

ASHLAND COUNTY, OHIO
BASIC FINANCIAL STATEMENTS
(Audited)

FOR THE YEAR ENDED
DECEMBER 31, 2011

PHILIP LEIBOLT, AUDITOR



Dave Yost • Auditor of State

Board of Commissioners
Ashland County
142 West 2nd Street
Ashland, Ohio 44805

We have reviewed the *Independent Accountants' Report* of Ashland County, prepared by Julian & Grube, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 15, 2012

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ASHLAND COUNTY

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountants' Report

Ashland County
142 West 2nd Street
Ashland, Ohio 44805

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component unit and remaining fund information of Ashland County, Ohio, as of and for the year ended December 31, 2011, which collectively comprise Ashland County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ashland County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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 discretely presented component unit and remaining fund information of Ashland County, Ohio, as of December 31, 2011, 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 for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2012, on our consideration of Ashland 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise Ashland County's basic financial statements taken as a whole. The Schedules of Expenditures of Federal Awards provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.
July 25, 2012

Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
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, 2011. 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 assets decreased \$1,247,376, or 2 percent. This is not a significant change. Governmental activities decreased \$1,288,110, or 2 percent, and business-type activities increased \$40,734, or 6 percent. However, business-type activities continued to have deficit net assets at year end.

The County refunded the general obligation bonds for the jail during 2011. The current refunding fully defeased the bonds issued in 2001. The 2011 bonds, in the amount of \$2,265,000, will be paid off in 2018.

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 assets 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 assets and the statement of activities reflect how the County did financially during 2011. 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 assets and changes in those assets. This change in net assets 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.

Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
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In the statement of net assets and the statement of activities, the County is divided into three 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.

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.

Component Unit - The County's financial statements include financial information for D-R Services, Inc. This component unit is more fully described in Notes 1 and 21 to the basic financial statements.

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 maintains two different types of proprietary 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. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's other programs and activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected 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
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Government-Wide Financial Analysis

Table 1 provides a summary of the County's net assets for 2011 and 2010.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<u>Assets</u>						
Current and Other Assets	\$30,122,173	\$30,183,359	\$654,167	\$680,676	\$30,776,340	\$30,864,035
Capital Assets, Net	40,981,043	42,523,998	364,919	373,661	41,345,962	42,897,659
Total Assets	<u>71,103,216</u>	<u>72,707,357</u>	<u>1,019,086</u>	<u>1,054,337</u>	<u>72,122,302</u>	<u>73,761,694</u>
<u>Liabilities</u>						
Current and Other Liabilities	8,539,915	8,409,360	40,050	49,553	8,579,965	8,458,913
Long-Term Liabilities	3,445,347	3,891,933	1,612,858	1,679,340	5,058,205	5,571,273
Total Liabilities	<u>11,985,262</u>	<u>12,301,293</u>	<u>1,652,908</u>	<u>1,728,893</u>	<u>13,638,170</u>	<u>14,030,186</u>
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	38,635,599	39,785,581	364,919	373,661	39,000,518	40,159,242
Restricted	17,523,771	17,368,016	0	0	17,523,771	17,368,016
Unrestricted (Deficit)	2,958,584	3,252,467	(998,741)	(1,048,217)	1,959,843	2,204,250
Total Net Assets (Deficit)	<u>\$59,117,954</u>	<u>\$60,406,064</u>	<u>(\$633,822)</u>	<u>(\$674,556)</u>	<u>\$58,484,132</u>	<u>\$59,731,508</u>

The decrease in net assets for governmental activities was a modest 2 percent and there were no significant changes of note from the prior year.

The 6 percent increase in net assets for business-type activities is the result of a moderate net income for both the landfill and recycling operations in 2011.

Ashland County
Management's Discussion and Analysis
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Table 2 reflects the change in net assets for 2011 and 2010.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$3,562,687	\$3,266,283	\$882,131	\$857,909	\$4,444,818	\$4,124,192
Operating Grants, Contributions, and Interest	16,315,384	16,548,761	0	6,400	16,315,384	16,555,161
Total Program Revenues	<u>19,878,071</u>	<u>19,815,044</u>	<u>882,131</u>	<u>864,309</u>	<u>20,760,202</u>	<u>20,679,353</u>
General Revenues						
Property Taxes Levied for						
General Operating	2,267,086	2,264,746	0	0	2,267,086	2,264,746
Health-Alcohol, Drug Addiction, and Mental Health Services	695,295	680,540	0	0	695,295	680,540
Health-Developmental Disabilities	3,336,333	3,300,177	0	0	3,336,333	3,300,177
Health - Other	498,757	492,083	0	0	498,757	492,083
Payment in Lieu of Taxes	24,131	24,344	0	0	24,131	24,344
Permissive Sales Taxes Levied for						
General Operations	5,135,970	4,840,171	0	0	5,135,970	4,840,171
County Jail Operations	900,610	809,674	0	0	900,610	809,674
Debt Service	383,200	400,200	0	0	383,200	400,200
Other Local Taxes	3,338	4,617	0	0	3,338	4,617
Grants and Entitlements	2,213,043	2,522,665	0	0	2,213,043	2,522,665
Interest	138,903	139,524	0	0	138,903	139,524
Other	863,505	1,303,104	2,221	11,030	865,726	1,314,134
Total General Revenues	<u>16,460,171</u>	<u>16,781,845</u>	<u>2,221</u>	<u>11,030</u>	<u>16,462,392</u>	<u>16,792,875</u>
Total Revenues	<u>36,338,242</u>	<u>36,596,889</u>	<u>884,352</u>	<u>875,339</u>	<u>37,222,594</u>	<u>37,472,228</u>
<u>Program Expenses</u>						
General Government						
Legislative and Executive	4,895,792	4,962,843	0	0	4,895,792	4,962,843
Judicial	1,819,618	1,717,934	0	0	1,819,618	1,717,934
Public Safety						
Sheriff	5,741,701	5,847,638	0	0	5,741,701	5,847,638
Other	275,139	273,106	0	0	275,139	273,106
Public Works	6,512,307	5,504,408	0	0	6,512,307	5,504,408
Health						
Alcohol, Drug Addiction, and Mental Health Services	4,229,053	4,118,604	0	0	4,229,053	4,118,604
Developmental Disabilities	6,627,373	6,477,134	0	0	6,627,373	6,477,134
Other	937,698	924,038	0	0	937,698	924,038

(continued)

Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Table 2
Change in Net Assets
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Human Services						
Children Services	\$1,495,667	\$1,450,775	\$0	\$0	\$1,495,667	\$1,450,775
Job and Family Services	3,008,457	3,514,196	0	0	3,008,457	3,514,196
Other	1,634,788	1,385,644	0	0	1,634,788	1,385,644
Conservation and Recreation	50,349	0	0	0	50,349	0
Intergovernmental	167,095	211,450	0	0	167,095	211,450
Internal Service Fund-External Portion	31,280	29,804	0	0	31,280	29,804
Interest and Fiscal Charges	200,035	153,091	0	0	200,035	153,091
Landfill	0	0	215,061	305,378	215,061	305,378
County Home	0	0	0	596	0	596
Recycling	0	0	628,557	611,909	628,557	611,909
Total Expenses	<u>37,626,352</u>	<u>36,570,665</u>	<u>843,618</u>	<u>917,883</u>	<u>38,469,970</u>	<u>37,488,548</u>
Increase (Decrease) in Net Assets Before Transfers	(1,288,110)	26,224	40,734	(42,544)	(1,247,376)	(16,320)
Transfers	0	(8)	0	8	0	0
Increase (Decrease) in Net Assets	(1,288,110)	26,216	40,734	(42,536)	(1,247,376)	(16,320)
Net Assets (Deficit) Beginning of Year	<u>60,406,064</u>	<u>60,379,848</u>	<u>(674,556)</u>	<u>(632,020)</u>	<u>59,731,508</u>	<u>59,747,828</u>
Net Assets (Deficit) End of Year	<u>\$59,117,954</u>	<u>\$60,406,064</u>	<u>(\$633,822)</u>	<u>(\$674,556)</u>	<u>\$58,484,132</u>	<u>\$59,731,508</u>

For governmental activities, both program revenues and general revenues remained very similar to the prior year with a change of less than 1 percent overall. For program revenues, there was a slight increase in charges for services related to real estate collection fees and for general revenues there was a slight increase in permissive sales taxes due to modest economic improvement. However, this increase was offset by a decrease in unrestricted grants and entitlements due to reductions in State funding.

Expenses for governmental activities were also similar to those of the prior year with an overall change of less than 3 percent. The programs having the greatest costs continue to be for legislative and executive (which are the primary general government operations); the sheriff; public works (primarily the engineer); alcohol, drug addiction, and mental health services, developmental disabilities (Dale Roy), and job and family services. These programs account for over 82 percent of all governmental expenses.

For business-type activities, revenues changed very little from the prior year. Overall, expenses decreased approximately \$74,000 from 2010.

