



**FINANCIAL CONDITION
ASHLAND COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

ASHLAND COUNTY
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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the County Commissioners:

We have audited the accompanying general purpose financial statements of Ashland County, Ohio, (the County) as of and for the year ended December 31, 2000, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Ashland County as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types and discretely presented component unit for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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 general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2001, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

July 20, 2001

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Ashland County, Ohio
 Combined Balance Sheet
 All Fund Types, Account Groups,
 and Discretely Presented Component Unit
 December 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,488,567	\$7,143,326	\$168,766	\$7,811,398
Cash and Cash Equivalents in Segregated Accounts	2,135	179,807	0	0
Receivables:				
Property Taxes	1,873,095	1,878,908	0	0
Permissive Sales Taxes	294,858	0	0	73,697
Other Local Taxes	0	0	0	0
Accounts (net, where applicable of allowance for uncollectibles)	13,240	34,688	0	0
Special Assessments	0	0	0	0
Interfund	16,587	0	0	0
Accrued Interest	209,529	9,556	0	0
Due from Other Funds	0	75,133	11,789	0
Due from Other Governments	145,901	872,326	0	0
Materials and Supplies Inventory	29,106	555,280	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	52,736	18,314	0	0
Restricted Assets:				
Cash and Cash Equivalents with Escrow Agents	0	0	0	529,122
Advances to Other Funds	53,992	0	0	0
Fixed Assets, (net, where applicable of accumulated depreciation)	0	0	0	0
<u>Other Debits</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Governmental Resources	0	0	0	0
Total Assets and Other Debits	<u>\$8,179,746</u>	<u>\$10,767,338</u>	<u>\$180,555</u>	<u>\$8,414,217</u>

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	Component Unit	Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	Primary Government		Reporting Entity
\$1,903,006	\$1,028,812	\$1,821,470	\$0	\$0	\$25,365,345	\$0	\$25,365,345
6,365	0	196,735	0	0	385,042	71,933	456,975
0	0	33,687,012	0	0	37,439,015	0	37,439,015
0	0	0	0	0	368,555	0	368,555
0	0	8,001	0	0	8,001	0	8,001
24,867	0	5,637,348	0	0	5,710,143	9,361	5,719,504
0	0	304,512	0	0	304,512	0	304,512
0	0	0	0	0	16,587	0	16,587
9,226	0	0	0	0	228,311	0	228,311
0	0	18,593	0	0	105,515	0	105,515
10,751	0	343,039	0	0	1,372,017	0	1,372,017
4,137	0	0	0	0	588,523	5,717	594,240
14,921	0	0	0	0	14,921	0	14,921
0	0	0	0	0	71,050	0	71,050
0	0	0	0	0	529,122	0	529,122
0	0	0	0	0	53,992	0	53,992
1,492,895	0	0	27,753,932	0	29,246,827	87,127	29,333,954
0	0	0	0	180,555	180,555	0	180,555
0	0	0	0	14,681,921	14,681,921	0	14,681,921
<u>\$3,466,168</u>	<u>\$1,028,812</u>	<u>\$42,016,710</u>	<u>\$27,753,932</u>	<u>\$14,862,476</u>	<u>\$116,669,954</u>	<u>\$174,138</u>	<u>\$116,844,092</u>

(continued)

Ashland County, Ohio
 Combined Balance Sheet
 All Fund Types, Account Groups,
 and Discretely Presented Component Unit
 December 31, 2000
 (continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity, and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$115,335	\$474,421	\$0	\$41,189
Contracts Payable	0	187,952	0	92,329
Accrued Wages Payable	15,288	67,063	0	0
Compensated Absences Payable	13,748	14,348	0	0
Retainage Payable	0	11,058	0	310
Interfund Payable	0	16,587	0	0
Due to Other Funds	0	29,491	0	0
Due to Other Governments	263,325	211,740	0	0
Deferred Revenue	1,873,095	1,924,955	0	0
Undistributed Assets	0	0	0	0
Claims Payable	0	0	0	0
Notes Payable	0	0	0	0
Payable from Restricted Assets:				
Retainage Payable	0	0	0	529,122
Advances from Other Funds	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Closure/Post Closure Liability	0	0	0	0
Total Liabilities	2,280,791	2,937,615	0	662,950
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings	0	0	0	0
Contributed Capital	0	0	0	0
Fund Balance:				
Reserved for Inventory	29,106	555,280	0	0
Reserved for Advances	53,992	0	0	0
Reserved for Unclaimed Monies	34,811	0	0	0
Reserved for Encumbrances	48,403	733,536	0	29,115
Unreserved	5,732,643	6,540,907	180,555	7,722,152
Total Fund Equity and Other Credits	5,898,955	7,829,723	180,555	7,751,267
Total Liabilities, Fund Equity, and Other Credits	\$8,179,746	\$10,767,338	\$180,555	\$8,414,217

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

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	Component Unit	Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	Primary Government		Reporting Entity
\$70,417	\$0	\$0	\$0	\$0	\$701,362	\$55,000	\$756,362
0	0	0	0	0	280,281	0	280,281
18,247	0	0	0	0	100,598	0	100,598
24,481	0	0	0	733,083	785,660	0	785,660
0	0	0	0	0	11,368	0	11,368
0	0	0	0	0	16,587	0	16,587
0	405	75,619	0	0	105,515	0	105,515
143,121	0	33,993,212	0	181,490	34,792,888	2,492	34,795,380
0	0	0	0	0	3,798,050	0	3,798,050
0	0	7,947,879	0	0	7,947,879	0	7,947,879
0	341,293	0	0	0	341,293	0	341,293
0	0	0	0	12,200,000	12,200,000	14,634	12,214,634
0	0	0	0	0	529,122	0	529,122
53,992	0	0	0	0	53,992	0	53,992
0	0	0	0	1,705,000	1,705,000	0	1,705,000
0	0	0	0	42,903	42,903	0	42,903
1,722,165	0	0	0	0	1,722,165	0	1,722,165
<u>2,032,423</u>	<u>341,698</u>	<u>42,016,710</u>	<u>0</u>	<u>14,862,476</u>	<u>65,134,663</u>	<u>72,126</u>	<u>65,206,789</u>
0	0	0	27,753,932	0	27,753,932	0	27,753,932
471,681	687,114	0	0	0	1,158,795	102,012	1,260,807
962,064	0	0	0	0	962,064	0	962,064
0	0	0	0	0	584,386	0	584,386
0	0	0	0	0	53,992	0	53,992
0	0	0	0	0	34,811	0	34,811
0	0	0	0	0	811,054	0	811,054
0	0	0	0	0	20,176,257	0	20,176,257
<u>1,433,745</u>	<u>687,114</u>	<u>0</u>	<u>27,753,932</u>	<u>0</u>	<u>51,535,291</u>	<u>102,012</u>	<u>51,637,303</u>
<u>\$3,466,168</u>	<u>\$1,028,812</u>	<u>\$42,016,710</u>	<u>\$27,753,932</u>	<u>\$14,862,476</u>	<u>\$116,669,954</u>	<u>\$174,138</u>	<u>\$116,844,092</u>

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Ashland County, Ohio
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Governmental Fund Types
 For the Year Ended December 31, 2000

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Revenues</u>					
Property Taxes	\$1,801,905	\$1,812,312	\$0	\$0	\$3,614,217
Permissive Sales Taxes	3,958,169	0	0	985,855	4,944,024
Other Local Taxes	3,580	156,806	0	0	160,386
Charges for Services	1,348,624	5,799,807	0	0	7,148,431
Licenses and Permits	5,824	125,704	0	0	131,528
Fines and Forfeitures	113,829	57,755	0	0	171,584
Intergovernmental	1,765,636	11,796,825	0	1,655,464	15,217,925
Special Assessments	0	222,675	0	0	222,675
Interest	1,036,673	120,428	0	627,087	1,784,188
Rent	0	0	141,474	0	141,474
Other	313,276	457,363	0	2,799	773,438
Total Revenues	10,347,516	20,549,675	141,474	3,271,205	34,309,870
<u>Expenditures</u>					
Current:					
General Government:					
Legislative and Executive	3,017,885	410,529	0	0	3,428,414
Judicial	1,241,925	5,384,419	0	0	6,626,344
Public Safety	3,194,954	515,108	0	0	3,710,062
Public Works	105,259	3,809,079	0	0	3,914,338
Health	105,868	6,264,344	0	0	6,370,212
Human Services	294,878	4,358,396	0	0	4,653,274
Conservation and Recreation	30,600	0	0	0	30,600
Other	246,752	0	0	0	246,752
Capital Outlay	0	0	0	5,283,107	5,283,107
Intergovernmental	295,731	211,364	0	0	507,095
Debt Service:					
Principal Retirement	11,275	2,959	135,000	0	149,234
Interest and Fiscal Charges	3,028	291	110,507	483,624	597,450
Total Expenditures	8,548,155	20,956,489	245,507	5,766,731	35,516,882
Excess of Revenues Over (Under) Expenditures	1,799,361	(406,814)	(104,033)	(2,495,526)	(1,207,012)
<u>Other Financing Sources (Uses)</u>					
Inception of Capital Lease	0	13,805	0	0	13,805
Sale of Fixed Assets	2,256	10,363	0	0	12,619
Proceeds of Notes	0	0	0	12,200,000	12,200,000
Operating Transfers - In	196,902	657,412	104,802	0	959,116
Operating Transfers - Out	(827,929)	(348,132)	0	0	(1,176,061)
Total Other Financing Sources (Uses)	(628,771)	333,448	104,802	12,200,000	12,009,479
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,170,590	(73,366)	769	9,704,474	10,802,467
Fund Balances (Deficit) at Beginning of Year - Restated (Note 3)	4,722,820	7,716,006	179,786	(1,953,207)	10,665,405
Increase in Reserve for Inventory	5,545	187,083	0	0	192,628
Fund Balances at End of Year	\$5,898,955	\$7,829,723	\$180,555	\$7,751,267	\$21,660,500

