

**Columbiana County**  
*Audited Financial Statements*

*December 31, 2007*





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Columbiana County, prepared by Rea & Associates, Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 12, 2008

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**COLUMBIANA COUNTY**

**DECEMBER 31, 2007**

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**DECEMBER 31, 2007**

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

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

June 13, 2008

Board of County Commissioners  
Columbiana County  
Lisbon OH, 44432

**Independent Auditor's Report**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Columbiana County (the "County"), as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code Section 117-02-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statement and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Columbiana County, Ohio as of December 31, 2007, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Public Assistance Fund, Mental Health Fund, MRDD Fund, and Motor Vehicle and Gas Tax Fund for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 13, 2008 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with "*Government Auditing Standards*" and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 11 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Schedule of Expenditures of Federal Awards

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

*Hea & Associates, Inc.*

New Philadelphia, OH 44663



**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*Unaudited*

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This discussion and analysis of the Columbiana County's (the County) financial performance provides an overall review of the County's financial activities for the year ended December 31, 2007, within the limitations of the County's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the County's financial performance.

### **Highlights**

Key highlights for 2007 are as follows:

Due to the residents rejecting the renewal of the ½ percent sales tax, the County Commissioners chose to impose the ½ percent increase in order to provide the services necessary for County residents. Management continues to diligently plan expenses, staying carefully within the County's revenues.

Net assets of governmental activities increased \$1,434,837, or 4.92 percent. This increase is the result of the County receiving the additional ½ percent in sales tax, actively pursuing grants and monitoring expenses while still maintaining the high standards the communities expect of the County.

In order to help alleviate the over-crowding of the County jails, the County instituted the ankle bracelet monitoring system.

The County completed the Winona sewer project. The County was able to run sewer lines from Guilford to Winona without the necessity of raising sewer rates.

Columbiana County's general receipts are primarily property and sales tax. These receipts represent 9 and 11 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 changed very little compared to 2006 as development within the Columbiana County has slowed. Sales tax increased 26 percent due to the replacement of the ½ percent sales tax.

Columbiana County capitalized on a favorable bond market by refinancing the jail bonds; thereby reducing the overall long term liability of the County.

Columbiana County just completed the triennial update in 2007. This update will affect property owners in collection year 2008.

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

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

### **Report Components**

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

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*Unaudited*

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Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the County as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

***Basis of Accounting***

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

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

**Reporting the County as a Whole**

The statement of net assets and the statement of activities reflect how the County did financially during 2007, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the County at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the County's general receipts.

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

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

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

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

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

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

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

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

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

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

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*Unaudited*

**Columbiana County as a Whole**

Table 1 provides a summary of the County's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalent	\$27,657,684	\$26,312,565	\$2,049,067	\$1,886,301	\$29,706,751	\$28,198,866
Cash and Cash Equivalents with Fiscal Agents	2,953,885	2,864,167	0	0	2,953,885	2,864,167
<i>Total Assets</i>	<b>\$30,611,569</b>	<b>\$29,176,732</b>	<b>\$2,049,067</b>	<b>\$1,886,301</b>	<b>\$32,660,636</b>	<b>\$31,063,033</b>
<b>Net Assets</b>						
Restricted for:						
Capital Projects	\$281,322	\$782,316	\$0	\$0	\$281,322	\$782,316
Debt Service	2,394,696	1,981,918	0	0	2,394,696	1,981,918
Public Safety	1,651,344	1,186,979	0	0	1,651,344	1,186,979
Public Works	3,387,238	3,402,947	0	0	3,387,238	3,402,947
Health Services	3,302,411	2,408,140	0	0	3,302,411	2,408,140
Human Services	13,918,105	14,964,643	0	0	13,918,105	14,964,643
Unclaimed Monies	294,675	277,523	0	0	294,675	277,523
Other Purposes	2,610,491	1,661,594	0	0	2,610,491	1,661,594
Unrestricted	2,771,287	2,510,672	2,049,067	1,886,301	4,820,354	4,396,973
<i>Total Net Assets</i>	<b>\$30,611,569</b>	<b>\$29,176,732</b>	<b>\$2,049,067</b>	<b>\$1,886,301</b>	<b>\$32,660,636</b>	<b>\$31,063,033</b>

Net Assets of governmental activities increased \$1,434,837 due to the County receiving the ½ percent increase in sales tax as well as an increase in grant monies. This increase was offset by an increase in over all disbursements due to the County being able to replenish services for County residents.