Ashland County
Management's Discussion and Analysis
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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	
	2011	2010	2011	2010
General Government:				
Legislative and Executive	\$4,895,792	\$4,962,843	\$3,231,062	\$3,802,515
Judicial	1,819,618	1,717,934	818,030	687,765
Public Safety				
Sheriff	5,741,701	5,847,638	5,170,990	5,326,234
Other	275,139	273,106	105,754	144,389
Public Works	6,512,307	5,504,408	1,515,340	530,584
Health				
Alcohol, Drug Addiction and Mental Health Services	4,229,053	4,118,604	429,797	672,451
Developmental Disabilities	6,627,373	6,477,134	4,096,779	3,286,611
Other	937,698	924,038	697,079	687,587
Human Services				
Children Services	1,495,667	1,450,775	695,293	690,754
Job and Family Services	3,008,457	3,514,196	(47,577)	412,567
Other	1,634,788	1,385,644	704,415	281,355
Conservation and Recreation	50,349	0	50,349	0
Intergovernmental	167,095	211,450	78,897	82,904
Internal Service Fund-External Portion	31,280	29,804	2,038	(3,186)
Interest and Fiscal Charges	200,035	153,091	200,035	153,091
Total Expenses	<u>\$37,626,352</u>	<u>\$36,570,665</u>	<u>\$17,748,281</u>	<u>\$16,755,621</u>

The County's general revenues (primarily property taxes, sales taxes, and unrestricted grants and entitlements) support approximately 47 percent of the governmental programs provided by the County (46 percent in 2010). 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, 34 percent of legislative and executive costs were provided for through various charges for services. The judicial program also provides for 55 percent of its costs through various fines, court costs, and grants. A considerable portion of 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 90 percent of the costs for alcohol, drug addiction, and mental health services programs, 38 percent of the costs for developmental disabilities programs, and were in excess of the costs of the job and family services program for 2011.

Ashland County
Management's Discussion and Analysis
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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 modest increase in fund balance for 2011. Both revenues and expenditures remained similar to the prior year. The decrease in fund balance for the Motor Vehicle and Gasoline Tax Fund was due to additional road and bridge repair in 2011. Fund balance increased 54 percent in the Job and Family Services Fund. There was an 8 percent increase in revenues and an 8 percent decrease in expenditures. Both revenues and expenditures remained very similar to those of the prior year for the Alcohol, Drug Addiction, and Mental Health Services Fund; however, because revenues were in excess of expenditures for the year, the fund experienced a 27 percent increase in fund balance. Lastly, the Developmental Disabilities fund had a 5 percent decrease in fund balance. There was a decrease in revenues due to less State funding and a slight increase in expenditures.

Business-Type Activities Financial Analysis

For 2011, the Landfill enterprise fund had a small operating income. The landfill had been operating at a loss for more than eight years. The County closed its landfill in 1997 and costs are currently related to postclosure activities. The Recycling program also had a small operating income for 2011.

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 and expenditures, changes from the original budget to the final budget and from the final budget to actual revenues and expenditures were not significant.

Capital Assets and Debt Administration

Capital Assets - The County's investment in capital assets for governmental and business-type activities as of December 31, 2011, was \$38,635,599 and \$364,919, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities consisted of road improvements and vehicles. Disposals were minimal. For business-type activities, there were minor equipment acquisitions and no disposals. For further information regarding the County's capital assets, refer to Note 10 to the basic financial statements.

Debt - At December 31, 2011, the County had outstanding general obligation bonds and capital leases, in the amount of \$2,265,000 and \$80,444, 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 16, 17, and 18 to the basic financial statements.

Ashland County
Management's Discussion and Analysis
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Current Issues

Ashland County sits on the western edge of the Utica Shale formation and the mineral leasing activity has been increasing. The first well in Ashland County has been drilled and fracked but the results have not yet been made public. Other parts of the State, where results have been good, have experienced increased economic activity, improved sales tax revenue, and higher real estate values.

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 Philip Leibolt, Ashland County Auditor, 142 West Second Street, Ashland, Ohio 44805.

**BASIC
FINANCIAL STATEMENTS**

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Ashland County
Statement of Net Assets
Primary Government and Discretely Presented Component Unit
December 31, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	D-R Services, Inc.
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$16,296,826	\$573,388	\$16,870,214	\$0
Cash and Cash Equivalents in Segregated Accounts	34,349	11,829	46,178	40,208
Accounts Receivable	38,361	55,363	93,724	8,001
Accrued Interest Receivable	22,808	0	22,808	0
Permissive Sales Taxes Receivable	1,688,705	0	1,688,705	0
Other Local Taxes Receivable	13,417	0	13,417	0
Due from Other Governments	4,072,623	0	4,072,623	0
Internal Balances	13,215	(13,215)	0	0
Due from External Party	25	0	25	0
Prepaid Items	69,967	0	69,967	0
Materials and Supplies Inventory	569,822	0	569,822	2,805
Inventory Held for Resale	0	26,802	26,802	0
Property Taxes Receivable	7,254,957	0	7,254,957	0
Payment in Lieu of Taxes Receivable	23,431	0	23,431	0
Notes Receivable	23,667	0	23,667	0
Nondepreciable Capital Assets	900,918	118,865	1,019,783	0
Depreciable Capital Assets, Net	40,080,125	246,054	40,326,179	38,559
Total Assets	71,103,216	1,019,086	72,122,302	89,573
<u>Liabilities</u>				
Accrued Wages Payable	82,792	6,489	89,281	0
Matured Compensated Absences Payable	29,154	0	29,154	0
Accounts Payable	482,545	6,473	489,018	26,970
Contracts Payable	266,464	19,709	286,173	0
Due to Other Governments	833,798	7,379	841,177	0
Deferred Revenue	6,810,377	0	6,810,377	0
Claims Payable	25,918	0	25,918	0
Retainage Payable	5,021	0	5,021	0
Accrued Interest Payable	3,846	0	3,846	0
Long-Term Liabilities:				
Due Within One Year	713,375	76,474	789,849	0
Due in More Than One Year	2,731,972	1,536,384	4,268,356	0
Total Liabilities	11,985,262	1,652,908	13,638,170	26,970
<u>Net Assets</u>				
Invested in Capital Assets, Net of Related Debt	38,635,599	364,919	39,000,518	38,559
Restricted for:				
Debt Service	519,791	0	519,791	0
Public Works	3,460,171	0	3,460,171	0
Alcohol, Drug Addiction, and Mental Health Services	1,929,250	0	1,929,250	0
Developmental Disabilities	7,081,999	0	7,081,999	0
Real Estate Assessment	1,071,102	0	1,071,102	0
County Jail	772,915	0	772,915	0
Other Purposes	2,688,543	0	2,688,543	0
Unrestricted (Deficit)	2,958,584	(998,741)	1,959,843	24,044
Total Net Assets (Deficit)	\$59,117,954	(\$633,822)	\$58,484,132	\$62,603

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Activities
Primary Government and Discretely Presented Component Unit
For the Year Ended December 31, 2011

	Program Revenues		
Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
<u>Governmental Activities</u>			
General Government			
Legislative and Executive	\$4,895,792	\$1,644,083	\$20,647
Judicial	1,819,618	988,144	13,444
Public Safety			
Sheriff	5,741,701	304,377	266,334
Other	275,139	789	168,596
Public Works	6,512,307	226,007	4,770,960
Health			
Alcohol, Drug Addiction, and Mental Health Services	4,229,053	0	3,799,256
Developmental Disabilities	6,627,373	37,563	2,493,031
Other	937,698	153,418	87,201
Human Services			
Children Services	1,495,667	0	800,374
Job and Family Services	3,008,457	0	3,056,034
Other	1,634,788	179,064	751,309
Conservation and Recreation	50,349	0	0
Intergovernmental	167,095	0	88,198
Internal Service Fund-External Portion	31,280	29,242	0
Interest and Fiscal Charges	200,035	0	0
Total Governmental Activities	37,626,352	3,562,687	16,315,384
<u>Business-Type Activities</u>			
Landfill	215,061	247,524	0
Recycling	628,557	634,607	0
Total Business-Type Activities	843,618	882,131	0
Total Primary Government	\$38,469,970	\$4,444,818	\$16,315,384
<u>Component Unit</u>			
D-R Services, Inc.	\$237,024	\$184,522	\$0

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
 Other Local Taxes
Grants and Entitlements not Restricted for Specific Programs
Interest
Contributions
Other

Total General Revenues

Change in Net Assets

Net Assets (Deficit) Beginning of Year

Net Assets (Deficit) End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	D-R Services, Inc.
(\$3,231,062)	\$0	(\$3,231,062)	\$0
(818,030)	0	(818,030)	0
(5,170,990)	0	(5,170,990)	0
(105,754)	0	(105,754)	0
(1,515,340)	0	(1,515,340)	0
(429,797)	0	(429,797)	0
(4,096,779)	0	(4,096,779)	0
(697,079)	0	(697,079)	0
(695,293)	0	(695,293)	0
47,577	0	47,577	0
(704,415)	0	(704,415)	0
(50,349)	0	(50,349)	0
(78,897)	0	(78,897)	0
(2,038)	0	(2,038)	0
(200,035)	0	(200,035)	0
(17,748,281)	0	(17,748,281)	0
0	32,463	32,463	0
0	6,050	6,050	0
0	38,513	38,513	0
(17,748,281)	38,513	(17,709,768)	0
0	0	0	(52,502)
2,267,086	0	2,267,086	0
695,295	0	695,295	0
3,336,333	0	3,336,333	0
498,757	0	498,757	0
24,131	0	24,131	0
5,135,970	0	5,135,970	0
900,610	0	900,610	0
383,200	0	383,200	0
3,338	0	3,338	0
2,213,043	0	2,213,043	0
138,903	0	138,903	6
0	0	0	28,575
863,505	2,221	865,726	18,547
16,460,171	2,221	16,462,392	47,128
(1,288,110)	40,734	(1,247,376)	(5,374)
60,406,064	(674,556)	59,731,508	67,977
\$59,117,954	(\$633,822)	\$58,484,132	\$62,603