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

Ashland County, Ohio
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Budget (Non-GAAP Budgetary Basis) and Actual
 All Governmental Fund Types
 For the Year Ended December 31, 2000

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>						
Property Taxes	\$1,809,175	\$1,801,905	(\$7,270)	\$1,824,705	\$1,812,312	(\$12,393)
Permissive Sales Taxes	3,940,000	3,978,950	38,950	0	0	0
Other Local Taxes	3,000	3,580	580	175,000	174,522	(478)
Charges for Services	1,339,128	1,348,815	9,687	5,958,175	5,768,007	(190,168)
Licenses and Permits	5,800	5,824	24	114,330	123,064	8,734
Fines and Forfeitures	113,027	114,753	1,726	65,400	56,741	(8,659)
Intergovernmental	1,773,752	1,772,087	(1,665)	12,372,543	11,451,711	(920,832)
Special Assessments	0	0	0	223,000	222,675	(325)
Interest	1,047,846	1,064,726	16,880	6,000	115,731	109,731
Other	469,918	424,877	(45,041)	1,118,902	386,614	(732,288)
Total Revenues	10,501,646	10,515,517	13,871	21,858,055	20,111,377	(1,746,678)
<u>Expenditures</u>						
Current:						
General Government:						
Legislative and Executive	3,824,345	3,042,819	781,526	851,572	756,524	95,048
Judicial	1,330,470	1,162,205	168,265	5,927,377	5,375,231	552,146
Public Safety	3,432,646	3,130,935	301,711	923,447	552,005	371,442
Public Works	127,213	108,711	18,502	4,424,005	3,856,874	567,131
Health	79,611	72,460	7,151	6,986,317	6,233,197	753,120
Human Services	332,654	299,050	33,604	6,083,619	4,182,816	1,900,803
Conservation and Recreation	30,600	30,600	0	0	0	0
Other	529,164	251,042	278,122	0	0	0
Capital Outlay	500,000	0	500,000	0	0	0
Intergovernmental	302,386	295,731	6,655	212,021	194,319	17,702
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	10,489,089	8,393,553	2,095,536	25,408,358	21,150,966	4,257,392
Excess of Revenues Over (Under) Expenditures	12,557	2,121,964	2,109,407	(3,550,303)	(1,039,589)	2,510,714
<u>Other Financing Sources (Uses)</u>						
Other Financing Sources	67,000	65,849	(1,151)	0	0	0
Sale of Fixed Assets	0	2,256	2,256	4,100	10,363	6,263
Proceeds of Notes	0	0	0	0	0	0
Advances - In	39,000	39,100	100	45,687	55,687	10,000
Advances - Out	(55,687)	(55,687)	0	(39,100)	(39,100)	0
Operating Transfers - In	0	196,902	196,902	606,650	657,412	50,762
Operating Transfers - Out	(827,929)	(827,929)	0	(733,367)	(348,132)	385,235
Total Other Financing Sources (Uses)	(777,616)	(579,509)	198,107	(116,030)	336,230	452,260
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(765,059)	1,542,455	2,307,514	(3,666,333)	(703,359)	2,962,974
Fund Balances at Beginning of Year	3,759,499	3,759,499	0	6,989,362	6,989,362	0
Prior Year Encumbrances Appropriated	40,534	40,534	0	32,542	32,542	0
Fund Balances at End of Year	\$3,034,974	\$5,342,488	\$2,307,514	\$3,355,571	\$6,318,545	\$2,962,974

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

Debt Service Funds			Capital Projects Fund			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	\$3,633,880	\$3,614,217	(\$19,663)
0	0	0	940,000	991,012	51,012	4,880,000	4,969,962	89,962
0	0	0	0	0	0	178,000	178,102	102
0	0	0	0	0	0	7,297,303	7,116,822	(180,481)
0	0	0	0	0	0	120,130	128,888	8,758
0	0	0	0	0	0	178,427	171,494	(6,933)
0	0	0	1,950,000	1,909,007	(40,993)	16,096,295	15,132,805	(963,490)
0	0	0	0	0	0	223,000	222,675	(325)
0	0	0	610,000	610,143	143	1,663,846	1,790,600	126,754
140,000	141,474	1,474	0	2,799	2,799	1,728,820	955,764	(773,056)
140,000	141,474	1,474	3,500,000	3,512,961	12,961	35,999,701	34,281,329	(1,718,372)
0	0	0	0	0	0	4,675,917	3,799,343	876,574
0	0	0	0	0	0	7,257,847	6,537,436	720,411
0	0	0	0	0	0	4,356,093	3,682,940	673,153
0	0	0	0	0	0	4,551,218	3,965,585	585,633
0	0	0	0	0	0	7,065,928	6,305,657	760,271
0	0	0	0	0	0	6,416,273	4,481,866	1,934,407
0	0	0	0	0	0	30,600	30,600	0
0	0	0	0	0	0	529,164	251,042	278,122
0	0	0	6,620,355	6,416,102	204,253	7,120,355	6,416,102	704,253
0	0	0	0	0	0	514,407	490,050	24,357
135,000	135,000	0	12,200,000	12,200,000	0	12,335,000	12,335,000	0
110,515	110,507	8	511,565	511,565	0	622,080	622,072	8
245,515	245,507	8	19,331,920	19,127,667	204,253	55,474,882	48,917,693	6,557,189
(105,515)	(104,033)	1,482	(15,831,920)	(15,614,706)	217,214	(19,475,181)	(14,636,364)	4,838,817
0	0	0	0	0	0	67,000	65,849	(1,151)
0	0	0	0	0	0	4,100	12,619	8,519
0	0	0	12,200,000	12,200,000	0	12,200,000	12,200,000	0
0	0	0	0	0	0	84,687	94,787	10,100
0	0	0	0	0	0	(94,787)	(94,787)	0
111,505	104,802	(6,703)	0	0	0	718,155	959,116	240,961
0	0	0	0	0	0	(1,561,296)	(1,176,061)	385,235
111,505	104,802	(6,703)	12,200,000	12,200,000	0	11,417,859	12,061,523	643,664
5,990	769	(5,221)	(3,631,920)	(3,414,706)	217,214	(8,057,322)	(2,574,841)	5,482,481
167,997	167,997	0	5,482,635	5,482,635	0	16,399,493	16,399,493	0
0	0	0	5,631,920	5,631,920	0	5,704,996	5,704,996	0
\$173,987	\$168,766	(\$5,221)	\$7,482,635	\$7,699,849	\$217,214	\$14,047,167	\$19,529,648	\$5,482,481

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Ashland County, Ohio
 Combined Statement of Revenues, Expenses,
 and Changes in Fund Equity
 All Proprietary Fund Types
 and Discretely Presented Component Unit
 For the Year Ended December 31, 2000

	Proprietary Fund Types		Totals (Memorandum Only)	Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	Primary Government		Reporting Entity
<u>Operating Revenues</u>					
Charges for Services	\$960,603	\$1,208,912	\$2,169,515	\$321,268	\$2,490,783
Sale of Recyclables	247,890	0	247,890	0	247,890
Other Operating Revenues	3,692	0	3,692	2,703	6,395
Total Operating Revenues	1,212,185	1,208,912	2,421,097	323,971	2,745,068
<u>Operating Expenses</u>					
Personal Services	993,336	0	993,336	219,161	1,212,497
Contractual Services	482,894	224,126	707,020	36,569	743,589
Materials and Supplies	310,351	0	310,351	34,913	345,264
Purchase of Recyclables	72,127	0	72,127	0	72,127
Claims	0	1,683,861	1,683,861	0	1,683,861
Depreciation	117,758	0	117,758	16,970	134,728
Other Operating Expenses	150,756	0	150,756	42,064	192,820
Total Operating Expenses	2,127,222	1,907,987	4,035,209	349,677	4,384,886
Operating Loss	(915,037)	(699,075)	(1,614,112)	(25,706)	(1,639,818)
<u>Non-Operating Revenues (Expenses)</u>					
Interest Revenue	104,319	0	104,319	2,056	106,375
Gain on Disposal of Fixed Assets	9,957	0	9,957	0	9,957
Loss on Disposal of Fixed Assets	(880)	0	(880)	0	(880)
Grants	348,237	0	348,237	0	348,237
Total Non-Operating Revenues (Expenses)	461,633	0	461,633	2,056	463,689
Loss Before Operating Transfers	(453,404)	(699,075)	(1,152,479)	(23,650)	(1,176,129)
Operating Transfers - In	316,320	0	316,320	0	316,320
Operating Transfers - Out	(99,375)	0	(99,375)	0	(99,375)
Net Loss	(236,459)	(699,075)	(935,534)	(23,650)	(959,184)
Retained Earnings at Beginning of Year	708,140	1,386,189	2,094,329	125,662	2,219,991
Retained Earnings at End of Year	471,681	687,114	1,158,795	102,012	1,260,807
Contributed Capital at Beginning and End of Year	962,064	0	962,064	0	962,064
Total Fund Equity at End of Year	\$1,433,745	\$687,114	\$2,120,859	\$102,012	\$2,222,871

