	<u>\$16,955</u>	<u>(\$819,823)</u>	<u>(\$1,343,514)</u>

**Note 5 - Deposits and Investments**

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

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

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

**Note 5 - Deposits and Investments** (continued)

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,803,479 of the County's bank balance of \$12,387,757 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**Note 5 - Deposits and Investments** (continued)

Investments

As of December 31, 2014, the County had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal Farm Credit Bank Notes	\$499,965	4/24/17
Federal Farm Credit Bank Notes	497,665	11/4/16
Federal Home Loan Bank Notes	499,355	8/21/17
Federal Home Loan Bank Notes	499,295	7/7/17
Federal Home Loan Bank Notes	499,530	8/28/17
Federal Home Loan Bank Notes	499,550	12/30/16
Federal Home Loan Bank Notes	500,345	10/17/17
Federal Home Loan Mortgage Corporation Notes	500,040	10/30/17
Federal National Mortgage Association Notes	498,610	12/19/16
Federal National Mortgage Association Notes	500,340	12/30/16
STAR Ohio	1,048,447	50.1 Days
	<u>\$6,043,142</u>	

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

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

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

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Federal Farm Credit Bank	\$997,630	16.51%
Federal Home Loan Bank	2,498,075	41.34
Federal Home Loan Mortgage Corporation	500,040	8.27
Federal National Mortgage Association	998,950	16.53

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**Note 6 - Receivables**

Receivables at December 31, 2014, consisted of accounts (e.g., billings for user charged services, including unbilled charges); accrued interest; permissive sales taxes; other local taxes; intergovernmental receivables arising from grants, entitlements, and shared revenues; interfund; property taxes; and payment in lieu of taxes. All receivables are considered fully collectible within one year, except for property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Local Government	\$309,545
City of Ashland	42,676
Casino Tax	306,645
Public Defender Grant	16,240
Homestead and Rollback	167,336
Total General Fund	842,442
Motor Vehicle and Gasoline Tax	
Gasoline Tax	1,154,244
Motor Vehicle License Fees	882,118
Ruggles Township	438
Sullivan Township	616
Total Motor Vehicle and Gasoline Tax	2,037,416
Job and Family Services	
Public Assistance Grant	313,960
State of Ohio	11,085
Total Job and Family Services	325,045
Alcohol, Drug Addiction, and Mental Health Services	
Title XX	5,567
Federal Block Grant	36,467
Homestead and Rollback	60,715
Personal Property Phase-Out	16,348
Access II	1,984
Safe Families Grant	14,724
Total Alcohol, Drug Addiction, and Mental Health Services	135,805
Developmental Disabilities	
Title XX	34,566
Family Resources/Respite	13,590
Homestead and Rollback	236,742
Personal Property Phase-Out	80,102
State of Ohio	293,719
Total Developmental Disabilities	658,719
Total Major Funds	3,999,427
Nonmajor Funds	
Law Library	
State of Ohio	5,987

(continued)

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**Note 6 - Receivables** (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
Victims of Crime	
Victims of Crime Grant	\$881
Children Services	
PCSA	229,382
Foster Care Reimbursement	66,878
Community Housing Improvement Program	
Community Housing Improvement Program	21,330
Child Support Enforcement Agency	
Child Support Enforcement Agency	48,021
Workforce Investment Act	
Workforce Investment Act	30,387
Senior Citizens Services	
Homestead and Rollback	36,353
Felony Delinquent Care	
RECLAIM Grant	88,586
Community Corrections	
Community Corrections Grant	55,273
Emergency	
City of Ashland	2,053
Capital Projects	
Casino Tax	3,098
Total Nonmajor Funds	588,229
Total Governmental Activities	\$4,587,656

	Amount
Agency Funds	
Local Government	\$321,985
Library Local Government	738,411
Gasoline Tax	643,082
Motor Vehicle License Fees	311,590
Permissive Motor Vehicle License Tax	8,083
Homestead and Rollback	11,360
Total Agency Funds	\$2,034,511

**Note 7 - Permissive Sales and Use Tax**

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**Note 8 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the County. Real property tax revenues received in 2014 represent the collection of 2013 taxes. Real property taxes received in 2014 were levied after October 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2014 represent the collection of 2013 taxes. Public utility real and tangible personal property taxes received in 2014 became a lien on December 31, 2012, were levied after October 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

Accrued property taxes receivable represents real, public utility, and outstanding delinquent property taxes which were measurable as of December 31, 2014, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2014 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue; on the modified accrual basis, the revenue has been reported as deferred inflows of resources - unavailable revenue.