Ashland County
Balance Sheet
Governmental Funds
December 31, 2011

	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	\$1,918,817	\$1,225,810	\$441,119	\$1,480,879
Cash and Cash Equivalents in Segregated Accounts	502	0	0	0
Accounts Receivable	15,433	130	0	0
Accrued Interest Receivable	22,535	147	0	0
Permissive Sales Taxes Receivable	1,351,001	0	0	0
Other Local Taxes Receivable	0	13,417	0	0
Due from Other Governments	574,497	2,065,381	84,876	438,443
Interfund Receivable	0	0	140,605	0
Due from External Party	0	0	0	0
Prepaid Items	69,967	0	0	0
Materials and Supplies Inventory	34,975	504,695	14,937	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	105,790	0	0	0
Property Taxes Receivable	2,362,457	0	0	743,069
Payment in Lieu of Taxes Receivable	9,811	0	0	0
Notes Receivable	0	0	0	0
Total Assets	\$6,465,785	\$3,809,580	\$681,537	\$2,662,391
<u>Liabilities</u>				
Accrued Wages Payable	\$18,273	\$29,163	\$26,437	\$562
Matured Compensated Absences Payable	20,259	3,534	0	0
Accounts Payable	105,514	38,778	46,851	2,745
Contracts Payable	0	179,891	0	0
Due to Other Governments	202,125	31,537	41,900	8,181
Interfund Payable	6,296	0	0	0
Deferred Revenue	3,817,441	1,759,687	0	812,182
Retainage Payable	0	0	0	0
Total Liabilities	4,169,908	2,042,590	115,188	823,670
<u>Fund Balances</u>				
Nonspendable	210,732	504,695	14,937	0
Restricted	6,031	1,262,295	551,412	1,838,721
Committed	2,055	0	0	0
Assigned	1,719,821	0	0	0
Unassigned (Deficit)	357,238	0	0	0
Total Fund Balances	2,295,877	1,766,990	566,349	1,838,721
Total Liabilities and Fund Balances	\$6,465,785	\$3,809,580	\$681,537	\$2,662,391

See Accompanying Notes to the Basic Financial Statements

Developmental Disabilities	Other Governmental	Total
\$6,605,566	\$4,495,609	\$16,167,800
0	33,847	34,349
21,189	1,609	38,361
103	23	22,808
0	337,704	1,688,705
0	0	13,417
579,098	330,328	4,072,623
0	6,296	146,901
0	25	25
0	0	69,967
13,159	2,056	569,822
0	0	105,790
3,607,757	541,674	7,254,957
13,620	0	23,431
0	23,667	23,667
<u>\$10,840,492</u>	<u>\$5,772,838</u>	<u>\$30,232,623</u>
\$0	\$8,357	\$82,792
1,243	4,118	29,154
76,078	212,579	482,545
0	86,573	266,464
91,020	459,035	833,798
0	140,605	146,901
4,072,660	963,399	11,425,369
0	5,021	5,021
<u>4,241,001</u>	<u>1,879,687</u>	<u>13,272,044</u>
13,159	2,056	745,579
6,586,332	4,091,770	14,336,561
0	16,002	18,057
0	0	1,719,821
0	(216,677)	140,561
<u>6,599,491</u>	<u>3,893,151</u>	<u>16,960,579</u>
<u>\$10,840,492</u>	<u>\$5,772,838</u>	<u>\$30,232,623</u>

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Ashland County
 Reconciliation of Total Governmental Fund Balances
 to Net Assets of Governmental Activities
 December 31, 2011

Total Governmental Fund Balances \$16,960,579

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 40,981,043

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Accounts Receivable	66,374	
Accrued Interest Receivable	18,530	
Permissive Sales Taxes Receivable	1,169,988	
Due from Other Governments	2,892,089	
Property Taxes Receivable	468,011	
		4,614,992

An internal balance is recorded in governmental activities to reflect underpayments to the internal service fund by the business-type activities. 13,215

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued Interest Payable	(3,846)	
General Obligation Bonds Payable	(2,265,000)	
Capital Leases Payable	(80,444)	
Compensated Absences Payable	(1,099,903)	
		(3,449,193)

An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets. (2,682)

Net Assets of Governmental Activities \$59,117,954

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, 2011

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
<u>Revenues</u>				
Property Taxes	\$2,250,409	\$0	\$0	\$685,435
Payment in Lieu of Taxes	10,726	0	0	0
Permissive Sales Taxes	5,080,246	0	0	0
Other Local Taxes	3,338	176,620	0	0
Charges for Services	1,672,784	0	0	0
Licenses and Permits	2,420	0	0	0
Fines and Forfeitures	106,408	46,882	0	0
Intergovernmental	1,986,039	4,755,090	2,524,899	3,892,207
Interest	144,068	3,180	0	0
Other	316,734	58,983	78,166	33,469
Total Revenues	11,573,172	5,040,755	2,603,065	4,611,111
<u>Expenditures</u>				
Current:				
General Government				
Legislative and Executive	4,429,224	0	0	0
Judicial	1,328,440	0	0	0
Public Safety				
Sheriff	4,250,533	0	0	0
Other	197,379	0	0	0
Public Works	81,959	5,292,316	0	0
Health				
Alcohol, Drug Addiction, and Mental Health Services	0	0	0	4,215,436
Mental Retardation and Developmental Disabilities	0	0	0	0
Other	187,402	0	0	0
Human Services				
Children Services	0	0	0	0
Job and Family Services	0	0	2,502,096	0
Other	273,189	0	0	0
Conservation and Recreation	29,500	0	0	0
Intergovernmental	50,000	0	0	0
Debt Service:				
Principal Retirement	0	37,973	0	0
Interest and Fiscal Charges	0	4,617	0	0
Total Expenditures	10,827,626	5,334,906	2,502,096	4,215,436
Excess of Revenues Over (Under) Expenditures	745,546	(294,151)	100,969	395,675
<u>Other Financing Sources (Uses)</u>				
General Obligation Bonds Issued	0	0	0	0
Transfers In	10,000	0	98,368	0
Transfers Out	(653,779)	0	0	0
Total Other Financing Sources (Uses)	(643,779)	0	98,368	0
Changes in Fund Balances	101,767	(294,151)	199,337	395,675
Fund Balances Beginning of Year	2,194,110	2,061,141	367,012	1,443,046
Fund Balances End of Year	<u>\$2,295,877</u>	<u>\$1,766,990</u>	<u>\$566,349</u>	<u>\$1,838,721</u>

See Accompanying Notes to the Basic Financial Statements

<u>Developmental Disabilities</u>	<u>Other Governmental</u>	<u>Total</u>
\$3,298,555	\$493,649	\$6,728,048
13,405	0	24,131
0	1,269,881	6,350,127
0	0	179,958
67,879	1,034,552	2,775,215
0	217,231	219,651
0	209,551	362,841
2,720,180	2,686,394	18,564,809
1,445	701	149,394
173,057	258,270	918,679
<u>6,274,521</u>	<u>6,170,229</u>	<u>36,272,853</u>
0	397,017	4,826,241
0	493,205	1,821,645
0	1,207,696	5,458,229
0	76,625	274,004
0	2,352	5,376,627
0	0	4,215,436
6,644,598	0	6,644,598
0	746,814	934,216
0	1,495,667	1,495,667
0	506,125	3,008,221
0	1,347,342	1,620,531
0	0	29,500
0	117,095	167,095
0	2,620,000	2,657,973
0	202,186	206,803
<u>6,644,598</u>	<u>9,212,124</u>	<u>38,736,786</u>
<u>(370,077)</u>	<u>(3,041,895)</u>	<u>(2,463,933)</u>
0	2,265,000	2,265,000
0	561,115	669,483
0	(15,704)	(669,483)
<u>0</u>	<u>2,810,411</u>	<u>2,265,000</u>
(370,077)	(231,484)	(198,933)
<u>6,969,568</u>	<u>4,124,635</u>	<u>17,159,512</u>
<u>\$6,599,491</u>	<u>\$3,893,151</u>	<u>\$16,960,579</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, 2011

Changes in Fund Balances - Total Governmental Funds (\$198,933)

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 - Depreciable Capital Assets	1,073,360	
Depreciation	<u>(2,616,315)</u>	(1,542,955)

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

Property Taxes	69,423	
Permissive Sales Taxes	69,653	
Charges for Services	(30,316)	
Intergovernmental	(65,190)	
Interest	(7,168)	
Other	<u>(255)</u>	36,147

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

General Obligation Bonds Payable	2,620,000	
Capital Leases Payable	<u>37,973</u>	2,657,973

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding obligations on the statement of net assets. 6,768

Bond proceeds are reported as other financing sources in the governmental funds but the issuance increases long-term liabilities on the statement of net assets. (2,265,000)

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. 53,613

(continued)

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, 2011
(continued)

The internal service fund used by management to charge the cost of insurance to individual funds is not reported on the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year. (\$33,685)

The internal service fund used by management to charge the cost of insurance to an external agency is reported on the statement of activities. The change for the external portion is reported for the year. (2,038)

Change in Net Assets of Governmental Activities (\$1,288,110)