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

Ashland County, Ohio
 Combined Statement of Revenues, Expenses,
 and Changes in Fund Balances
 Budget (Non-GAAP Budgetary Basis) and Actual
 All Proprietary Fund Types
 For the Year Ended December 31, 2000

	Enterprise Funds		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues</u>			
Charges for Services	\$981,475	\$981,811	\$336
Sale of Recyclables	253,000	249,092	(3,908)
Interest Revenue	78,000	103,709	25,709
Sale of Fixed Assets	17,600	17,330	(270)
Grants	349,500	348,518	(982)
Other Revenues	25,400	26,992	1,592
Total Revenues	<u>1,704,975</u>	<u>1,727,452</u>	<u>22,477</u>
<u>Expenses</u>			
Personal Services	1,010,541	992,533	18,008
Contractual Services	2,116,753	599,895	1,516,858
Materials and Supplies	134,874	131,377	3,497
Purchase of Recyclables	70,018	70,018	0
Claims	0	0	0
Capital Outlay	158,077	158,052	25
Other Expenses	173,411	150,356	23,055
Total Expenses	<u>3,663,674</u>	<u>2,102,231</u>	<u>1,561,443</u>
Excess of Revenues Under Expenses Before Transfers	(1,958,699)	(374,779)	1,583,920
Operating Transfers - In	343,025	316,320	(26,705)
Operating Transfers - Out	<u>(99,375)</u>	<u>(99,375)</u>	<u>0</u>
Excess of Revenues Under Expenses	(1,715,049)	(157,834)	1,557,215
Fund Balances at Beginning of Year	1,967,340	1,967,340	0
Prior Year Encumbrances Appropriated	<u>92,375</u>	<u>92,375</u>	<u>0</u>
Fund Balances at End of Year	<u>\$344,666</u>	<u>\$1,901,881</u>	<u>\$1,557,215</u>

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

Internal Service Fund			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$1,220,000	\$1,218,564	(\$1,436)	\$2,201,475	\$2,200,375	(\$1,100)
0	0	0	253,000	249,092	(3,908)
0	0	0	78,000	103,709	25,709
0	0	0	17,600	17,330	(270)
0	0	0	349,500	348,518	(982)
0	0	0	25,400	26,992	1,592
<u>1,220,000</u>	<u>1,218,564</u>	<u>(1,436)</u>	<u>2,924,975</u>	<u>2,946,016</u>	<u>21,041</u>
0	0	0	1,010,541	992,533	18,008
226,000	223,721	2,279	2,342,753	823,616	1,519,137
0	0	0	134,874	131,377	3,497
0	0	0	70,018	70,018	0
1,640,000	1,460,876	179,124	1,640,000	1,460,876	179,124
0	0	0	158,077	158,052	25
0	0	0	173,411	150,356	23,055
<u>1,866,000</u>	<u>1,684,597</u>	<u>181,403</u>	<u>5,529,674</u>	<u>3,786,828</u>	<u>1,742,846</u>
(646,000)	(466,033)	179,967	(2,604,699)	(840,812)	1,763,887
0	0	0	343,025	316,320	(26,705)
0	0	0	(99,375)	(99,375)	0
(646,000)	(466,033)	179,967	(2,361,049)	(623,867)	1,737,182
1,494,845	1,494,845	0	3,462,185	3,462,185	0
0	0	0	92,375	92,375	0
<u>\$848,845</u>	<u>\$1,028,812</u>	<u>\$179,967</u>	<u>\$1,193,511</u>	<u>\$2,930,693</u>	<u>\$1,737,182</u>

Ashland County, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types
 and Discretely Presented Component Unit
 For the Year Ended December 31, 2000

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only) Primary Government	Component Unit	Totals (Memorandum Only) Reporting Entity
	Enterprise	Internal Service			
<u>Increase (Decrease) in Cash and Cash Equivalents</u>					
<u>Cash Flows from Operating Activities</u>					
Cash Received from Customers	\$1,229,632	\$0	\$1,229,632	\$275,461	\$1,505,093
Cash Received from Quasi-External Operating Transactions with Other Funds	0	1,218,564	1,218,564	0	1,218,564
Cash Paid for Personal Services	(840,184)	0	(840,184)	(145,188)	(985,372)
Cash Paid to Suppliers	(896,002)	(223,721)	(1,119,723)	(122,304)	(1,242,027)
Cash Paid for Claims	0	(1,460,876)	(1,460,876)	0	(1,460,876)
Cash Paid for Quasi-External Operating Transactions with Other Funds	(152,349)	0	(152,349)	0	(152,349)
Cash Received from Other Revenues	3,692	0	3,692	4,055	7,747
Cash Paid for Other Expenses	(150,356)	0	(150,356)	0	(150,356)
Net Cash Provided by (Used for) Operating Activities	<u>(805,567)</u>	<u>(466,033)</u>	<u>(1,271,600)</u>	<u>12,024</u>	<u>(1,259,576)</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Grants	348,518	0	348,518	0	348,518
Operating Transfers - In	316,320	0	316,320	0	316,320
Operating Transfers - Out	(99,375)	0	(99,375)	0	(99,375)
Net Cash Provided by Noncapital Financing Activities	<u>565,463</u>	<u>0</u>	<u>565,463</u>	<u>0</u>	<u>565,463</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Acquisition of Fixed Assets	(62,117)	0	(62,117)	(9,995)	(72,112)
Sale of Fixed Assets	17,330	0	17,330	0	17,330
Principal Paid on Notes	0	0	0	(5,846)	(5,846)
Net Cash Used for Capital and Related Financing Activities	<u>(44,787)</u>	<u>0</u>	<u>(44,787)</u>	<u>(15,841)</u>	<u>(60,628)</u>
<u>Cash Flows from Investing Activities</u>					
Interest	103,709	0	103,709	2,056	105,765
Net Decrease in Cash and Cash Equivalents	(181,182)	(466,033)	(647,215)	(1,761)	(648,976)
Cash and Cash Equivalents at Beginning of Year	<u>2,090,553</u>	<u>1,494,845</u>	<u>3,585,398</u>	<u>73,694</u>	<u>3,659,092</u>
Cash and Cash Equivalents at End of Year	<u>\$1,909,371</u>	<u>\$1,028,812</u>	<u>\$2,938,183</u>	<u>\$71,933</u>	<u>\$3,010,116</u>

(continued)

Ashland County, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types
 and Discretely Presented Component Unit
 For the Year Ended December 31, 2000
 (continued)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government	Component Unit	Totals (Memorandum Only) Reporting Entity
	Enterprise	Internal Service			
<u>Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities</u>					
Operating Loss	(\$915,037)	(\$699,075)	(\$1,614,112)	(\$25,706)	(\$1,639,818)
<u>Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities</u>					
Depreciation	117,758	0	117,758	16,970	134,728
Changes in Assets and Liabilities:					
Decrease in Accounts Receivable	21,139	0	21,139	29,518	50,657
Decrease in Due from Other Funds	0	9,652	9,652	0	9,652
Increase in Materials and Supplies Inventory	(4,137)	0	(4,137)	(1,768)	(5,905)
Decrease in Inventory Held for Resale	2,207	0	2,207	0	2,207
Decrease in Prepaid Items	400	0	400	0	400
Decrease in Accounts Payable	(24,887)	0	(24,887)	(6,406)	(31,293)
Decrease in Accrued Wages Payable	(597)	0	(597)	0	(597)
Decrease in Compensated Absences Payable	(1,726)	0	(1,726)	0	(1,726)
Increase in Due to Other Funds	0	405	405	0	405
Increase (Decrease) in Due to Other Governments	23,688	0	23,688	(584)	23,104
Increase in Claims Payable	0	222,985	222,985	0	222,985
Decrease in Closure/Post Closure Liability	(24,375)	0	(24,375)	0	(24,375)
Total Adjustments	109,470	233,042	342,512	37,730	380,242
Net Cash Provided by (Used for) Operating Activities	<u>(\$805,567)</u>	<u>(\$466,033)</u>	<u>(\$1,271,600)</u>	<u>\$12,024</u>	<u>(\$1,259,576)</u>

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

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Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

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 and 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 Mental Retardation and Developmental Disabilities (MRDD); Mental Health and Recovery Board of Ashland County; Heartland Home; 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 combined financial statements identifies the financial data of the County's component unit, D-R Services, Inc. (formerly known as Dale Roy Training Center). It is reported separately to emphasize that it is legally separate from the County.

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 1 - REPORTING ENTITY (continued)

D-R Services, Inc. D-R Services, Inc. (the Center) is a legally separate, not-for-profit corporation, served by a self-appointing Board of Trustees. The Center, under a contractual agreement with the Ashland County Board of Mental Retardation and Developmental Disabilities (MRDD), provides sheltered employment for mentally retarded or handicapped adults in Ashland County. The Ashland County Board of MRDD provides the Center with all expenses and personnel for operation of the Center 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 the Center. Based on the significant services and resources provided by the County to the Center and the Center's sole purpose of providing assistance to the retarded and handicapped adults of Ashland County, the Center is presented as a component unit of Ashland County. The D-R Services, Inc. operates on a fiscal year ending 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 agencies listed below, the County serves as the fiscal agent, but the organizations are not considered part of Ashland County. Accordingly, the activity of the following organizations is presented as agency funds within the combined 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 is associated with certain organizations which are defined as jointly governed organizations, a related organization, and insurance pools. These organizations are presented in Notes 24, 25, and 26 to the combined financial statements. These organizations are:

Ashland County Regional Planning Commission
Morrow-Ashland-Richland-Knox Consortium (MARK)
Northern Ohio Juvenile Community Corrections Facility
Ashland County Airport Authority
County Risk Sharing Authority, Inc. (CORSA)
County Commissioners Association of Ohio Service Corporation (CCAOSC)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The County also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements.