The full tax rate for all County operations for the year ended December 31, 2014, was \$9.40 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2014 property tax receipts were based are as follows:

Real Property	
Residential	\$610,844,580
Agriculture	200,685,810
Commercial/Industrial/Mineral	137,335,240
Public Utility Property	
Real	531,300
Personal	71,402,430
Total Assessed Value	<u>\$1,020,799,360</u>

**Note 9 - Payment in Lieu of Taxes**

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

**Note 10 - Capital Assets**

Capital asset activity for the year ended December 31, 2014, was as follows:

	Balance December 31, 2013	Additions	Reductions	Balance December 31, 2014
<b>Governmental Activities</b>				
Nondepreciable Capital Assets				
Land	\$820,937	\$0	\$0	\$820,937
Construction in Progress	58,676	522,847	(353,635)	227,888
Total Nondepreciable Capital Assets	<u>879,613</u>	<u>522,847</u>	<u>(353,635)</u>	<u>1,048,825</u>
Depreciable Capital Assets				
Land Improvements	285,596	0	0	285,596
Buildings	20,883,989	0	0	20,883,989
Building Improvements	1,131,613	70,542	0	1,202,155
Roads	48,202,265	661,810	0	48,864,075
Bridges	14,280,832	1,287,051	(140,969)	15,426,914
Equipment	2,806,494	35,802	0	2,842,296
Vehicles	2,985,066	0	(118,823)	2,866,243
Total Depreciable Capital Assets	<u>90,575,855</u>	<u>2,055,205</u>	<u>(259,792)</u>	<u>92,371,268</u>
Less Accumulated Depreciation for				
Land Improvements	(87,036)	(11,100)	0	(98,136)
Buildings	(8,117,492)	(450,305)	0	(8,567,797)
Building Improvements	(970,870)	(38,638)	0	(1,009,508)
Roads	(32,153,280)	(1,769,253)	0	(33,922,533)
Bridges	(8,234,954)	(308,538)	95,859	(8,447,633)
Equipment	(2,024,138)	(89,142)	0	(2,113,280)
Vehicles	(2,267,933)	(143,305)	111,773	(2,299,465)
Total Accumulated Depreciation	<u>(53,855,703)</u>	<u>(2,810,281)</u>	<u>207,632</u>	<u>(56,458,352)</u>
Total Depreciable Capital Assets, Net	<u>36,720,152</u>	<u>(755,076)</u>	<u>(52,160)</u>	<u>35,912,916</u>
Governmental Activities Capital Assets, Net	<u>\$37,599,765</u>	<u>(\$232,229)</u>	<u>(\$405,795)</u>	<u>\$36,961,741</u>
	Balance December 31, 2013	Additions	Reductions	Balance December 31, 2014
<b>Business-Type Activities</b>				
Nondepreciable Capital Assets				
Land	\$118,865	\$0	\$0	\$118,865
Depreciable Capital Assets				
Land Improvements	49,072	0	0	49,072
Buildings	250,510	0	0	250,510
Equipment	427,591	0	0	427,591
Vehicles	141,557	0	0	141,557
Total Depreciable Capital Assets	<u>868,730</u>	<u>0</u>	<u>0</u>	<u>868,730</u>
Less Accumulated Depreciation for				
Land Improvements	(49,072)	0	0	(49,072)
Buildings	(96,029)	(4,175)	0	(100,204)
Equipment	(397,366)	(6,188)	0	(403,554)
Vehicles	(123,875)	(7,182)	0	(131,057)
Total Accumulated Depreciation	<u>(666,342)</u>	<u>(17,545)</u>	<u>0</u>	<u>(683,887)</u>
Total Depreciable Capital Assets, Net	<u>202,388</u>	<u>(17,545)</u>	<u>0</u>	<u>184,843</u>
Business-Type Activities Capital Assets, Net	<u>\$321,253</u>	<u>(\$17,545)</u>	<u>\$0</u>	<u>\$303,708</u>

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**Note 10 - Capital Assets** (continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government	
Legislative and Executive	\$82,546
Judicial	1,785
Public Safety	
Sheriff	317,780
Public Works	2,234,269
Health	
Alcohol, Drug Addiction, and Mental Health Services	9,063
Developmental Disabilities	104,561
Other	1,219
Human Services	
Job and Family Services	31,255
Other	6,954
Conservation and Recreation	20,849
Total Depreciation Expense - Governmental Activities	\$2,810,281