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, 2011

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
<u>Revenues</u>				
Property Taxes	\$2,256,413	\$2,256,413	\$2,246,387	(\$10,026)
Payment in Lieu of Taxes	10,726	10,726	10,726	0
Permissive Sales Taxes	4,760,000	4,895,000	5,060,581	165,581
Other Local Taxes	3,500	3,500	3,338	(162)
Charges for Services	1,585,939	1,596,359	1,682,771	86,412
Licenses and Permits	2,100	2,100	2,420	320
Fines and Forfeitures	105,500	105,500	105,881	381
Intergovernmental	1,942,762	1,942,762	2,007,449	64,687
Interest	120,050	120,050	136,060	16,010
Other	281,925	319,225	362,117	42,892
Total Revenues	11,068,915	11,251,635	11,617,730	366,095
<u>Expenditures</u>				
Current:				
General Government				
Legislative and Executive	4,754,453	4,908,798	4,597,592	311,206
Judicial	1,382,289	1,402,099	1,315,171	86,928
Public Safety				
Sheriff	4,281,671	4,273,643	4,260,635	13,008
Other	222,140	246,880	197,933	48,947
Public Works	85,100	94,333	81,392	12,941
Health				
Other	191,702	193,569	187,415	6,154
Human Services				
Other	420,872	418,551	274,057	144,494
Conservation and Recreation	19,500	29,500	29,500	0
Intergovernmental	50,000	50,000	50,000	0
Total Expenditures	11,407,727	11,617,373	10,993,695	623,678
Excess of Revenues Over (Under) Expenditures	(338,812)	(365,738)	624,035	989,773
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	40,000	40,000	44,375	4,375
Transfers In	0	0	10,000	10,000
Transfers Out	(1,045,126)	(886,680)	(652,779)	233,901
Total Other Financing Sources (Uses)	(1,005,126)	(846,680)	(598,404)	248,276
Changes in Fund Balance	(1,343,938)	(1,212,418)	25,631	1,238,049
Fund Balance Beginning of Year	1,544,499	1,544,499	1,544,499	0
Prior Year Encumbrances Appropriated	141,078	141,078	141,078	0
Fund Balance End of Year	\$341,639	\$473,159	\$1,711,208	\$1,238,049

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Other Local Taxes	\$170,000	\$176,297	\$176,297	\$0
Fines and Forfeitures	42,000	45,675	45,685	10
Intergovernmental	4,535,000	4,684,490	4,753,151	68,661
Interest	5,000	5,000	3,180	(1,820)
Other	0	125,826	58,986	(66,840)
Total Revenues	<u>4,752,000</u>	<u>5,037,288</u>	<u>5,037,299</u>	<u>11</u>
<u>Expenditures</u>				
Current:				
Public Works				
Engineer	6,136,351	6,421,951	5,553,282	868,669
Road and Bridge	42,000	53,500	250	53,250
Total Expenditures	<u>6,178,351</u>	<u>6,475,451</u>	<u>5,553,532</u>	<u>921,919</u>
Changes in Fund Balance	(1,426,351)	(1,438,163)	(516,233)	921,930
Fund Balance Beginning of Year	914,529	914,529	914,529	0
Prior Year Encumbrances Appropriated	<u>532,651</u>	<u>532,651</u>	<u>532,651</u>	<u>0</u>
Fund Balance End of Year	<u>\$20,829</u>	<u>\$9,017</u>	<u>\$930,947</u>	<u>\$921,930</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
Job and Family Services Fund
For the Year Ended December 31, 2011

	<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	\$2,418,265	\$2,418,265	\$2,535,474	\$117,209
Other	152,000	152,000	78,166	(73,834)
Total Revenues	2,570,265	2,570,265	2,613,640	43,375
<u>Expenditures</u>				
Current:				
Human Services				
Job and Family Services	2,906,130	2,926,130	2,536,138	389,992
Excess of Revenues Over (Under) Expenditures	(335,865)	(355,865)	77,502	433,367
<u>Other Financing Sources</u>				
Transfers In	335,657	91,657	98,368	6,711
Changes in Fund Balance	(208)	(264,208)	175,870	440,078
Fund Balance Beginning of Year	265,041	265,041	265,041	0
Prior Year Encumbrances Appropriated	208	208	208	0
Fund Balance End of Year	\$265,041	\$1,041	\$441,119	\$440,078

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$652,834	\$677,834	\$677,925	\$91
Intergovernmental	3,743,820	3,743,820	3,719,612	(24,208)
Other	7,362	7,362	33,469	26,107
Total Revenues	4,404,016	4,429,016	4,431,006	1,990
<u>Expenditures</u>				
Current:				
Health				
Alcohol, Drug Addiction, and Mental Health Services	5,146,047	5,172,922	5,140,286	32,636
Changes in Fund Balance	(742,031)	(743,906)	(709,280)	34,626
Fund Balance Beginning of Year	612,189	612,189	612,189	0
Prior Year Encumbrances Appropriated	643,220	643,220	643,220	0
Fund Balance End of Year	<u>\$513,378</u>	<u>\$511,503</u>	<u>\$546,129</u>	<u>\$34,626</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
<u>Revenues</u>				
Property Taxes	\$3,350,643	\$3,350,643	\$3,286,844	(\$63,799)
Payment in Lieu of Taxes	13,405	13,405	13,405	0
Charges for Services	4,500	4,500	91,584	87,084
Intergovernmental	2,569,073	2,699,810	2,725,063	25,253
Interest	0	0	1,445	1,445
Other	186,595	177,595	164,122	(13,473)
Total Revenues	6,124,216	6,245,953	6,282,463	36,510
<u>Expenditures</u>				
Current:				
Health				
Developmental Disabilities	7,464,569	7,612,056	6,705,125	906,931
Changes in Fund Balance	(1,340,353)	(1,366,103)	(422,662)	943,441
Fund Balance Beginning of Year	6,913,997	6,913,997	6,913,997	0
Fund Balance End of Year	<u>\$5,573,644</u>	<u>\$5,547,894</u>	<u>\$6,491,335</u>	<u>\$943,441</u>

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Fund Net Assets
Proprietary Funds
December 31, 2011

	Business-Type Activities			Governmental Activity
	Landfill	Other Enterprise	Total Enterprise	Internal Service
<u>Assets</u>				
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$124,254	\$2,527	\$126,781	\$23,236
Cash and Cash Equivalents in Segregated Accounts	0	11,829	11,829	0
Accounts Receivable	18,615	36,748	55,363	0
Inventory Held for Resale	0	26,802	26,802	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	446,607	0	446,607	0
Total Current Assets	<u>589,476</u>	<u>77,906</u>	<u>667,382</u>	<u>23,236</u>
<u>Non-Current Assets</u>				
Nondepreciable Capital Assets	61,465	57,400	118,865	0
Depreciable Capital Assets, Net	7,741	238,313	246,054	0
Total Non-Current Assets	<u>69,206</u>	<u>295,713</u>	<u>364,919</u>	<u>0</u>
Total Assets	<u>658,682</u>	<u>373,619</u>	<u>1,032,301</u>	<u>23,236</u>
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accrued Wages Payable	0	6,489	6,489	0
Accounts Payable	2,119	4,354	6,473	0
Contracts Payable	19,709	0	19,709	0
Compensated Absences Payable	1,440	4,440	5,880	0
Due to Other Governments	1,303	6,076	7,379	0
Claims Payable	0	0	0	25,918
Postclosure Costs Payable	70,594	0	70,594	0
Total Current Liabilities	<u>95,165</u>	<u>21,359</u>	<u>116,524</u>	<u>25,918</u>
<u>Non-Current Liabilities</u>				
Compensated Absences Payable	2,349	4,046	6,395	0
Postclosure Costs Payable	1,529,989	0	1,529,989	0
Total Non-Current Liabilities	<u>1,532,338</u>	<u>4,046</u>	<u>1,536,384</u>	<u>0</u>
Total Liabilities	<u>1,627,503</u>	<u>25,405</u>	<u>1,652,908</u>	<u>25,918</u>
<u>Net Assets</u>				
Invested in Capital Assets	69,206	295,713	364,919	0
Unrestricted (Deficit)	<u>(1,038,027)</u>	<u>52,501</u>	<u>(985,526)</u>	<u>(2,682)</u>
Total Net Assets (Deficit)	<u>(\$968,821)</u>	<u>\$348,214</u>	<u>(620,607)</u>	<u>(\$2,682)</u>
Net assets reported for business-type activities on the statement of net assets is different because it includes a proportionate share of the net assets of the internal service fund.			<u>(13,215)</u>	
Net Assets of Business-Type Activities:			<u>(\$633,822)</u>	

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011

	Business-Type Activities			Governmental Activity
	Landfill	Other Enterprise	Total Enterprise	Internal Service
<u>Operating Revenues</u>				
Charges for Services	\$247,524	\$77,000	\$324,524	\$584,846
Sale of Recyclables	0	557,607	557,607	0
Other	46	2,175	2,221	0
Total Operating Revenues	<u>247,570</u>	<u>636,782</u>	<u>884,352</u>	<u>584,846</u>
<u>Operating Expenses</u>				
Personal Services	65,082	225,725	290,807	0
Materials and Supplies	877	6,080	6,957	0
Contractual Services	47,253	33,921	81,174	26,976
Claims	0	0	0	598,626
Other	97,475	335,180	432,655	0
Depreciation	3,871	23,121	26,992	0
Total Operating Expenses	<u>214,558</u>	<u>624,027</u>	<u>838,585</u>	<u>625,602</u>
Changes in Net Assets	33,012	12,755	45,767	(40,756)
Net Assets (Deficit) Beginning of Year	<u>(1,001,833)</u>	<u>335,459</u>		<u>38,074</u>
Net Assets (Deficit) End of Year	<u><u>(\$968,821)</u></u>	<u><u>\$348,214</u></u>		<u><u>(\$2,682)</u></u>
The change in net assets reported for business-type activities on the statement of activities is different because it includes a proportionate share of the net loss of the internal service fund.			<u>(5,033)</u>	
Change in Net Assets of Business-Type Activities			<u><u>\$40,734</u></u>	