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D-R Services, Inc. applies the provisions of GASB Statement No. 29, “The Use of Not-for-Profit Accounting and Financial Reporting Principles by Governmental Entities”. Accordingly, the Center utilizes the governmental model for accounting and financial reporting as established by National Council on Governmental Accounting (NCGA) Statement 1, “Governmental Accounting and Financial Reporting Principles”, as modified by subsequent NCGA and GASB pronouncements.

A. Fund Accounting:

The County and D-R Services, Inc. use funds and account groups to report on their financial position and the results of their operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

A fund is defined as a fiscal and accounting entity with a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories of governmental, proprietary, and fiduciary.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use, and balances of the County’s expendable financial resources and the related current liabilities (except those accounted for in proprietary fund types) are accounted for through governmental funds. The following are the County’s governmental fund types:

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

Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds. These funds are used to account for the accumulation of financial resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Fund. This fund is used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Fund Types

Proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. The following are the County's proprietary fund types:

Enterprise Funds. These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund. This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The County's fiduciary funds are agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group. This account group is used to account for all fixed assets of the County, except those accounted for in the proprietary funds.

General Long-Term Obligations Account Group. This account group is used to account for all long-term obligations of the County, except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All proprietary fund types are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental fund types and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The available period for the County is 31 days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: permissive sales and use tax (Note 8), charges for current services, fines and forfeitures, federal and state grants and entitlements, and earnings on investments. Major revenue sources not susceptible to accrual include licenses and permits which are not considered measurable until received.

The County reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of December 31, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2001 operations are recorded as deferred revenue. Special assessments are also recorded as deferred revenue because they do not meet the availability criteria.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Principal and interest on general long-term obligations are recorded as fund liabilities when due, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with current available expendable resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary fund types and D-R Services, Inc. are reported using 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. Unbilled service charges receivable are recognized as revenue at year end.

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Process:

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

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

Tax Budget

A budget of estimated revenues and expenditures is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The budget includes proposed expenditures and the means of financing for all funds. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

Estimated Resources

The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the Official Certificate of Estimated Resources, which states the estimated beginning of year fund balance and projected revenue of each fund. Prior to December 31, the County must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the Certificate of Estimated Resources is amended to include the actual unencumbered fund balances from the preceding year. The Certificate of Estimated Resources may be further amended during the year if the County Auditor determines, and the County Budget Commission agrees, that an estimate needs to be increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final Amended Official Certificate of Estimated Resources issued during 2000.

Appropriations

A temporary Appropriations Resolution to control expenditures may be passed on or about January 1 of each year, for the period January 1 to March 31. An annual Appropriations Resolution must be passed by April 1 of each year, for the period January 1 to December 31. The Appropriations Resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental Appropriations Resolutions were legally enacted by the County Commissioners during the year. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Budgeted Level of Expenditures

Administrative control is maintained through the establishment of detailed line-item budgets. The legal level of budgetary control is at the object level within each department. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Commissioners' appropriations are made to the fund, department, and object level (i.e., General Fund - Commissioners - salaries, supplies, equipment, contract repairs, travel expenses, maintenance, and other expenses).

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental fund types and reported in the notes to the financial statements for proprietary fund types.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding year and are not reappropriated.

D. Cash and Investments:

To improve cash management, cash received by the County, except cash in segregated accounts or with escrow agents, is pooled and invested. Individual fund integrity is maintained through County records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

Cash and cash equivalents that are held separately within departments of the County or with escrow agents, and not held with the County Treasurer, are recorded on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts" and "Cash and Cash Equivalents with Escrow Agents", respectively.

Cash and cash equivalents of D-R Services, Inc. are held by the component unit and are recorded on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts".

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments are reported at fair value, except for repurchase agreements and non-negotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2000.

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 2000 was \$1,036,673, which includes \$754,519 assigned from other County funds. D-R Services, Inc. received its own interest, in the amount of \$2,056.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the County are considered to be cash and cash equivalents.

E. Materials and Supplies Inventory:

Inventory in the governmental funds is stated at cost while inventory in the proprietary funds is stated at the lower of cost or market. For all funds, except the Motor Vehicle and Gasoline Tax special revenue fund, cost is determined on a first-in, first-out basis. Inventory in the Motor Vehicle and Gasoline Tax special revenue fund is based on average cost. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

Inventory for D-R Services, Inc. is recorded as stated above for proprietary funds.

F. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond December 31, 2000, 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Fixed Assets:

Fixed asset values were initially determined at December 31, 1991, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were used. Donated fixed assets are capitalized at fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

General Fixed Assets

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in the governmental funds, and the related assets are reported in the general fixed assets account group at historical cost or estimated historical cost. Assets in the general fixed assets account group are not depreciated.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported as these assets are immovable and of value only to the County.

Enterprise Fund Fixed Assets

Fixed assets reflected in the enterprise funds are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and reductions during the year. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

<u>Asset Category</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings	40 years
Building Improvements	20 years
Equipment (other than data processing)	10 years
Data Processing Equipment	5 years
Vehicles	5 years

Capitalization of Interest. Interest is capitalized on enterprise fund assets acquired with tax-exempt debt. The County's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from the temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on a straight-line basis over the estimated useful life of the asset. For 2000, there were no capitalized interest costs incurred on enterprise fund construction projects.

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D-R Services, Inc. Fixed 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:

<u>Asset Category</u>	<u>Estimated Lives</u>
Equipment	5-12 years
Vehicles	5-10 years

H. Interfund Assets and Liabilities:

Short-term interfund loans are classified as “Interfund Receivables/Payables”. Transactions between individual funds for goods provided or services rendered are classified as “Due from/to Other Funds”.

Long-term interfund loans are reported as “Advances to/from Other Funds” and are equally offset by a fund balance reserve account in the governmental funds which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

I. Compensated Absences:

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. 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 that the County will compensate the employees for the benefits through paid time off or some other means. All accumulated unused vacation time is paid upon separation if the employee has at least one year of service.

Sick leave benefits, for all County departments, 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.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account “Compensated Absences Payable” in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Accrued Liabilities and Long-Term Obligations:

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments made more than 31 days after year end are generally considered not to have been paid with current available financial resources. Long-term notes, bonds, and capital leases are reported as liabilities in the general long-term obligations account group until due. Long-term debt and other obligations financed by the proprietary funds are reported as liabilities in the appropriate proprietary fund.

K. Contributed Capital:

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Because the County did not prepare financial statements in accordance with generally accepted accounting principles prior to 1992, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

L. Reserves of Fund Equity:

The County records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for inventory, advances, unclaimed monies, and encumbrances.

M. Intergovernmental Revenues:

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements, and shared revenues are recorded as receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants, entitlements, and shared revenues received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

N. Interfund Transactions:

Quasi-external transactions are accounted for as revenues and expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Estimates:

The preparation of 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.

P. Total Columns on General Purpose Financial Statements:

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. When the title of a statement indicates that a component unit is included, two total columns are presented. The first is captioned "Primary Government" to indicate that only those activities that comprise the County's legal entity have been included. The second is captioned "Reporting Entity" and includes the activity and operations of the County's legally separate discretely presented component unit (Note 1). Total columns on statements which do not include a component unit have no additional caption.

NOTE 3 - RESTATEMENT OF PRIOR YEAR FUND EQUITY

For 2000, the County is reporting the activity of the Family and Children First Fund as an Agency Fund. In the prior year, this activity was reported as a Special Revenue Fund. Additionally, a 1999 grant was recorded in the CDBG Special Revenue Fund that should have been recorded in the General Fund.

These changes had the following effect on the excess of revenues and other financing sources over expenditures and other financing uses as previously reported for the year ended December 31, 1999.

	General	Special Revenue
Excess as Previously Reported	\$805,855	\$187,199
Restatement for Grant	12,030	(12,030)
Restatement for Fund Reclassification	0	(16,329)
Restated Amount for the Year Ended December 31, 1999	\$817,885	\$158,840

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 3 - RESTATEMENT OF PRIOR YEAR FUND EQUITY (continued)

The restatements had the following effect on fund balances as previously reported as of December 31, 1999.

	General	Special Revenue
Fund Balances as Previously Reported	\$4,710,790	\$7,891,501
Restatement for Grant	12,030	(12,030)
Restatement for Family and Children First Fund	0	(163,465)
Restated Fund Balances December 31, 1999	\$4,722,820	\$7,716,006

Undistributed assets increased in the agency fund, in the amount of \$163,465, as a result of the restatement.

NOTE 4 - ACCOUNTABILITY

At December 31, 2000, the Recycling enterprise fund had deficit retained earnings of \$79,454 due to operating expenses exceeding the sales of recycled materials.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balances/retained earnings 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 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Proprietary Fund Types 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/expenses 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/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis). Material encumbrances are disclosed in the notes for proprietary fund types (GAAP basis).

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

4. For proprietary funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Although not part of the appropriated budget, the Commissary Special Revenue Fund and D-R Services, Inc. are included as part of the reporting entity when preparing financial statements that conform with GAAP.