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Funds	
Recycling	\$17,545

**Note 11 - Interfund Receivables/Payables**

Interfund balances at December 31, 2014, consisted of the following receivables and payables:

Due to General Fund from:	
Developmental Disabilities Fund	\$300
Due to Job and Family Services Fund from:	
Other Governmental Funds	\$265,246
Due to Other Governmental Funds from:	
Other Governmental Funds	\$13,590
Due to Landfill Fund from:	
Other Enterprise Fund	\$9,205

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**Note 11 - Interfund Receivables/Payables** (continued)

The amounts due to the General Fund and Job and Family Services Fund were for services provided to other governmental funds. These amounts are expected to be received within one year.

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

The amount due to the Landfill Fund was for services provided to the Recycling Fund.

**Note 12 - Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2014, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

General Liability	\$1,000,000
Excess Liability	9,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Errors and Omissions Liability	1,000,000
Automobile Liability	1,000,000
Uninsured Motorists Liability	250,000
Building and Contents	94,876,610
Other Property Insurance	
Automobile Physical Damage	Actual Cash Value
Flood and Earthquake	100,000,000
Comprehensive Boiler and Machinery	100,000,000
Crime Insurance	
Faithful Performance	1,000,000
Money and Securities	1,000,000
Depositor's Forgery	1,000,000
Money Order and Counterfeit Paper	1,000,000

With the exceptions of medical and dental coverage for Developmental Disabilities employees, and workers' compensation, insurance is held with CORSA. There has been no significant reduction in insurance coverage from 2013, and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

For 2014, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

**Note 12 - Risk Management** (continued)

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

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

**Note 13 - Significant Commitments**

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2015 are as follows:

General Fund	\$229,192
Motor Vehicle and Gasoline Tax	107,011
Alcohol, Drug Addiction, and Mental Health Services	233,244
	\$569,447

**Note 14 - Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

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

**Note 14 - Defined Benefit Pension Plans** (continued)

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

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

The County's 2014 contribution rate was 14 percent, except for those plan members in public safety or law enforcement, for whom the County's contribution was 18.1 percent of covered payroll. The portion of the County's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the County's contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remains at 2 percent. Employer contribution rates are actuarially determined.

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2014, 2013, and 2012 was \$1,541,718, \$1,665,454, and \$1,305,960, respectively. For 2014, 90 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012. Contributions to the member-directed plan for 2014 were \$43,733 made by the County and \$31,238 made by the plan members.

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

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

**Note 14 - Defined Benefit Pension Plans** (continued)

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

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased 1 percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For 2014, plan members were required to contribute 11 percent of their annual covered salary. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The County's required contribution for pension obligations to the DBP for the years ended December 31, 2014, 2013, and 2012 were \$88,202, \$84,453, and \$88,518, respectively; 100 percent has been contributed for all three years.

**Note 15 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

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

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

**Note 15 - Postemployment Benefits** (continued)

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed 14 percent of covered payroll and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remains at 2 percent for both plans as recommended by the OPERS actuary.

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

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2014, 2013, and 2012 was \$252,008, \$124,251, and \$500,670, respectively. For 2014, 90 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contribution toward the health care fund after the end of the transition period.

**Note 15 - Postemployment Benefits** (continued)

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

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The County's contribution for health care for years ended December 31, 2014, 2013, and 2012 was \$6,785, \$6,496, and \$6,809, respectively; 100 percent has been contributed for all three years.

**Note 16 - Other Employer Benefits**

**A. Compensated Absences**

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

**B. Employee Health Insurance**

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**Note 17 - Long-Term Obligations**

The County's long-term obligations activity for the year ended December 31, 2014, was as follows:

	Interest Rate	Balance December 31, 2013	Additions	Reductions	Balance December 31, 2014	Due Within One Year
<b><u>Governmental Activities</u></b>						
<b>General Obligation Bonds</b>						
2011 County Jail (Original Amount \$2,265,000)	1.0-3.0%	\$1,600,000	\$0	\$340,000	\$1,260,000	\$345,000
<b>Other Long-Term Obligations</b>						
Loan Payable		83,349	11,085	0	94,434	0
Compensated Absences		1,124,885	94,337	111,018	1,108,204	359,057
<b>Total Governmental Activities</b>		<b><u>\$2,808,234</u></b>	<b><u>\$105,422</u></b>	<b><u>\$451,018</u></b>	<b><u>\$2,462,638</u></b>	<b><u>\$704,057</u></b>
<b><u>Business-Type Activities</u></b>						
Compensated Absences Payable		\$13,423	\$1,070	\$3,546	\$10,947	\$6,302
Closure/Postclosure Costs Payable		1,551,686	0	70,830	1,480,856	73,117
<b>Total Business-Type Activities</b>		<b><u>\$1,565,109</u></b>	<b><u>\$1,070</u></b>	<b><u>\$74,376</u></b>	<b><u>\$1,491,803</u></b>	<b><u>\$79,419</u></b>