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Business-Type Activities			Governmental Activity
	Landfill	Other Enterprise	Total Enterprise	Internal Service
Increase (Decrease) in Cash and Cash Equivalents				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$248,756	\$621,247	\$870,003	\$0
Cash Received from Transactions with Other Funds	0	0	0	584,846
Cash Received from Other Revenues	46	2,175	2,221	0
Cash Payments for Personal Services	(62,394)	(219,702)	(282,096)	0
Cash Payments to Suppliers	(864)	(6,077)	(6,941)	0
Cash Payments for Contractual Services	(102,475)	(34,878)	(137,353)	(26,976)
Cash Payments for Claims	0	0	0	(596,657)
Cash Payments for Transactions with Other Funds	(2,271)	(4,403)	(6,674)	0
Cash Payments for Other Expenses	(97,475)	(358,620)	(456,095)	0
Net Cash Used for Operating Activities	(16,677)	(258)	(16,935)	(38,787)
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition of Capital Assets	0	(18,250)	(18,250)	0
Net Decrease in Cash and Cash Equivalents	(16,677)	(18,508)	(35,185)	(38,787)
Cash and Cash Equivalents Beginning of Year	587,538	32,864	620,402	62,023
Cash and Cash Equivalents End of Year	\$570,861	\$14,356	\$585,217	\$23,236
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities</u>				
Operating Income (Loss)	\$33,012	\$12,755	\$45,767	(\$40,756)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities</u>				
Depreciation	3,871	23,121	26,992	0
Changes in Assets and Liabilities				
(Increase) Decrease in Accounts Receivable	1,232	(12,350)	(11,118)	0
Increase in Inventory Held for Resale	0	(2,591)	(2,591)	0
Increase in Accrued Wages Payable	0	648	648	0
Decrease in Accounts Payable	(5,705)	(22,882)	(28,587)	0
Increase in Contracts Payable	19,709	0	19,709	0
Increase in Compensated Absences Payable	411	2,320	2,731	0
Increase (Decrease) in Due to Other Governments	6	(1,279)	(1,273)	0
Increase in Claims Payable	0	0	0	1,969
Decrease in Postclosure Costs Payable	(69,213)	0	(69,213)	0
Total Adjustments	(49,689)	(13,013)	(62,702)	1,969
Net Cash Used for Operating Activities	(\$16,677)	(\$258)	(\$16,935)	(\$38,787)

See Accompanying to the Basic Financial Statements

Ashland County
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2011

Assets

Equity in Pooled Cash and Cash Equivalents	\$2,897,634
Cash and Cash Equivalents in Segregated Accounts	667,983
Other Local Taxes Receivable	8,673
Due from Other Governments	1,935,496
Property Taxes Receivable	46,105,038
Special Assessments Receivable	<u>593,130</u>
 Total Assets	 <u><u>\$52,207,954</u></u>

Liabilities

Due to Other Governments	\$50,467,732
Due to External Party	25
Undistributed Assets	<u>1,740,197</u>
 Total Liabilities	 <u><u>\$52,207,954</u></u>

See Accompanying Notes to the Basic Financial Statements

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.

Discretely Presented Component Unit

The component unit column on the financial statements identifies the financial data of the County's component unit, D-R Services, Inc. It is reported separately to emphasize that it is legally separate from the County. Information about this component unit is presented in Note 21 to the basic financial statements.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 - Reporting Entity (continued)

D-R Services, Inc. - D-R Services, Inc. is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. D-R Services, Inc., under a contractual agreement with the Ashland County Board of Developmental Disabilities (DD), provides sheltered employment for developmentally disabled adults in Ashland County. The Ashland County Board of DD provides D-R Services, Inc. with all expenses and personnel for the operation of D-R Services, Inc. including staff salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of D-R Services, Inc. Based on the significant services and resources provided by the County to D-R Services, Inc. and D-R Services, Inc.'s sole purpose of providing assistance to the developmentally disabled adults of Ashland County, D-R Services, Inc. is presented as a component unit of Ashland County. Exclusion of D-R Services, Inc. from the County's financial statements would result in misleading financial statements for Ashland County. D-R Services, Inc. operates on a fiscal year ended December 31. D-R Services, Inc. does not issue separate financial statements.

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 are 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

The County participates in several jointly governed organizations and insurance pools, and is associated with a related organization. These organizations are presented in Notes 22, 23, and 24 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. (CORSA)
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. The County also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The County does not apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its business-type activities or to its enterprise funds. Following are the more significant of the County's accounting policies.

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

The County's basic financial statements consist of government-wide financial statements, including a statement of net assets 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 assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets 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.

Fund Financial Statements

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

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 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.

Proprietary Funds

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

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. The County did not have any trust funds in 2011. 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 assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

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.

Like the government-wide financial statements, the proprietary 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 assets. The statement of revenues, expenses, and changes in fund net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The statement of cash flows reflects how the County finances and meets the cash flow needs of its proprietary activities.

Note 2 - Summary of Significant Accounting Policies (continued)

D. Basis of Accounting

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

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim at December 31, 2011, but were levied to finance 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.

Expenses/Expenditures

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

Note 2 - Summary of Significant Accounting Policies (continued)

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. Budgetary information for the Commissary special revenue fund and D-R Services, Inc. is not reported because they are not included in the entity for which the “appropriated budget” is adopted. 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.

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”.

Cash and cash equivalents of D-R Services, Inc. are held by the component unit and are recorded as “Cash and Cash Equivalents in Segregated Accounts”.

Note 2 - Summary of Significant Accounting Policies (continued)

During 2011, the County invested in nonnegotiable certificates of deposit, repurchase agreements, federal agency securities, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit and repurchase agreements 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, 2011.

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 2011 was \$144,068, which includes \$130,875 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, 2011, 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.

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 assets but are not reported on the fund financial statements. Capital assets used by the proprietary funds are reported in both the business-type activities column on the government-wide statement of net assets and in the respective funds.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

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 proprietary 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:

	Governmental Activities	Business-Type Activities
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	5-30 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 assets, 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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 accounts “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 proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, 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 capital leases are recognized as liabilities on the governmental fund financial statements when due.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their 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 assets restricted for other purposes primarily include 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.

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).

Note 2 - Summary of Significant Accounting Policies (continued)

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 or by a County official delegated that authority by resolution.

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

The County 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 proprietary funds. For the County, these revenues are charges for services for the landfill and recycling center, as well as charges for internal service fund activities. 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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

At December 31, 2011, the Child Support Enforcement Agency special revenue fund had a deficit fund balance, in the amount of \$216,677. The deficit fund balance resulted 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.

At December 31, 2011, the Landfill enterprise fund had deficit net assets, in the amount of \$968,821. The deficit net assets resulted from the requirement to report future postclosure costs. Management is analyzing the situation to alleviate future deficits.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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.

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	\$101,767	(\$294,151)	\$199,337	\$395,675	(\$370,077)
<u>Increase (Decrease) Due To</u>					
Revenue Accruals					
Accrued 2010, Received in Cash 2011	602,041	317,129	95,451	196,735	168,760
Accrued 2011, Not Yet Received in Cash	(518,293)	(319,388)	(84,876)	(369,330)	(149,107)
Expenditure Accruals					
Accrued 2010, Paid in Cash 2011	(314,100)	(339,819)	(8,443)	(30,206)	(229,010)
Accrued 2011, Not Yet Paid in Cash	352,467	282,903	(25,417)	11,488	168,341
Cash Adjustments					
Unrecorded Activity 2010	116,664	2,658	0	21,108	102,520
Unrecorded Activity 2011	(111,530)	(3,855)	0	(28,618)	(114,231)
Prepaid Items	848	0	0	0	0
Materials and Supplies Inventory	(2,862)	129,298	(182)	0	142
Transfers Out	1,000	0	0	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(202,371)	(291,008)	0	(906,132)	0
Budget Basis	\$25,631	(\$516,233)	\$175,870	(\$709,280)	(\$422,662)

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, \$10,419,732 of the County's bank balance of \$12,721,818 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, 2011

Note 5 - Deposits and Investments (continued)

Investments

As of December 31, 2011, the County had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Repurchase Agreement	\$1,446,627	01/01/12
Federal Farm Credit Bank Notes	501,105	6/27/14
Federal Home Loan Bank Notes	501,695	6/6/14
Federal Home Loan Bank Notes	501,215	6/20/14
Federal Home Loan Bank Notes	500,715	7/11/14
Federal Home Loan Bank Notes	500,800	9/29/14
Federal Home Loan Bank Notes	501,775	12/29/14
Federal Home Loan Mortgage Corporation Notes	500,790	11/3/14
Federal Home Loan Mortgage Corporation Notes	500,570	4/17/15
Federal National Mortgage Association Notes	500,095	10/17/14
Federal National Mortgage Association Notes	500,290	11/21/14
Federal National Mortgage Association Notes	499,620	12/23/14
Federal National Mortgage Association Notes	501,645	5/7/15
STAR Ohio	464,920	57 days
	<u>\$7,921,862</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 in any one investment may be invested beyond twelve months.

The securities underlying the repurchase agreement (Government National Mortgage Association Notes), 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 repurchase agreements be limited to investments in United States treasury securities and federal government agency securities. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement is exposed to custodial credit risk as it is uninsured, unregistered, and held by the counterparty's trust department or agent, but not in the County's name. The County has no investment policy dealing with custodial credit risk beyond the requirements of State statute.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 5 - Deposits and Investments (continued)

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.