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

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types		
	General	Special Revenue	Capital Projects
GAAP Basis	\$1,170,590	(\$73,366)	\$9,704,474
<u>Increase (Decrease) Due To:</u>			
Revenue Accruals:			
Accrued 1999, Received in Cash 2000	823,248	585,272	332,397
Accrued 2000, Not Yet Received in Cash	(482,771)	(945,656)	(73,697)
Expenditure Accruals:			
Accrued 1999, Paid in Cash 2000	(164,798)	(504,388)	(1,225,700)
Accrued 2000, Not Yet Paid in Cash	405,219	996,073	133,828
Cash Adjustments:			
Unrecorded Activity 1999	(47,317)	47,429	25,541
Unrecorded Activity 2000	(59,310)	(90,093)	(42,485)
Prepaid Items	1,550	(3,839)	0
Note Principal Retirement	0	0	(12,200,000)
Advances - In	39,100	55,687	
Advances - Out	(55,687)	(39,100)	0
Excess of Revenues (Over) Under Expenditures for Nonbudgeted Funds	(600)	3,310	0
Encumbrances Outstanding at Year End (Budget Basis)	(86,769)	(734,688)	(69,064)
Budget Basis	\$1,542,455	(\$703,359)	(\$3,414,706)

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

Net Loss/Excess of Revenues Under Expenses and Operating Transfers All Proprietary Fund Types	Enterprise	Internal Service
GAAP Basis	(\$236,459)	(\$699,075)
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued 1999, Received in Cash 2000	65,654	9,652
Accrued 2000, Not Yet Received in Cash	(44,844)	0
Expense Accruals:		
Accrued 1999, Paid in Cash 2000	(234,793)	0
Accrued 2000, Not Yet Paid in Cash	206,896	223,390
Cash Adjustments:		
Unrecorded Activity 1999	24,571	0
Materials and Supplies Inventory	(4,137)	0
Inventory Held for Resale	2,207	0
Prepaid Items	400	
Acquisition of Fixed Assets	(62,117)	0
Depreciation Expense	117,758	0
Gain on Disposal of Fixed Assets	(9,957)	0
Loss on Disposal of Fixed Assets	880	0
Sale of Fixed Assets	17,330	0
Excess of Revenues Over Expenses for Nonbudgeted Activity	(98)	0
Encumbrances Outstanding at Year End (Budget Basis)	(1,125)	0
Budget Basis	(\$157,834)	(\$466,033)

NOTE 6 - DEPOSITS AND INVESTMENTS

A. Primary Government:

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

Monies held by the County which are not considered active are classified as inactive. Inactive monies can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other 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 Association, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed 10 percent of the County's total average portfolio.

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

At year end, the County had \$142,938 in cash on hand which is included on the combined balance sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At year end, the carrying amount of the County's deposits was \$2,858,605 and the bank balance was \$3,701,429. Of the bank balance, \$1,230,073 was covered by federal depository insurance and \$2,471,356 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's investments are categorized to give an indication of the level of custodial credit risk assumed by the County at year end. Category 1 includes investments that are insured or registered for which the securities are held by the County or by the County's agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

	Category 3	Carrying Value	Fair Value
Federal Home Loan Bank Notes	\$3,247,850	\$3,247,850	\$3,247,850
Federal Home Loan Bank Bonds	5,662,781	5,662,781	5,662,781
Federal National Mortgage Association Notes	1,750,000	1,750,000	1,750,000
Student Loan Marketing Association Notes	510,000	510,000	510,000
Repurchase Agreements	830,547	830,547	830,765
	<u>\$12,001,178</u>	12,001,178	12,001,396
STAR Ohio		11,276,788	11,276,788
		<u>\$23,277,966</u>	<u>\$23,278,184</u>

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$26,279,509	\$0
Cash on Hand	(142,938)	0
Investments:		
Federal Home Loan Bank Notes	(3,247,850)	3,247,850
Federal Home Loan Bank Bonds	(5,662,781)	5,662,781
Federal National Mortgage Association Notes	(1,750,000)	1,750,000
Student Loan Marketing Association Notes	(510,000)	510,000
Repurchase Agreements	(830,547)	830,547
STAR Ohio	(11,276,788)	11,276,788
GASB Statement No. 3	<u>\$2,858,605</u>	<u>\$23,277,966</u>

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

B. Component Unit:

At year end, D-R Services, Inc. had \$145 in cash on hand which is included on the balance sheet of the County as part of "Cash and Cash Equivalents in Segregated Accounts". The carrying amount of D-R Services, Inc.'s deposits at year end was \$71,788 and the bank balance was \$78,221. The entire bank balance was covered by federal depository insurance. D-R Services, Inc. did not have any investments at year end. There are no significant statutory restrictions regarding the deposit and investment of funds by the not-for-profit corporation.

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Real property tax revenues received in 2000 represent the collection of 1999 taxes. For 2000, real property taxes were levied after October 1, 2000, on the assessed values as of January 1, 2000, the lien date. These taxes will be collected in and are intended to finance 2001 operations. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1996. Real property taxes are payable annually or semiannually. The first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes were levied after October 1, 2000, on the assessed values as of December 31, 1999, the lien date. These taxes will be collected in and are intended to finance 2001 operations. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2000 (other than public utility property) represent the collection of 2000 taxes. For 2000, tangible personal property taxes were levied after October 1, 1999, on the true value as of December 31, 1999. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. The first payment is due April 30, with the remainder payable by September 20.

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 the County and for all subdivisions within the County is accounted for through agency funds. The amount of the County's tax collections which will flow through an agency fund is reported as "Property Taxes Receivable" on the combined balance sheet in both the agency fund and the governmental fund which will receive the tax distribution.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2000. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2000 operations.

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 7 - PROPERTY TAXES (continued)

The full tax rate for all County operations the year ended December 31, 2000, was \$6.00 per \$1,000 of assessed value. The assessed values of real, public utility, and tangible personal property upon which 2000 property tax receipts were based are as follows:

Real Property	
Residential	\$435,938,070
Agricultural	75,710,500
Commercial/Industrial/Mineral	81,714,790
Public Utility Property	
Real	328,610
Personal	75,890,800
Tangible Personal Property	101,724,180
Total Assessed Value	<u><u>\$771,306,950</u></u>

NOTE 8 - PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a 1 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. Vendor collections of the tax are paid to the State Treasurer by the 23rd day of the month following collection. The State Tax Commissioner certifies, to the State Auditor, the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within 45 days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2000, consisted of taxes; accounts (e.g., billings for user charged services); special assessments; interfund; interest; services charged to other funds; and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are considered fully collectible, except for the receivables related to child support as reflected in the Alimony and Child Support agency fund. These receivables are presented net of an allowance for uncollectible accounts.

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 9 - RECEIVABLES (continued)

	Agency
Gross Accounts Receivable	\$10,419,921
Less Allowance for Uncollectible Accounts	(4,782,573)
Net Accounts Receivable	\$5,637,348

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund	
Local Government	\$76,263
Local Government Revenue Assistance	14,587
Public Defender Grant	1,147
Estate Tax	1,191
Juvenile Detention Grant	45,841
Mediator Grant	2,779
Other	4,093
Total General Fund	145,901
Special Revenue Funds	
MVGT	
Gasoline Tax	77,709
Motor Vehicle License Tax	110,766
Other	1,440
Job and Family Services	
ODHS Public Assistance	113,102
ADAMHS	
A/D Sub Pay	46,599
MRDD	
Unit Funding	128,022
POS	9,375
Supported Living	214,201
Program Subsidy	13,684
Charges for Services	1,792

(continued)

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 9 - RECEIVABLES (continued)

	Amount
Special Revenue Funds (continued)	
DARE/Ashland County Sheriff	
DARE Grant	\$9,000
Children Services	
Title IV-E	45,056
PCSA	54,417
CDBG	
CDBG	17,500
CHIP	
Chip Grant	15,900
COPS	
Cops Grant	13,763
Total Special Revenue Funds	872,326
Enterprise Funds	
Recycling	
Recycling Grant	10,751
Agency Funds	
Library Local Government	147,194
Local Government	76,640
Local Government Revenue Assistance	17,828
Gasoline Tax	63,696
Motor Vehicle License Tax	20,005
Permissive Motor Vehicle License Tax	17,676
Total Agency Funds	343,039
Total All Funds	\$1,372,017

NOTE 10 - NOTES RECEIVABLE

A summary of the changes in notes receivable during 2000 follows:

	Interest Rate	Balance 12/31/99	New Loans	Repayments	Balance 12/31/00
Special Revenue Fund					
CDBG					
Revolving Loan	5-7.25%	\$5,739	\$0	\$5,739	\$0

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 11 - FIXED ASSETS

A summary of the enterprise funds' and D-R Services, Inc.'s fixed assets at December 31, 2000, follows:

	Landfill	County Home	Recycling	Total Primary Government	Component Unit
Land	\$75,025	\$0	\$75,600	\$150,625	\$0
Land Improvements	1,543	7,000	67,135	75,678	0
Buildings	8,606	1,266,104	256,000	1,530,710	0
Building Improvements	11,360	214,849	12,801	239,010	0
Equipment	11,316	147,151	439,906	598,373	205,057
Vehicles	45,292	43,842	102,999	192,133	66,920
	<u>153,142</u>	<u>1,678,946</u>	<u>954,441</u>	<u>2,786,529</u>	<u>271,977</u>
Less Accumulated Depreciation	(50,648)	(959,492)	(283,494)	(1,293,634)	(184,850)
Net Fixed Assets	<u><u>\$102,494</u></u>	<u><u>\$719,454</u></u>	<u><u>\$670,947</u></u>	<u><u>\$1,492,895</u></u>	<u><u>\$87,127</u></u>