**General Obligation Bonds**

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

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

**Loan Payable**

In 2013, the County obtained a loan from the State of Ohio Development Services Agency (Local Government Fund) for the implementation of a document imaging system at the Department of Job and Family Services. The loan was obtained for a ten year period with payment beginning twelve months after the date of the final disbursement. The project was completed in 2014 with loan repayments beginning in 2015. The loan will be retired through the Job and Family Services special revenue fund. Of the outstanding loan amount, \$76,950 was not capitalized for governmental activities.

**Compensated Absences**

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**Note 17 - Long-Term Obligations** (continued)

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

	General Obligation Bonds	
	Principal	Interest
2015	\$345,000	\$28,750
2016	355,000	20,517
2017	360,000	11,040
2018	200,000	3,000
	\$1,260,000	\$63,307

The County's legal debt margin at December 31, 2014, was an overall debt margin of \$24,019,984 and a unvoted debt margin of \$10,207,994.

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

	Date of Issue	Amount of Issue	Amount Outstanding December 31, 2014
Good Shepherd Home for the Aged Project	1/21/99	\$3,960,000	\$2,660,000
Good Shepherd Home-Assisted Living Facilities	11/15/99	4,750,000	3,675,000
Bretheran Care, Inc.	1/1/05	16,160,000	10,990,000
		\$24,870,000	\$17,325,000

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

**Note 18 - Postclosure Costs**

State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The County's landfill was closed in 1997. The \$1,480,856 reported as the landfill postclosure liability at December 31, 2014, represents the estimated costs of maintenance and monitoring through 2027. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The December 31, 2014, liability decreased from the prior year by \$70,830.

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**Note 19 - Interfund Transfers**

During 2014, the General Fund made transfers to the Job and Family Services special revenue fund, in the amount of \$80,498, and to other governmental funds, in the amount of \$1,045,286, to subsidize operations in those funds.

**Note 20 - Fund Balance**

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

Fund Balance	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
Nonspendable for:				
Prepaid Items	\$73,527	\$0	\$0	\$0
Materials and Supplies				
Inventory	27,009	914,733	9,307	0
Unclaimed Monies	51,922	0	0	0
Total Nonspendable	<u>152,458</u>	<u>914,733</u>	<u>9,307</u>	<u>0</u>
Restricted for:				
Alcohol, Drug Addiction, and Mental Health Services Operations	0	0	0	1,046,360
Job and Family Services Operations	0	0	815,442	0
Road and Bridge Repair/ Improvement	0	913,167	0	0
Sheriff Operations	4,223	0	0	0
Total Restricted	<u>4,223</u>	<u>913,167</u>	<u>815,442</u>	<u>1,046,360</u>
Committed to:				
Bi/Tri Centennial	<u>40,764</u>	<u>0</u>	<u>0</u>	<u>0</u>
Assigned for:				
Document Recording	16,027	0	0	0
Projected Budget Shortage	503,658	0	0	0
Sheriff Operations	6,753	0	0	0
Unpaid Obligations	165,905	0	0	0
Vehicle Titling	83,763	0	0	0
Total Assigned	<u>776,106</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned	<u>2,192,595</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u><u>\$3,166,146</u></u>	<u><u>\$1,827,900</u></u>	<u><u>\$824,749</u></u>	<u><u>\$1,046,360</u></u>

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014 66

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**Note 20 - Fund Balance** (continued)

Fund Balance	Developmental Disabilities	Other Governmental Funds
Nonspendable for:		
Materials and Supplies Inventory	\$12,074	\$2,152
Restricted for:		
Board of Elections	0	10
Child Support Enforcement	0	562,437
Court Operations	0	754,444
Crime Victims Assistance	0	11,305
Debt Retirement	0	472,426
Delinquent Tax Collections	0	110,863
Developmental Disabilities Operations	4,426,554	0
Dog and Kennel Operations	0	46,405
Economic Development	0	144,506
Emergency Management Agency	0	852
Job and Family Services Operations	0	212,632
Real Estate Assessments	0	1,119,967
Senior Citizens	0	17,069
Sheriff Operations	0	639,121
<b>Total Restricted</b>	<b>4,426,554</b>	<b>4,092,037</b>
Committed to:		
Road and Bridge Repair/ Improvement	0	11,217
Capital Projects	0	140,414
Student Scholarships	0	11,222
<b>Total Committed</b>	<b>0</b>	<b>162,853</b>
Unassigned (Deficit)	0	(15,918)
<b>Total Fund Balance</b>	<b>\$4,438,628</b>	<b>\$4,241,124</b>