	Fair Value	Percentage of Portfolio
Repurchase Agreement	\$1,446,627	18.26%
Federal Farm Credit Bank	501,105	6.33
Federal Home Loan Bank	2,506,200	31.64
Federal Home Loan Mortgage Corporation	1,001,360	12.64
Federal National Mortgage Association	2,001,650	25.27

Note 6 - Receivables

Receivables at December 31, 2011, 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; amounts due from an external party, property taxes; payment in lieu of taxes, and notes. All receivables are considered fully collectible within one year, except for property taxes and notes receivable. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Notes receivable represent low interest loans for development projects granted to eligible County businesses under the Federal Community Development Block Grant program. The notes have an annual interest rate of 3.5 percent and are repaid over periods ranging from seven to ten years. A summary of the changes in notes receivable during 2011 follows:

	Balance December 31, 2010	New Loans	Repayments	Balance December 31, 2011
Special Revenue Fund				
CDBG Revolving Loan	\$23,667	\$0	\$0	\$23,667

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Local Government	\$388,103
Estate Tax	14,624
Public Defender Grant	9,089
Homestead and Rollback	159,832
State of Ohio	2,849
Total General Fund	574,497

(continued)

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 6 - Receivables (continued)

	Amount
Governmental Activities (continued)	
Motor Vehicle and Gasoline Tax	
Gasoline Tax	\$1,168,110
Motor Vehicle License Fees	895,280
Ohio Public Works Commission	1,991
Total Motor Vehicle and Gasoline Tax	2,065,381
Job and Family Services	
Public Assistance Grant	84,876
Alcohol, Drug Addiction, and Mental Health Services	
Medicaid	68,031
State Disbursement	271,647
State Block Grant	28,461
Homestead and Rollback	61,474
Personal Property Phase-out	7,133
Department of Mental Health	1,697
Total Alcohol, Drug Addiction, and Mental Health Services	438,443
Developmental Disabilities	
Title VI-B	51,677
Preschool	13,823
Title XX	38,520
Family Resources/Respite	13,589
Homestead and Rollback	239,295
Personal Property Phase-Out	34,827
State of Ohio	187,367
Total Developmental Disabilities	579,098
Total Major Funds	3,742,295
Nonmajor Funds	
Victims of Crime	
Victims of Crime Grant	3,078
Children Services	
Title IV-E	100,334
PCSA	4,968
Foster Care Reimbursement	42,242
State of Ohio	120
Other	900
CDBG	
CDBG	86,667
Senior Citizens Services	
Homestead and Rollback	36,746
Community Corrections	
Community Corrections Grant	55,273
Total Nonmajor Funds	330,328
Total Governmental Activities	\$4,072,623

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 6 - Receivables (continued)

	<u>Amount</u>
Agency Funds	
Local Government	\$404,096
Library Local Government	572,669
Gasoline Tax	650,836
Motor Vehicle License Fees	286,895
Permissive Motor Vehicle License Tax	9,438
Homestead and Rollback	11,562
Total Agency Funds	<u>\$1,935,496</u>

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.

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 2011 represent the collection of 2010 taxes. Real property taxes received in 2011 were levied after October 1, 2010, on the assessed values as of January 1, 2010, 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 2011 represent the collection of 2010 taxes. Public utility real and tangible personal property taxes received in 2011 became a lien on December 31, 2009, were levied after October 1, 2010, 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.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 8 - Property Taxes (continued)

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 and public utility property taxes which were measurable as of December 31, 2011, and for which there was an enforceable legal claim. In the governmental funds, the entire receivable has been deferred since current taxes were not levied to finance 2011 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while the remainder has been deferred.

The full tax rate for all County operations for the year ended December 31, 2011, was \$9.40 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2011 property tax receipts were based are as follows:

Real Property	
Residential	\$693,814,570
Agriculture	99,517,490
Commercial/Industrial/Mineral	145,431,080
Public Utility Property	
Real	386,410
Personal	58,971,990
Total Assessed Value	<u>\$998,121,540</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, 2011

Note 10 - Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$820,937	\$0	\$0	\$820,937
Construction in Progress	79,981	0	0	79,981
Total Nondepreciable Capital Assets	<u>900,918</u>	<u>0</u>	<u>0</u>	<u>900,918</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	0	0	1,131,613
Roads	45,910,442	875,210	0	46,785,652
Bridges	13,414,019	0	0	13,414,019
Equipment	3,281,440	59,547	0	3,340,987
Vehicles	2,833,548	138,603	(17,967)	2,954,184
Total Depreciable Capital Assets	<u>87,740,647</u>	<u>1,073,360</u>	<u>(17,967)</u>	<u>88,796,040</u>
Less Accumulated Depreciation for				
Land Improvements	(53,737)	(11,100)	0	(64,837)
Buildings	(6,766,577)	(450,305)	0	(7,216,882)
Building Improvements	(865,534)	(35,112)	0	(900,646)
Roads	(27,226,096)	(1,561,412)	0	(28,787,508)
Bridges	(7,534,555)	(268,280)	0	(7,802,835)
Equipment	(1,775,435)	(120,926)	0	(1,896,361)
Vehicles	(1,895,633)	(169,180)	17,967	(2,046,846)
Total Accumulated Depreciation	<u>(46,117,567)</u>	<u>(2,616,315)</u>	<u>17,967</u>	<u>(48,715,915)</u>
Total Depreciable Capital Assets, Net	<u>41,623,080</u>	<u>(1,542,955)</u>	<u>0</u>	<u>40,080,125</u>
Governmental Activities Capital Assets, Net	<u>\$42,523,998</u>	<u>(\$1,542,955)</u>	<u>\$0</u>	<u>\$40,981,043</u>
	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011
Business-Type Activities				
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	409,341	18,250	0	427,591
Vehicles	141,557	0	0	141,557
Total Depreciable Capital Assets	<u>850,480</u>	<u>18,250</u>	<u>0</u>	<u>868,730</u>

(continued)

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 10 - Capital Assets (continued)

	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011
Business-Type Activities (continued)				
Less Accumulated Depreciation for				
Land Improvements	(\$47,404)	(\$835)	\$0	(\$48,239)
Buildings	(83,502)	(4,175)	0	(87,677)
Equipment	(365,623)	(11,626)	0	(377,249)
Vehicles	(99,155)	(10,356)	0	(109,511)
Total Accumulated Depreciation	<u>(595,684)</u>	<u>(26,992)</u>	<u>0</u>	<u>(622,676)</u>
 Total Depreciable Capital Assets, Net	 <u>254,796</u>	 <u>(8,742)</u>	 <u>0</u>	 <u>246,054</u>
 Business-Type Activities Capital Assets, Net	 <u>\$373,661</u>	 <u>(\$8,742)</u>	 <u>\$0</u>	 <u>\$364,919</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government	
Legislative and Executive	\$124,251
Judicial	6,433
Public Safety	
Sheriff	307,625
Public Works	2,006,627
Health	
Alcohol, Drug Addiction, and Mental Health Services	9,063
Developmental Disabilities	98,923
Other	1,219
Human Services	
Job and Family Services	34,371
Other	6,954
Conservation and Recreation	20,849
Total Depreciation Expense - Governmental Activities	<u><u>\$2,616,315</u></u>

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Funds	
Recycling	\$23,121

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 11 - Interfund Receivables/Payables

Interfund balances at December 31, 2011, consisted of the following receivables and payables:

Due to Job and Family Services Fund from:	
Other Governmental Funds	\$140,605
Due to Other Governmental Funds from:	
General Fund	\$6,296

The amount due to the Job and Family Services Fund was for services provided to other governmental funds. This amount is 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.

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 2011, 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	79,964,758
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 2010, and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 12 - Risk Management (continued)

For 2011, 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.

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.

The County offers prescription drug benefits to all employees through a self-insured program. All funds of the County, except the Board of Developmental Disabilities, participate in the program and make payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims. Settled claims have not exceeded this coverage for the past three years. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at December 31, 2011, was estimated by the third party administrator at \$25,918.

The changes in the claims liability for 2011 and 2010 were:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2011	\$23,949	\$598,626	\$596,657	\$25,918
2010	356,703	577,201	909,955	23,949

Employees of the Board of Developmental Disabilities receive prescription drug coverage provided by commercial insurance providers. Employees participate in the payment of premiums for this coverage.

Note 13 - 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.

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 and 12 percent for public safety and law enforcement members. For the year ended December 31, 2011, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11 percent and 11.6 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 2011, member and employer contribution rates were consistent across all three plans.

The County's 2011 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 the traditional plan was 4 percent for 2011. The portion of the employer contribution allocated to health care for members in the combined plan was 6.05 percent for 2011. 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, 2011, 2010, and 2009 was \$1,297,094, \$1,152,413, and \$1,088,215, respectively. For 2011, 87 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the member-directed plan for 2011 were \$15,532 made by the County and \$11,094 made by the plan members.

Note 13 - Defined Benefit Pension Plans (continued)

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.

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 an allowance based on member contributions and earned interest matched by STRS Ohio funds multiplied 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 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. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP. 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.

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contribution for pension obligations to the DBP for the years ended December 31, 2011, 2010, and 2009 were \$105,369, \$102,238, and \$106,889, respectively; 100 percent has been contributed for all three years.

Note 14 - 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.

Note 14 - Postemployment Benefits (continued)

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.

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 2011, 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 the traditional plan was 4 percent for 2011. The portion of the employer contribution allocated to health care for members in the combined plan was 6.05 percent for 2011.

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, 2011, 2010, and 2009 was \$495,487, \$626,682, and \$752,703, respectively. For 2011, 87 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS retirement board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for public safety and law enforcement employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Note 14 - Postemployment Benefits (continued)

B. State Teachers Retirement System of Ohio

Plan Description - For certified teachers employed by the school for Developmental Disabilities, the County contributes to 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.

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 fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contribution for health care for years ended December 31, 2011, 2010, and 2009 was \$8,105, \$7,864, and \$8,222, respectively; 100 percent has been contributed for all three years.