A summary of the changes in general fixed assets during 2000 follows:

	Balance 12/31/99	Additions	Reductions	Balance 12/31/00
Land	\$810,596	\$18,003	\$0	\$828,599
Land Improvements	50,670	0	0	50,670
Buildings	7,880,696	0	0	7,880,696
Building Improvements	1,497,496	0	0	1,497,496
Equipment	3,664,060	135,506	155,888	3,643,678
Vehicles	1,870,349	161,745	96,072	1,936,022
Construction in Progress	6,271,934	5,644,837	0	11,916,771
Total	<u><u>\$22,045,801</u></u>	<u><u>\$5,960,091</u></u>	<u><u>\$251,960</u></u>	<u><u>\$27,753,932</u></u>

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 12 - INTERFUND ASSETS AND LIABILITIES

Interfund balances at December 31, 2000, consisted of the following individual fund receivables and payables:

Fund Type/Fund	Receivable			Payable		
	Interfund	Due from	Advances to	Interfund	Due to	Advances from
General Fund	\$16,587	\$0	\$53,992	\$0	\$0	\$0
Special Revenue Funds						
MVGT	0	75,009	0	0	0	0
Job and Family Services	0	0	0	0	11,789	0
DARE/Ashland County Sheriff	0	0	0	5,000	0	0
CDBG	0	0	0	1,587	17,702	0
COPS	0	0	0	10,000	0	0
Prosecutor Mandatory Drug	0	124	0	0	0	0
Total Special Revenue Funds	0	75,133	0	16,587	29,491	0
Debt Service Fund						
Bond Retirement	0	11,789	0	0	0	0
Enterprise Fund						
County Home	0	0	0	0	0	53,992
Internal Service Fund						
Self-Insurance	0	0	0	0	405	0
Agency Fund						
Health	0	405	0	0	0	0
Regional Planning	0	17,702	0	0	0	0
Undivided Tax	0	0	0	0	75,009	0
Sheriff	0	486	0	0	0	0
County Court	0	0	0	0	610	0
Total Agency Funds	0	18,593	0	0	75,619	0
Total All Funds	\$16,587	\$105,515	\$53,992	\$16,587	\$105,515	\$53,992

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 13 - SIGNIFICANT CONTRACTUAL COMMITMENTS

The County has several outstanding contracts for services. The following amounts remain on these contracts as of December 31, 2000:

Vendor	Contract Amount	Amount Paid as of 12/31/00	Outstanding Balance
Stanley Miller Construction	\$6,052,023	\$5,739,201	\$312,822
Universal Refrigeration	1,332,541	1,261,314	71,227
B.C.U. Electric	1,153,820	1,090,957	62,863
Guenther Mechanical, Inc.	620,281	587,187	33,094
Innovative Controls, Inc.	698,785	640,089	58,696
American Automatic Sprinklers, Inc.	147,600	136,217	11,383
Poggemeyer Design	26,682	0	26,682

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System:

All County employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the County is required to contribute 10.84 percent; 6.54 percent was the portion used to fund pension obligations for 2000. For law enforcement employees, the employee contribution is 9 percent of their annual covered salary and the employer contribution is 15.7 percent; 11.4 percent was the portion used to fund pension obligations. The employer contribution rates for 2000 represent a temporary rate reduction from the 1999 rates of 13.55 percent for employees other than law enforcement and 16.7 percent for law enforcement employees. Contributions are authorized by State statute. The contribution rates are determined actuarially. The County's contributions to PERS for the years ended December 31, 2000, 1999, and 1998, were \$686,705, \$880,781, and \$857,860, respectively; 80 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998. The unpaid contribution for 2000 is recorded as a liability in the respective funds and the general long-term obligations account group.

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

B. State Teachers Retirement System:

Certified teachers, employed by the school for Mental Retardation and Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary to fund pension obligations and the County is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's contributions to STRS for the years ended December 31, 2000, 1999, and 1998, were \$35,981, \$39,114, and \$64,087, respectively; 89 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998. The unpaid contribution for 2000 is recorded as a liability in the respective fund.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System:

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 2000 was 10.84 percent of covered payroll for employees not engaged in law enforcement; 4.3 percent was the portion used to fund health care. The employer contribution rate for law enforcement employees for 2000 was 15.7 percent; 4.3 percent was used to fund health care.

Benefits are advance funded using the entry age normal cost method. (For 2000, the System returned to an actuarially prefunded disclosure because this provides a better presentation of the System's actual funding methodology. In prior years, the disclosure was based on a pay-as-you-go basis.) Significant actuarial assumptions include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually, and an additional increase in total payroll of .54 percent to 5.1 percent based on additional pay increases. Health care premiums were assumed to increase 4.75 percent annually.

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

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 15 - POSTEMPLOYMENT BENEFITS (continued)

At December 31, 2000, the total number of benefit recipients eligible for OPEB through the System was 401,339. As of December 31, 2000, the actuarial value of net assets available for future OPEB payments were \$10,085.5 million. The actuarially accrued liability and the unfunded actuarial liability were \$12,473.6 million and \$1,668.1 million, respectively. The County's actual contributions for 2000 which were used to fund OPEB were \$421,604.

B. State Teachers Retirement System:

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

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. Under Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount was \$47,974 for 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund at June 30, 2000, was \$3,419 million. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and there were 99,011 eligible benefit recipients.

NOTE 16 - OTHER EMPLOYER BENEFITS

A. Compensated Absences:

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated unused vacation time is paid upon separation from the County. Any County employee who has 10 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 30 days.

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. Sick leave is earned at a rate of 4.6 hours for every 80 hours worked. Sick leave is pro-rated for those employees working less than a standard 80 hour work week.

B. Employee Health Insurance:

Ashland County provides employee medical benefits through a self-insured program. The County pays the full cost of premiums for employees under the program. Coverage is provided up to a maximum of \$65,000 per individual. The County purchases commercial insurance for claims in excess of this coverage. All claims under the plan are administered by the County's third-party administrator.

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 17 - SHORT-TERM OBLIGATIONS

The changes in the County's short-term obligations during 2000 were as follows:

	Interest Rate	Balance 12/31/99	Additions	Reductions	Balance 12/31/00
Capital Projects Fund					
County Jail					
1999 Series A	4.28 %	\$2,200,000	\$0	\$2,200,000	\$0
1999 Series B	4.20	10,000,000	0	10,000,000	0
Total Notes Payable		<u>\$12,200,000</u>	<u>\$0</u>	<u>\$12,200,000</u>	<u>\$0</u>

According to Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. The liability for short-term notes is presented in the fund receiving the proceeds.

NOTE 18 - LONG-TERM OBLIGATIONS

The changes in the County's long-term obligations during 2000 were as follows:

	Balance 12/31/99	Additions	Reductions	Balance 12/31/00
<u>General Long-Term Obligations</u>				
<u>General Obligation Bond</u>				
<u>Anticipation Notes</u>				
County Jail				
2000 Series A - 5.00%	\$0	\$2,200,000	\$0	\$2,200,000
2000 Series B - 4.90%	0	10,000,000	0	10,000,000
Total General Obligation Bond Anticipation Notes	<u>0</u>	<u>12,200,000</u>	<u>0</u>	<u>12,200,000</u>
<u>General Obligation Bonds</u>				
1991 Human Services - 5.00%	1,100,000	0	65,000	1,035,000
1994 County Garage - 5.00%	740,000	0	70,000	670,000
Total General Obligation Bonds	<u>1,840,000</u>	<u>0</u>	<u>135,000</u>	<u>1,705,000</u>

(continued)

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

	Balance 12/31/99	Additions	Reductions	Balance 12/31/00
<u>Other Long-Term Obligations</u>				
Compensated Absences Payable	\$676,999	\$56,084	\$0	\$733,083
Due to Other Governments	277,672	181,490	277,672	181,490
Capital Leases Payable	44,582	13,805	15,484	42,903
Total Other Long-Term Obligations	999,253	251,379	293,156	957,476
Total General Long-Term Obligations	2,839,253	12,451,379	428,156	14,862,476
<u>Enterprise Fund Obligations</u>				
Compensated Absences Payable	24,995	0	514	24,481
Closure/Post Closure Liability	1,746,540	0	24,375	1,722,165
Total Enterprise Fund Obligations	1,771,535	0	24,889	1,746,646
Total Long-Term Obligations	<u>\$4,610,788</u>	<u>\$12,451,379</u>	<u>\$453,045</u>	<u>\$16,609,122</u>

Bond anticipation notes are supported by the full faith and credit of Ashland County. The County's long-term bond anticipation notes are presented in the general long-term obligations account group and are payable from unvoted property tax revenues.

All general obligation bonds are supported by the full faith and credit of Ashland County. The Human Services and County Garage general obligation bonds are presented as a liability in the general long-term obligations account group and are payable from unvoted property tax revenues to the extent that other resources are not available to meet annual principal and interest payments.