**Note 21 - Jointly Governed Organizations**

**A. Northern Ohio Juvenile Community Corrections Facility**

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

**B. Ashland Community Improvement Corporation**

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

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

**C. Ashland Area Council for Economic Development**

The Ashland Area Council for Economic Development (Council) is a jointly governed organization between Ashland County and the City of Ashland. The Council was organized to undertake joint programs for economic development in the Ashland County area. The Council's board consists of the President of Council from the City of Ashland, a representative appointed by City Council, a member of the Board of County Commissioners, and a representative appointed by the Board of County Commissioners. Each term is for three years. In 2014, the County contributed \$45,027 to the Council. Financial information can be obtained from the Ashland Area Council for Economic Development, 206 Claremont Avenue, Ashland, Ohio 44805.

**Note 22 - Insurance Pools**

**A. County Risk Sharing Authority, Inc.**

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

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

**Note 22 - Insurance Pools** (continued)

**B. County Commissioners Association of Ohio Service Corporation**

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

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

**C. County Employee Benefits Consortium of Ohio, Inc.**

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

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

**Note 23 - Related Organization**

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

Although the County has no obligation to provide financial resources to the airport, the County Commissioners have in prior years allocated certain funds to the Airport Authority. In 2014, this allocation was \$42,250.

**Note 24 - Contingent Liabilities**

**A. Litigation**

There are currently no matters in litigation with the County as defendant.

**B. Federal and State Grants**

For the period January 1, 2014, to December 31, 2014, the County received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the County believes such disallowances, if any, would be immaterial.

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ASHLAND COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>(Passed through the Ohio Development Services Agency)</i>			
Community Development Block Grants/State's Program	B-F-13-1AC-1	14.228	\$ 1,500
Community Development Block Grants/State's Program	B-C-12-1AC-1		213,843
Total Community Development Block Grants/State's Program			<u>215,343</u>
Total U.S. Department of Housing and Urban Development			<u><b>215,343</b></u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>(Passed through Ohio Attorney General)</i>			
Crime Victim Assistance	2014VAGENE306	16.575	22,817
	2015-SVAA-10201082	16.575	907
	2014SAGENE306	16.575	3,168
	2015-VOCA-10201078	16.575	6,352
Total Crime Victim Assistance			<u>33,244</u>
Total U.S. Department of Justice			<u><b>33,244</b></u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<i>(Passed through the Ohio Emergency Management Agency)</i>			
Emergency Management Performance Grants	EMW-2014-EP-00064	97.042	30,420
Total U.S. Department of Homeland Security			<u><b>30,420</b></u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>(Passed through the Ohio Department of Education)</i>			
Special Education Cluster: Special Education_Grants to States	2014	84.027	50,584
Special Education_Preschool Grants	2014	84.173	13,799
Total Special Education Cluster			<u>64,383</u>
Total U.S. Department of Education			<u><b>64,383</b></u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>(Passed through the Ohio Department of Education)</i>			
Child Nutrition Cluster: National School Lunch Program	2014	10.555	22,202
School Breakfast Program	2014	10.553	12,272
Total Child Nutrition Cluster			<u>34,474</u>
<i>(Passed through the Ohio Department of Job &amp; Family Services)</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1213-11-0006/G-1415-11-5326	10.561	246,177
Total U.S. Department of Agriculture			<u><b>280,651</b></u>