Note 15 - 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. The County provides prescription drug benefits to most employees through a self-insured program.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 16 - Long-Term Obligations

The County's long-term obligations activity for the year ended December 31, 2011, was as follows:

	Interest Rate	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
1991 Job and Family Services (Original Amount \$1,500,000)	5.0%	\$130,000	\$0	\$130,000	\$0	\$0
2001 County Jail (Original Amount \$5,100,000)	4.75	2,490,000	0	2,490,000	0	0
2011 County Jail (Original Amount \$2,265,000)	1.0-3.0	0	2,265,000	0	2,265,000	330,000
Total General Obligation Bonds		<u>2,620,000</u>	<u>2,265,000</u>	<u>2,620,000</u>	<u>2,265,000</u>	<u>330,000</u>
Other Long-Term Obligations						
Capital Leases		118,417	0	37,973	80,444	39,453
Compensated Absences		1,153,516	204,394	258,007	1,099,903	343,922
Total Governmental Activities		<u>\$3,891,933</u>	<u>\$2,469,394</u>	<u>\$2,915,980</u>	<u>\$3,445,347</u>	<u>\$713,375</u>
<u>Business-Type Activities</u>						
Compensated Absences Payable		\$9,544	\$2,731	\$0	\$12,275	\$5,880
Closure/Postclosure Costs Payable		<u>1,669,796</u>	<u>0</u>	<u>69,213</u>	<u>1,600,583</u>	<u>70,594</u>
Total Business-Type Activities		<u>\$1,679,340</u>	<u>\$2,731</u>	<u>\$69,213</u>	<u>\$1,612,858</u>	<u>\$76,474</u>

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.

Capital lease obligations will be paid from the fund that maintains custody of the related assets.

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; 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, 2011

Note 16 - 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
2012	\$330,000	\$44,500
2013	335,000	40,673
2014	340,000	35,520
2015	345,000	28,750
2016	355,000	20,517
2017-2018	560,000	14,040
	\$2,265,000	\$184,000

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1 percent of the total assessed valuation of the County. The Revised Code further provides that total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000. The effect of the debt limitations at December 31, 2011, was an overall debt margin of \$23,913,376 and a unvoted debt margin of \$10,441,552.

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

	Date of Issue	Amount of Issue	Amount Outstanding December 31, 2011
Good Shepherd Home for the Aged Project	1/21/99	\$3,960,000	\$2,995,000
Good Shepherd Home-Assisted Living Facilities	11/15/99	4,750,000	4,025,000
Bretheran Care, Inc.	1/1/05	16,160,000	12,910,000
Hospice of North Central Ohio	9/1/06	5,800,000	4,317,718
		\$30,670,000	\$24,247,718

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.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 17 - Capital Leases - Lessee Disclosure

The County has entered into a capitalized lease for equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Principal payments in 2011 were \$37,973 for the governmental funds.

	Governmental Activities
Equipment	\$253,521
Less Accumulated Depreciation	(50,704)
Carrying Value, December 31, 2011	\$202,817

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2011.

Year	Governmental Activities	
	Principal	Interest
2012	\$39,453	\$3,137
2013	40,991	1,598
Total	\$80,444	\$4,735

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 \$1,600,583 reported as the landfill postclosure liability at December 31, 2011, 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, 2011, liability decreased from the prior year by \$69,213.

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.

Note 19 - Interfund Transfers

During 2011, the General Fund made transfers to the Job and Family Services special revenue fund, in the amount of \$98,368, and to other governmental funds, in the amount of \$555,411, to subsidize operations in those funds. Other governmental funds made transfers to the General Fund, in the amount of \$10,000, due to a judicial order, and to other governmental funds, in the amount of \$5,704, to subsidize activities in those funds.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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	\$69,967	\$0	\$0	\$0
Materials and Supplies Inventory	34,975	504,695	14,937	0
Unclaimed Monies	105,790	0	0	0
Total Nonspendable	210,732	504,695	14,937	0
Restricted for:				
Alcohol, Drug Addiction, and Mental Health Services Operations	0	0	0	1,838,721
Job and Family Services Operations	0	0	551,412	0
Road and Bridge Repair/ Improvement	0	1,262,295	0	0
Sheriff Operations	6,031	0	0	0
Total Restricted	6,031	1,262,295	551,412	1,838,721
Committed to:				
Bi/Tri Centennial	2,055	0	0	0
Total Committed	2,055	0	0	0
Assigned for:				
Document Recording	15,439	0	0	0
Sheriff Operations	7,728	0	0	0
Vehicle Titling	12,793	0	0	0
Unpaid Obligations	1,683,861	0	0	0
Total Assigned	1,719,821	0	0	0
Unassigned (Deficit)	357,238	0	0	0
Total Fund Balance	\$2,295,877	\$1,766,990	\$566,349	\$1,838,721

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 20 - Fund Balance (continued)

Fund Balance	Developmental Disabilities	Other Governmental Funds
Nonspendable for:		
Materials and Supplies Inventory	\$13,159	\$2,056
Restricted for:		
Child Support Enforcement	0	8,743
Court Operations	0	879,206
Crime Victims Assistance	0	13,442
Debt Retirement	0	460,337
Delinquent Tax Collections	0	215,994
Developmental Disabilities Operations	6,586,332	0
Dog and Kennel Operations	0	34,776
Economic Development	0	149,498
Emergency Management Agency	0	124,277
Job and Family Services Operations	0	308,691
Real Estate Assessments	0	1,079,526
Senior Citizens	0	17,115
Sheriff Operations	0	800,165
Total Restricted	6,586,332	4,091,770
Committed to:		
Road and Bridge Repair/ Improvement	0	2,582
Student Scholarships	0	13,420
Total Committed	0	16,002
Unassigned (Deficit)	0	(216,677)
Total Fund Balance	\$6,599,491	\$3,893,151

Note 21 - D-R Services, Inc.

A. Summary of Significant Accounting Policies

Reporting Entity

D-R Services, Inc. utilizes the governmental model for accounting and financial reporting as established by NCGA Statement 1, "Governmental Accounting and Financial Reporting Principles", as modified by subsequent NCGA and GASB pronouncements.

Note 21 - D-R Services, Inc. (continued)

Basis of Presentation

D-R Services, Inc. is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net assets. D-R Services, Inc. uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

Materials and Supplies Inventory

Inventory is presented at cost on a first-in, first-out basis and is expensed when used. Inventory consists of expendable supplies held for consumption.

Capital Assets

Equipment and vehicles are recorded at cost. Donated equipment is recorded at fair market value on the date donated. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Asset Category	Estimated Lives
Equipment	5-12 years
Vehicles	5-10 years

B. Capital Assets

A summary of capital assets at December 31, 2011, follows:

Equipment	\$299,640
Vehicles	26,787
	326,428
Less Accumulated Depreciation	(287,868)
Net Capital Assets	\$38,559

Note 22 - 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 their representation on the governing board. Erie County serves as the fiscal agent.

Note 22 - Jointly Governed Organizations (continued)

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 2011, the County contributed \$50,101 to the Council. Financial information can be obtained from the Ashland Area Council for Economic Development, 206 Claremont Avenue, Ashland, Ohio 44805.

Note 23 - Insurance Pools

A. County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA), is a jointly governed organization among sixty-one 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.

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.

Note 23 - Insurance Pools (continued)

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 24 - 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 2011, this allocation was \$10,000.

Note 25 - Related Party Transactions

During 2011, Ashland County provided facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs to D-R Services, Inc. D-R Services, Inc., a discretely presented component unit of Ashland County, reported \$27,204 for such contributions. D-R Services, Inc. recorded operating revenues and expenses at cost or fair market value, as applicable, to the extent the contribution was related to the vocational purpose of D-R Services, Inc. Additional habilitative services provided directly to D-R Services, Inc. clients by the County was \$2,573,484.

Note 26 - Contingent Liabilities

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These 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 Commissioners believe such disallowances, if any, will be immaterial.

Several claims and lawsuits are pending against the County. In the opinion of the Prosecuting Attorney, any potential claims or liabilities from these lawsuits would not have a material adverse effect on the financial statements.

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SUPPLEMENTARY DATA

ASHLAND COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A),(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Nutrition Grant Cluster:			
(D) (K) (N) School Breakfast Program	10.553	2011	\$ 14,692
(D) (K) (N) National School Lunch Program	10.555	2011	26,729
Total Nutrition Grant Cluster			41,421
PASSED THROUGH THE OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1011-1-5006 / G-1213-11-0006	208,460
Total U.S. Department of Agriculture			249,881
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH THE OHIO DEPARTMENT OF DEVELOPMENT OFFICE OF HOUSING AND COMMUNITY PARTNERSHIP			
Community Development Block Grants/State's Program	14.228	B-C-09-003-01	74,756
(L) Community Development Block Grants/State's Program	14.228	BF-09-1AC-1	35,354
(L) Community Development Block Grants/State's Program	14.228	BF-10-1AC-1	20,200
Total Community Development Block Grants/State's Programs			130,310
(M) Home Investment Partnerships Program	14.239	B-C-09-003-02	113,682
Total U.S. Department of Housing and Urban Development			243,992
U.S. DEPARTMENT OF JUSTICE PASSED THROUGH THE N/A			
Bulletproof Vest Partnership Program	16.607	N/A	2,480