1991 Human Services Bonds. The Human Services general obligation bonds include serial and term bonds. The term bonds have annual mandatory sinking fund redemption requirements and there are optional redemption provisions for the serial bonds. The term bonds mature on December 1, 2011, in the amount of \$900,000, at a redemption price equal to 100 percent of the principal plus accrued interest to the redemption date. The serial bonds maturing on or after December 1, 2002, are subject to early redemption, at the sole option of the County, either in whole or in part on any date on or after December 1, 2001, in multiples of \$5,000, at the following redemption prices plus accrued interest:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
December 1, 2001 through November 30, 2002	102 percent
December 1, 2002 through November 30, 2003	101 percent
December 1, 2003 and thereafter	100 percent

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

1994 County Garage Bonds. The County Garage general obligation bonds are serial bonds. The bonds maturing on or after November 15, 2003, are subject to early redemption, at the sole option of the County, either in whole or in part on any date on or after November 15, 2002, in multiples of \$5,000, at the following redemption prices plus accrued interest:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
November 15, 2002 through November 14, 2003	101 percent
November 15, 2003 through November 14, 2004	101.5 percent
November 15, 2004 and thereafter	100 percent

Activity for compensated absences payable is presented at net because it is not practical to determine actual increases and decreases. Compensated absences and due to other governments, representing the County's contractually required pension contribution, will be paid from the fund from which the employees' salaries are paid. Capital lease obligations will be paid from the fund that maintains custody of the related asset.

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 should not exceed 1 percent of the total assessed valuation of the County. The Revised Code further provides that the total voted and unvoted net debt of the County less the same exempt debt should not 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.

At December 31, 2000, the County's overall debt margin was \$16,258,229 with an unvoted debt margin of \$6,188,625.

The following is a summary of the County's future annual principal and interest requirements for general long-term obligations:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$135,000	\$103,540	\$238,540
2002	145,000	96,403	241,403
2003	145,000	88,550	233,550
2004	160,000	80,200	240,200
2005	170,000	70,840	240,840
2006-2011	950,000	200,710	1,150,710
Total	<u>\$1,705,000</u>	<u>\$640,243</u>	<u>\$2,345,243</u>

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

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

	<u>Amount of Issue</u>	<u>Amount Outstanding at 12/31/00</u>
Landver Properties, LTD.	\$2,270,000	\$985,000
Good Shephard Home for the Aged Project	3,960,000	3,855,000
Good Shephard Home-Assisted Living Facilities	4,750,000	4,750,000
Bretheran Care, Inc.	14,685,000	14,685,000
Bretheran Care, Inc. - Brookwood Place	2,825,000	2,730,000

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

NOTE 19 - CAPITAL LEASES - LESSEE DISCLOSURE

The County has entered into capitalized leases for equipment. Each 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. New capital leases are reflected in the accounts "Capital Outlay" and "Inception of Capital Lease" in the funds which will be making the lease payments. Capital lease payments are reflected as debt service expenditures on the combined financial statements for the governmental funds. Currently, there are no capital leases in the enterprise funds. Equipment acquired by lease has been capitalized in the general fixed assets account group, in the amount of \$69,139. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in 2000 were \$14,234. During 2000, a capital lease was terminated which resulted in a reduction in the capital lease liability of \$1,250.

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 19 - CAPITAL LEASES - LESSEE DISCLOSURE (continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2000.

<u>Year</u>	<u>GLTOAG</u>
2001	\$18,061
2002	14,659
2003	6,848
2004	5,227
2005	2,239
Total	<u>47,034</u>
Less: Amount Representing Interest	<u>(4,131)</u>
Present Value of Minimum Lease Payments	<u><u>\$42,903</u></u>

NOTE 20 - LANDFILL CLOSURE AND POSTCLOSURE COSTS

State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The County's landfill was closed in 1997. The \$1,722,165 reported as landfill postclosure costs at December 31, 2000, 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, 2000, liability decreased from the prior year by \$24,375.

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 has proven to be able to self-fund these future costs.

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 21 - 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 2000, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible. Coverages provided by CORSA are as follows:

General Liability	\$6,000,000
Employee Benefit Liability	6,000,000
Law Enforcement Professional Liability	6,000,000
Public Officials Errors and Omissions Liability	6,000,000
Automobile Liability	6,000,000
Uninsured Motorists Liability	250,000
Medical Professional Liability	6,000,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	6,000,000
Building and Contents	44,351,416
Other Property Insurance:	
Extra Expense	1,000,000
Voting Machines	84,000
Contractors Equipment	652,423
Valuable Papers and Records	1,000,000
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 health coverage, dental coverage for MRDD employees, and workers' compensation, all insurance is held with CORSA. There has been no significant reduction in insurance coverage from 1999, and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 21 - RISK MANAGEMENT (continued)

For 2000, the County participated in the County Commissioners Association of Ohio Service Corporation, a worker's compensation group rating plan (the 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 60 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 provides employee medical coverage through a self insured program. The County established a Medical Insurance Fund (an internal service fund) to account for and finance employee health benefits. Under this program, the Medical Insurance Fund provides coverage up to a maximum of \$65,000 for each individual. The County purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in the past three years.

All funds of the County, except the Board of Mental Retardation and Developmental Disabilities (MRDD), participate in the program and make payments to the Medical Insurance Fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims. 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, 2000, are estimated by the third party administrator to be \$341,293. The changes in the claims liability for 2000 and 1999 were:

Year	Beginning Balance	Current-Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2000	\$118,308	\$1,683,861	\$1,460,876	\$341,293
1999	103,409	1,139,965	1,125,066	118,308

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 21 - RISK MANAGEMENT (continued)

Employees of the Board of Mental Retardation and Developmental Disabilities (MRDD) receive medical and dental insurance coverage provided by commercial insurance providers. Employees participate in the payment of premiums for this coverage.

NOTE 22 - FEDERAL FOOD STAMP PROGRAM

The County's Department of Job and Family Services distributes federal food stamps to entitled recipients within Ashland County. The receipt and issuance of these stamps have the characteristics of federal "grants"; however, the Department of Job and Family Services merely acts in an intermediary capacity.

The inventory value of these stamps is not reflected in the accompanying general purpose financial statements as the only economic interest related to these stamps rests with the ultimate recipient. Federal food stamp activity for the year was as follows:

Balance at Beginning of Year	\$372,400
Amount Received for Distribution	0
Amount Returned to Ohio Dept. of Human Service Payment Distribution Section	(286,250)
Amount Destroyed by Shredding	(54,150)
Balance at End of Year	\$32,000

NOTE 23 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains three enterprise funds which are intended to be self-supporting through user fees charged for services provided to consumers for refuse disposal, care of the elderly, and recycling services. Financial segment information for the year ended December 31, 2000, was as follows:

	Landfill	County Home	Recycling	Total
Operating Revenues	\$224,284	\$714,482	\$273,419	\$1,212,185
Depreciation	11,218	60,323	46,217	117,758
Operating Loss	126,869	300,518	487,650	915,037
Grants	0	0	348,237	348,237

(continued)

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 23 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS (continued)

	Landfill	County Home	Recycling	Total
Operating Transfers - In	\$10,525	\$205,445	\$100,350	\$316,320
Operating Transfers - Out	88,850	0	10,525	99,375
Net Loss	100,875	95,953	39,631	236,459
Fixed Asset Additions	0	0	62,117	62,117
Fixed Asset Reductions	0	1,100	45,285	46,385
Net Working Capital	1,830,017	(48,922)	(39,969)	1,741,126
Long-Term Obligations				
Compensated Absences Payable	817	17,680	5,622	24,119
Advances from Other Funds	0	53,992	0	53,992
Closure/Post Closure Liability	1,722,165	0	0	1,722,165
Total Assets	1,965,285	742,209	758,674	3,466,168
Total Equity	209,529	598,860	625,356	1,433,745
Encumbrances Outstanding at Year End (Budget Basis)	1,125	0	0	1,125

NOTE 24 - JOINTLY GOVERNED ORGANIZATIONS

A. Ashland County Regional Planning Commission:

The County participates in the Ashland County Regional Planning Commission, which is a statutorily created political subdivision of the State. The Commission is jointly governed among Ashland County, the City of Ashland, 8 villages, and 13 townships within the County. Each member's control over the operation of the Commission is limited to its representation on the Board of Trustees. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. In 2000, the County contributed \$41,400 to the Regional Planning Commission, which represents 54.24 percent of its total contributions.

B. Morrow-Ashland-Richland-Knox Consortium:

Ashland County is a participant in the Morrow-Ashland-Richland-Knox Consortium (MARK), a regional council of governments established to conduct an employment and training administration program under the provisions of the Job Training Reform Amendment of 1992. The Consortium Board of MARK consists of the three county commissioners from each of the four participating counties. The Consortium Board is responsible for the administration, operation, and success of the job training program. Financial information can be obtained from MARK, 1495 West Longview Avenue, Suite 101, Mansfield, Ohio, 44906.

NOTE 24 - JOINTLY GOVERNED ORGANIZATIONS (continued)

C. Northern Ohio Juvenile Community Corrections Facility:

The Northern Ohio Juvenile Community Corrections Facility (the Corrections Facility) is a jointly governed organization among Ashland, Erie, Huron, Richland, 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 25 - 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 2000, this allocation was \$30,600.

NOTE 26 - INSURANCE POOLS

A. County Risk Sharing Authority, Inc.:

The County Risk Sharing Authority, Inc. (CORSA), is a jointly governed organization among 39 counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

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

NOTE 26 - INSURANCE POOLS (continued)

B. County Commissioners Association of Ohio Service Corporation:

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

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

NOTE 27 - RELATED PARTY TRANSACTIONS

During 2000, 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 \$73,973 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 the Center. Additional habilitative services provided directly to Center clients by the County was \$1,894,828.

NOTE 28 - 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 not be significant.

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

Ashland County, Ohio
Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 29 - SUBSEQUENT EVENTS

On June 14, 2001, the County issued bond anticipation notes, in the amount of \$2,000,000, to retire notes previously issued for construction of the County jail. The notes have an interest rate of 3.35 percent and mature on June 13, 2002.