ASHLAND COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>(Passed through the Ohio Department of Job &amp; Family Services)</i>			
Promoting Safe and Stable Families	G-1213-11-0006/G-1415-11-5326	93.556	18,663
Temporary Assistance for Needy Families	G-1213-11-0006/G-1415-11-5326	93.558	693,580
Child Support Enforcement	G-1213-11-0006/G-1415-11-5326	93.563	362,526
Child Care and Development Block Grant	G-1213-11-0006/G-1415-11-5326	93.575	19,648
Community-Based Child Abuse Prevention Grant	G-1213-11-0006/G-1415-11-5326	93.590	1,861
Stephanie Tubbs Jones Child Welfare Services Program	G-1213-11-0006/G-1415-11-5326	93.645	55,491
Foster Care_Title IV-E	G-1213-11-0006/G-1415-11-5326	93.658	427,678
Adoption Assistance	G-1213-11-0006/G-1415-11-5326	93.659	113,736
Medical Assistance Program (Passed through the Ohio Department of Job and Family Services)	G-1213-11-0006/G-1415-11-5326	93.778	329,891
Medical Assistance Program (Passed through the Ohio Department of Developmental Disabilities)	N/A	93.778	103,642
Total Medical Assistance Program			<u>433,533</u>
Social Services Block Grant (Passed through the Ohio Department of Job and Family Services)	G-1213-11-0006/G-1415-11-5326	93.667	442,144
Social Services Block Grant (Passed through the Ohio Department of Mental Health)	N/A	93.667	23,441
Social Services Block Grant (Passed through the Ohio Department of Developmental Disabilities)	N/A	93.667	36,730
Total Social Services Block Grant			<u>502,315</u>
<i>(Passed through the Ohio Department of Mental Health)</i>			
Block Grants for Community Mental Health Services	N/A	93.958	<u>32,973</u>
<i>(Passed through the Ohio Department of Alcohol and Drug Addition Services)</i>			
Block Grant for Prevention and Treatment of Substance Abuse	N/A	93.959	<u>233,601</u>
Total U.S. Department of Health and Human Services			<u>2,895,605</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>(Passed through the Ohio Department of Transportation)</i>			
Highway Planning and Construction	92835	20.205	34,498
	93895	20.205	24,197
	95338	20.205	280,941
	96919	20.205	192,581
Total Highway Planning and Construction			<u>532,217</u>
Total U.S. Department of Transportation			<u>532,217</u>
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>(Passed through the Ohio Department of Job and Family Services)</i>			
<i>(Passed through Area 7 Workforce Investment Board)</i>			
Workforce Investment Act Cluster:			
Workforce Investment Act Adult Program	2013-7203-1/2014-7203-1	17.258	98,208
Workforce Investment Act Adult Program - Admin	2013-7203-1/2014-7203-1		355
Total Workforce Investment Act Adult Program			<u>98,563</u>
Workforce Investment Act Youth Activities	2013-7203-1/2014-7203-1	17.259	121,901
Workforce Investment Act Dislocated Worker Formula Grants	2013-7203-1/2014-7203-1	17.278	69,832
Workforce Investment Act Dislocated Worker Formula Grants - Admin	2013-7203-1/2014-7203-1		200
Total Workforce Investment Act Dislocated Worker Formula Grants			<u>70,032</u>
Total Workforce Investment Act Cluster			<u>290,496</u>
Total U.S. Department of Labor			<u>290,496</u>
TOTAL			<u>\$ 4,342,359</u>

See accompanying Notes to the Schedule of Federal Awards Expenditures

**ASHLAND COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - SUBRECIPIENTS**

The County passes certain federal awards received from the Ohio Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note A describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

**NOTE C - CHILD NUTRITION CLUSTER**

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

**NOTE D - MATCHING REQUIREMENTS**

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

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# Dave Yost • Auditor of State

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

Ashland County  
142 West 2<sup>nd</sup> Street  
Ashland, Ohio 44805

To the County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashland County, Ohio (the County), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 31, 2015.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matter we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 31, 2015



# Dave Yost • Auditor of State

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

Ashland County  
142 West 2<sup>nd</sup> Street  
Ashland, Ohio 44805

To the County Commissioners:

### ***Report on Compliance for Each Major Federal Program***

We have audited Ashland County's (the County's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Ashland County's major federal programs for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, Ashland County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2014.

**Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 31, 2015

**ASHLAND COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2014**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Foster Care Title IV-E – CFDA # 93.658 Social Services Block Grant – CFDA # 93.667 Highway Planning and Construction – CFDA 20.205 Child Support Enforcement – CFDA # 93.563 Temporary Assistance for Needy Families – CFDA# 93.558
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

ASHLAND COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
 OMB CIRCULAR A -133 § .315 (b)  
 DECEMBER 31, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2013-001	Finding For Recovery – Repaid Under Audit	Yes	
2013-002	Social Services Block Grant – Eligibility	Yes	



# Dave Yost • Auditor of State

## ASHLAND COUNTY FINANCIAL CONDITION

### ASHLAND COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 30, 2015