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ASHLAND COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A),(B) CASH FEDERAL DISBURSEMENTS
PASSED THROUGH THE OHIO ATTORNEY GENERAL'S OFFICE:			
Crime Victim Assistance	16.575	2011VAGENE306	\$ 20,138
Crime Victim Assistance	16.575	2012VAGENE306	7,340
Total Crime Victim Assistance			<u>27,478</u>
Total U.S. Department of Justice			<u>29,958</u>
U.S. DEPARTMENT OF LABOR PASSED THROUGH THE OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES AND AREA 7 WORKFORCE INVESTMENT BOARD			
Workforce Investment Act (WIA) Cluster:			
(E) (K) WIA Adult Program	17.258	N/A	<u>77,241</u>
(E) (K) WIA Youth Activities	17.259	N/A	<u>182,761</u>
(E) (K) WIA Dislocated Workers	17.260	N/A	158,742
(E) (K) WIA Dislocated Workers - Dislocated Workers Administrator	17.260	N/A	2,314
(E) (K) ARRA - WIA Dislocated Workers	17.260	N/A	39,309
Total Workforce Investment Act - Dislocated Workers			<u>200,365</u>
Total U.S. Department of Labor and Workforce Investment Act (WIA) Cluster			<u>460,367</u>
U.S. DEPARTMENT OF TRANSPORTATION PASSED THROUGH THE OHIO DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction	20.205	87901	279,375
Highway Planning and Construction	20.205	89455	10,897
Total Highway Planning and Construction			<u>290,272</u>
Total U.S. Department of Transportation			<u>290,272</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Special Education Cluster:			
(F) (K) Special Education_Grants to States	84.027	2011	<u>16,505</u>
(F) (K) Special Education_Preschool Grants	84.173	2011	<u>4,560</u>
(F) (K) ARRA - Special Education_Grants to States, Recovery Act	84.391	2011	<u>11,727</u>
Total Special Education Cluster			<u>32,792</u>
PASSED THROUGH THE OHIO DEPARTMENT OF REHABILITATIONS SERVICES COMMISSION			
(K) Rehabilitation_Services_Vocational Rehabilitation Grants to States	84.126	N/A	<u>32,616</u>

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ASHLAND COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A),(B) CASH FEDERAL DISBURSEMENTS
PASSED THROUGH THE OHIO DEPARTMENT OF HEALTH:			
(K) Special Education-Grants for Infants and Families:	84.181	N/A	\$ 61,463
(K) ARRA - Special Education-Grants for Infants and Families, Recovery Act	84.181	N/A	13,243
Total Special Education-Grants for Infants and Families			<u>74,706</u>
Total U.S. Department of Education			<u>140,114</u>
U.S. ELECTION ASSISTANCE COMMISSION PASSED THROUGH THE OHIO SECRETARY OF STATE			
(K) Help America Vote Act Requirements Payment:	90.401	N/A	1,867
Total U.S. Election Assistance Commission			<u>1,867</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES			
Promoting Safe and Stable Families:	93.556	G-1011-1-5006 / G-1213-11-0006	11,284
Temporary Assistance for Needy Families:	93.558	G-1011-1-5006 / G-1213-11-0006	969,933
Child Support Enforcement	93.563	G-1011-1-5006 / G-1213-11-0006	307,548
Child Care and Development Cluster:			
(I) Child Care and Development Block Grant	93.575	G-1011-1-5006 / G-1213-11-0006	11,733
(I) Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G-1011-1-5006 / G-1213-11-0006	3,112
(G) (I) (K) Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	18,940
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund			<u>22,052</u>
Total Child Care and Development Cluster:			<u>33,785</u>
Community-Based Child Abuse Prevention Grant:	93.590	G-1011-1-5006 / G-1213-11-0006	1,987
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1011-1-5006 / G-1213-11-0006	40,495
Foster Care_Title IV-E	93.658	G-1011-1-5006 / G-1213-11-0006	432,858
Adoption Assistance	93.659	G-1011-1-5006 / G-1213-11-0006	62,158
Social Services Block Grant	93.667	G-1011-1-5006 / G-1213-11-0006	376,798
(G) (K) Social Services Block Grant	93.667	N/A	30,322
(H) (K) Social Services Block Grant	93.667	N/A	42,133
Total Social Services Block Grant			<u>449,253</u>
Medical Assistance Program	93.778	G-1011-1-5006 / G-1213-11-0006	220,726
(G) (K) Medical Assistance Program	93.778	N/A	1,033,190
(J) (K) Medical Assistance Program	93.778	N/A	87,933
(H) (K) (O) Medical Assistance Program	93.778	N/A	19,628
(G) (K) ARRA - Medical Assistance Program	93.778	N/A	56,423
(J) (K) ARRA - Medical Assistance Program	93.778	N/A	4,052
(H) (K) ARRA - Medical Assistance Program	93.778	N/A	31,707
Total Medical Assistance Program			<u>1,453,659</u>

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ASHLAND COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A),(B) CASH FEDERAL DISBURSEMENTS
PASSED THROUGH THE OHIO DEPARTMENT OF HEALTH			
Public Health Emergency Preparedness	93.069	310012PH0211	\$ 112,395
Public Health Emergency Preparedness	93.069	310012PH0312	20,760
Total Public Health Emergency Preparedness			<u>133,155</u>
PASSED THROUGH THE OHIO SECRETARY OF STATE			
(K) Voting Access for Individuals with Disabilities_Grants to State	93.617	N/A	<u>309</u>
PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL HEALTH			
(K) Block Grants for Community Mental Health Services	93.958	N/A	<u>31,347</u>
PASSED THROUGH THE OHIO DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES			
(K) Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	N/A	<u>41,481</u>
(K) Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	<u>206,098</u>
Total U.S. Department of Health and Human Services			<u>4,175,350</u>
U.S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH THE OHIO EMERGENCY MANAGEMENT AGENCY			
Emergency Management Performance Grant	97.042	EMW-2011-EP-00003-S01	<u>25,313</u>
Homeland Security Grant Program	97.067	2008-GE-T8-0025	48,215
Homeland Security Grant Program	97.067	2009-SS-T9-0089	47,038
Total Homeland Security Grant Program			<u>95,253</u>
Total U.S. Department of Homeland Security			<u>120,566</u>
Total Federal Financial Assistance			<u>\$ 5,712,367</u>

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**ASHLAND COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Notes to the Schedule of Expenditures of Federal Awards:

- (A) This schedule was prepared on the cash basis of accounting.
- (B) Certain federal programs require that the County contribute non-federal funds (matching funds) to support the federally funded programs. The County has complied with the matching requirements. The expenditure of non-federal matching funds are not included on the schedule.
- (C) Not used in schedule.
- (D) Included as part of the "Nutrition Grant Cluster" in determining major programs.
- (E) Included as part of the "Workforce Investment Act (WIA) Cluster" in determining major programs.
- (F) Included as part of the "Special Education Cluster" in determining major programs.
- (G) This portion of the program was passed through the Ohio Department of Mental Health.
- (H) This portion of the program was passed through the Ohio Department of Developmental Disabilities.
- (I) Included as part of the "Child Care and Development Cluster" in determining major programs.
- (J) The portion of the program was passed through the Ohio Department of Alcohol and Drug Addiction Services.
- (K) Pass-through numbers were unable to be obtained for these grants.
- (L) The County has established a revolving loan program to provide low-interest loans to businesses that are creating jobs and meet the other program requirements. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Expenditures of Federal Awards (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule. At December 31, 2011, the County had \$23,667 in loans outstanding under this program. The County did not issue any loans during the year ended December 31, 2011 and had no loans repaid.
- Cash balance on hand as of 12/31/11: \$33,848
Delinquent amounts due as of 12/31/11: \$2,804
- (M) The County has established a revolving loan program to provide low-interest loans to County citizens for housing activities that meet program requirements. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Expenditures of Federal Awards (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule. At December 31, 2011, the County had no loans outstanding under this program. The County did not issue any loans during the year ended December 31, 2011.
- Cash balance on hand as of 12/31/11: \$38,470
Delinquent amounts due as of 12/31/11: \$0
- (N) Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.
- (O) During the calendar year, the County received a deferred payment from the Ohio Department of Developmental Disabilities (DODD) for the Medicaid program (CFDA #93.778) in the amount of \$25,891. The deferred payment was for Medicaid Administrative Claiming (MAC) and Waiver Administrative Claiming (WAC) expenses the County incurred in prior reporting periods due to an increase of federal funding received by DODD to reimburse these expenses and also due to changes in the County's Medicaid Eligibility Rate (MER) for certain activity codes within MAC/WAC. This revenue is not listed on the County's Schedule of Federal Awards since the underlying expenses occurred in prior reporting periods.



Julian & Grube, Inc.
Serving Ohio Local Governments

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**Independent Accountants' Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Required by *Government Auditing Standards***

Ashland County
142 West 2nd Street
Ashland, Ohio 44805

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component unit and remaining fund information of Ashland County, Ohio as of and for the year ended December 31, 2011, which collectively comprise Ashland County's basic financial statements and have issued our report thereon dated July 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ashland County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of Ashland County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of Ashland County's internal control over financial reporting.

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 deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether Ashland 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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to Ashland County's management in a separate letter dated July 25, 2012.

Board of Commissioners
Ashland County

We intend this report solely for the information and use of the Commissioners and management of Ashland County, federal awarding agencies and pass-through entities and others within Ashland County. We intend it for no one other than these specified parties.

Julian, & Grube, Inc.

Julian & Grube, Inc.
July 25, 2012



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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' 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 2nd Street
Ashland, Ohio 44805

To the Board of Commissioners:

Compliance

We have audited the compliance of Ashland County, Ohio with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect Ashland County's major federal programs for the year ended December 31, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies Ashland County's major federal programs. Ashland County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on Ashland County's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to 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 that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about Ashland County's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Ashland County's compliance with these requirements.

In our opinion, Ashland County complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Ashland County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Ashland County's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of Ashland County's internal control over compliance.

Board of Commissioners
Ashland County

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 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 compliance requirement will not be prevented, or timely detected and corrected.

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

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



Julian & Grube, Inc.
July 25, 2012

ASHLAND COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Temporary Assistance for Needy Families, CFDA # 93.558; Foster Case_Title IV-E, CFDA #93.658; Social Services Block Grant, CFDA #93.667
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

ASHLAND COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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
AUGUST 28, 2012