On June 14, 2001, the County retired bond anticipation notes, in the amount of \$10,000,000, for construction of the County jail.

On June 12, 2001, the County obtained a loan from the United States Department of Agriculture Rural Development, in the amount of \$5,773,000, for construction of the County jail. The loan has an interest rate of 4.75 percent to be repaid over the next 20 years.

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ASHLAND COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2000

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Health and Human Services						
Passed through the Ohio Department of Alcohol and Drug Addiction Services:						
Block Grants for Prevention and Treatment of Substance Abuse	93.959	FY00 FY01	\$69,080 40,367 <u>109,447</u>	\$0 <u>0</u>	\$69,080 40,367 <u>109,447</u>	\$0 <u>0</u>
Medical Assistance Program	93.778	FY00 FY01	6,738 14,943 <u>21,681</u>	<u>0</u>	6,738 14,943 <u>21,681</u>	<u>0</u>
Passed through Ohio Department of Mental Health						
Medical Assistance Program	93.778	FY00 FY01	201,854 92,830 <u>294,684</u>	<u>0</u>	201,854 92,830 <u>294,684</u>	<u>0</u>
Block Grants for Community Mental Health Services	93.958	FY00 FY01 FY00 FY01	13,236 27,219 1,399 1,401 <u>43,255</u>	<u>0</u>	13,236 27,219 1,399 1,401 <u>43,255</u>	<u>0</u>
Social Services Block Grant	93.667	FY00	27,508		27,508	
Passed through Ohio Department of Mental Retardation and Developmental Disabilities						
Medical Assistance Program	93.778	FY00 FY01	183,745 121,582 <u>305,327</u>	<u>0</u>	183,745 121,582 <u>305,327</u>	<u>0</u>
Total U.S. Department of Health and Human Services			801,902	0	801,902	0
U.S. Department of Housing and Urban Development						
Passed Through Ohio Department of Development:						
Community Development Block Grants/ State's Program	14.228	BF-98-003-1 BF-99-003-1 BC-99-003-1 BC-99-003-2 C-99-003-1	74,149 135,000 19,335 329,254 70,000 <u>70,000</u>		75,435 135,000 19,335 271,327 72,447 <u>72,447</u>	
Total U.S. Department of Housing and Urban Development			627,738	0	573,544	0

ASHLAND COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Education Passed Through Ohio Department of Education:						
Special Education Cluster:						
Special Education Pre-School Grants	84.173	069625-PG-SC-00P 069625-PG-SI-01P	2,736 13,455 <u>16,191</u>	<u>0</u>	1,666 6,077 <u>7,743</u>	<u>0</u>
Special Education Grants to States	84.027	069625-6B-SF-99P 069625-6B-SE-01P	11,739 <u>11,739</u>	<u>0</u>	699 8,701 <u>9,400</u>	<u>0</u>
Total Special Education Cluster			27,930	0	17,143	0
Innovative Education Program Strategies						
	84.298	069625-C2-SI-00 069625-C2-SI-01	2,298 396 <u>2,694</u>	<u>0</u>	2,522 <u>2,522</u>	<u>0</u>
Total U.S. Department of Education			30,624	0	19,665	0
U.S. Department of Agriculture Direct:						
Community Facilities Loans and Grants	10.766	N/A	5,773,000		5,773,000	
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
National School Lunch Program	10.555	N/A	25,010		25,010	
Food Distribution	10.550	N/A		<u>4,671</u>		<u>4,788</u>
Total Nutrition Cluster			<u>25,010</u>	<u>4,671</u>	<u>25,010</u>	<u>4,788</u>
Total U.S. Department of Agriculture			5,798,010	4,671	5,798,010	4,788
U.S. Department of Justice Direct Program:						
Public Safety Partnership and Community Policing Grants	16.710	95 CFWX 0789	22,224		29,862	
Passed Through the State Office of Criminal Justice Services						
Crime Victim Assistance	16.575	98-VAGENE-306T 99-VAGENE-306T 01-VAGENE-306	28,779 11,006 <u>39,785</u>	<u>0</u>	506 26,794 10,372 <u>37,672</u>	<u>0</u>
Local Law Enforcement Block Grants Program	16.592	99-LE-LEB-3008	<u>2,377</u>		<u>2,377</u>	
Total U.S. Department of Justice			<u>64,386</u>	<u>0</u>	<u>69,911</u>	<u>0</u>
Total			<u>\$7,322,660</u>	<u>\$4,671</u>	<u>\$7,263,032</u>	<u>\$4,788</u>

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

ASHLAND COUNTY

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - TITLE XIX MEDICAL ASSISTANCE GRANT

Federal funds were commingled with other revenues for the Title XIX Medical Assistance Grant. It is assumed federal monies are expended first.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants. It is assumed federal monies are expended first. At December 31, 2000, the County had no significant food commodities in inventory.

NOTE D - REVOLVING LOAN

As of December 31, 2000, there were no outstanding loan balances. The only revolving loan was paid off during the year, which included \$5,937 in principal payments and \$197 in interest payments.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the County Commissioners:

We have audited the general purpose financial statements of Ashland County, Ohio, (the County) as of and for the year ended December 31, 2000, and have issued our report thereon dated July 20, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-60503-001 and 2000-60503-002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated July 20, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated July 20, 2001.

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

Jim Petro
Auditor of State

July 20, 2001



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

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

To the County Commissioners:

Compliance

We have audited the compliance of Ashland County, Ohio, (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2000. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2000.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Jim Petro
Auditor of State

July 20, 2001

**ASHLAND COUNTY
DECEMBER 31, 2000**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Facilities Loans and Grants CFDA #10.766 Medical Assistance Program CFDA #93.778
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

Finding For Recovery

Finding Number	2000-60503-001
-----------------------	----------------

Robert Welch and Ted Conley, former employees of the Ashland County Sheriff's Department, retired effective January 29, 1999 and November 30, 1997, respectively. Upon separation of employment, we noted the following:

Robert Welch

His final gross payroll amount at retirement from the Ashland County Sheriff's Department was calculated at \$24,320.27; included in that amount was 200.2 hours of vacation that he had not accrued and therefore was not entitled to receive. The 200.2 hours was paid at his current rate of pay, at the time, of \$17.95 per hour for a total of \$3,593.59. He received check number 42303 on January 29, 1999, for the net amount of \$13,519.27. Article XII, section 12.04 of the Sheriff's Department union contract states that, "any employee who resigns, is terminated, retires, or is separated from employment by the Employer because of a reduction in force will receive pay for their unused and accrued vacation time. In the case of retirement, they shall give two weeks notice in writing to the Sheriff to be eligible for such payment." The unused and accrued vacation time as of January 29, 1999, when he retired, was 671.1 hours, for which he was paid. However, he was also paid for 200.2 hours which had not accrued as of the retirement date.

Ted Conley

His final gross payroll amount at retirement from the Ashland County Sheriff's Department was calculated at \$9,509.49; included in that amount was 281 hours of unused and accrued vacation time. He received check number 28882 on December 5, 1997, for the net amount of \$5,211.19. In addition, he received a separate check number 29248 on December 5, 1997, for the net amount of \$2,472.67. This included 1.5 hours of unpaid overtime and 200 hours of vacation time at his current rate of pay, at the time, of \$16.47 per hour. The vacation time was not accrued and he was not entitled to receive payment for these hours. Article XII, section 12.04 of the Sheriff's Department union contract states that, "any employee who resigns, is terminated, retires, or is separated from employment by the Employer because of a reduction in force will receive pay for their unused and accrued vacation time. In the case of retirement, they shall give two weeks notice in writing to the Sheriff to be eligible for such payment." The unused and accrued vacation time as of November 30, 1997, when he retired, was 281 hours, for which he was paid. However, he was also paid for 200 hours which had not accrued as of the retirement date.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Robert Welch, Ted Conley, and the County Risk Sharing Authority (C.O.R.S.A.), the County's bonding company, jointly and severally, for the following amounts, and in favor of Ashland County's General Fund:

Robert Welch	\$3,593.59
Ted Conley	3,294.00

Mr. Conley repaid \$2,472.67 (the net amount received) on March 30, 2001.

Noncompliance

Finding Number	2000-60503-002
-----------------------	----------------

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and other orders for expenditure lacking prior certification should be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides two “exceptions” to the above requirements:

- A) Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was both at the time of the contract or order and at the time the certificate was appropriated, free of any previous encumbrances, the Commissioners may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B) If the amount involved is less than \$100, the fiscal officer may authorize it to be paid without the affirmation of the Commissioners, if such expenditure is otherwise valid.

During our testing, 33% of the expenditures, contracts, and/or open purchase commitments were not properly certified by the Auditor. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance. In addition, we noted that the County Auditor did not sign the certification statement on 23% of the purchase orders tested in order to make the certification valid. We also noted that the County Auditor did not date the certification statement on 10% of the purchase orders selected for testing.

The County Auditor should certify the availability of funds and also implement the use of so called Then and Now Certificates and Blanket Certificates as further means to certify funds pursuant to Ohio Rev. Code Section 5705.41.

3. FINDINGS FOR FEDERAL AWARDS

None.

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**ASHLAND COUNTY
DECEMBER 31, 2000**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b) and GAGAS**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-60503-001	Overcompensation of vacation leave	Yes	Finding No Longer Valid; Finding was repaid.
1999-60503-002	Appropriations exceeded total estimated revenue	No	Partially Corrected - Immaterial variances noted throughout the year.
1999-60503-003	Certification of funds	No	Not Corrected



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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 9, 2001