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*Unaudited*

Table 2 reflects the changes in net assets in 2007 compared to 2006 on a cash basis of accounting:

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Receipts</b>						
<i>Program Receipts</i>						
Charges for Services	\$6.68	\$7.29	\$1.67	\$2.13	\$8.35	\$9.42
Operating Grants and Contributions	48.75	39.06	0.00	0.39	48.75	39.45
Capital Grants and Contributions	0.08	4.97	0.84	0.34	0.92	5.31
<i>Total Program Receipts</i>	<u>55.51</u>	<u>51.32</u>	<u>2.51</u>	<u>2.86</u>	<u>58.02</u>	<u>54.18</u>
<i>General Receipts</i>						
Property Taxes	8.62	8.34	0.00	0.00	8.62	8.34
Permissive Sales Tax	10.43	8.23	0.00	0.00	10.43	8.23
Grants and Entitlements	2.47	2.51	0.00	0.00	2.47	2.51
Conveyance Fees	1.08	1.16	0.00	0.00	1.08	1.16
Investment Income	2.02	1.77	0.04	0.04	2.06	1.81
General Obligation Bonds Issued	2.57	0.79	0.00	0.60	2.57	1.39
General Obligation Notes Issued	0.00	0.12	0.00	0.00	0.00	0.12
Refunding General Obligation Bonds Issued	8.49	0.00	0.00	0.00	8.49	0.00
OPWC Loan Issued	0.00	0.00	0.53	0.00	0.53	0.00
OWDA Loan Issued	0.00	0.00	0.08	0.40	0.08	0.40
Mortgage Revenue Bonds Issued	0.00	0.00	0.36	0.00	0.36	0.00
Mortgage Revenue Notes Issued	0.00	0.00	0.38	0.00	0.38	0.00
Premium on Bond Issued	0.08	0.00	0.00	0.00	0.08	0.00
Other	0.88	0.92	0.34	0.22	1.22	1.14
<i>Total General Receipts</i>	<u>36.64</u>	<u>23.84</u>	<u>1.73</u>	<u>1.26</u>	<u>38.37</u>	<u>25.10</u>
<i>Total Receipts</i>	<u>\$92.15</u>	<u>\$75.16</u>	<u>\$4.24</u>	<u>\$4.12</u>	<u>\$96.39</u>	<u>\$79.28</u>

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*Unaudited*

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Program Disbursements</b>						
General Government						
Legislative and Executive	\$5.16	\$6.90	\$0.00	\$0.00	\$5.16	\$6.90
Judicial	4.76	5.38	0.00	0.00	4.76	5.38
Public Safety	7.43	6.63	0.00	0.00	7.43	6.63
Public Works	10.73	10.65	0.00	0.00	10.73	10.65
Health	10.72	10.42	0.00	0.00	10.72	10.42
Human Services	35.48	32.72	0.00	0.00	35.48	32.72
Economic Development						
and Assistance	2.38	2.05	0.00	0.00	2.38	2.05
Capital Outlay	3.09	1.21	0.00	0.00	3.09	1.21
Debt Service	10.31	2.06	0.00	0.00	10.31	2.06
Outside Contributions	0.62	0.00	0.00	0.00	0.62	0.00
Employee Contributions	0.04	0.00	0.00	0.00	0.04	0.00
Sewer	0.00	0.00	3.31	3.36	3.31	3.36
Police Communications	0.00	0.00	0.02	0.01	0.02	0.01
Water	0.00	0.00	0.74	0.75	0.74	0.75
<i>Total Program Disbursements</i>	<u>90.72</u>	<u>78.02</u>	<u>4.07</u>	<u>4.12</u>	<u>94.79</u>	<u>82.14</u>
Change in Net Assets	1.43	(2.86)	0.17	0.00	1.20	(2.86)
Net Assets Beginning of Year	<u>29.18</u>	<u>32.04</u>	<u>1.88</u>	<u>1.88</u>	<u>31.06</u>	<u>33.92</u>
Net Assets End of Year	<u>\$30.61</u>	<u>\$29.18</u>	<u>\$2.05</u>	<u>\$1.88</u>	<u>\$32.26</u>	<u>\$31.06</u>

Program receipts represent only 59 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money and grant money for various programs.

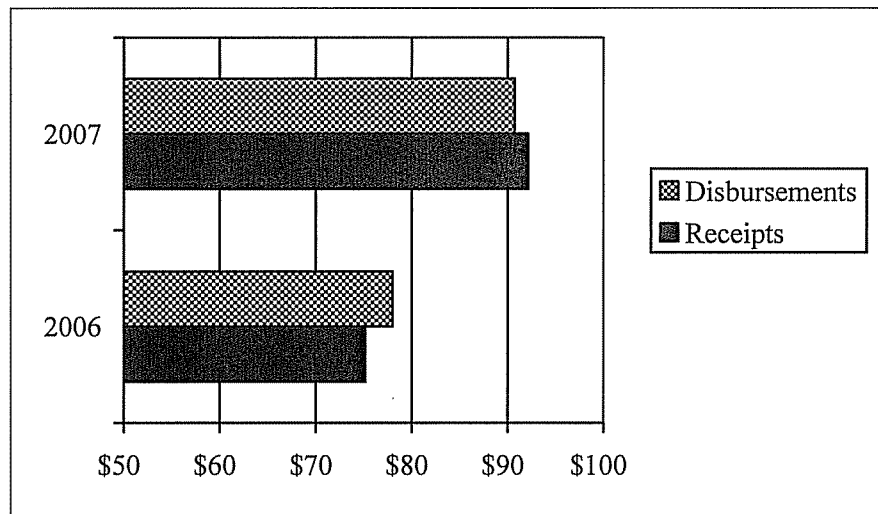
General receipts represent 41 percent of the County's total receipts, and of this amount, over 52 percent are property and sales taxes. During 2007, the County issued \$8,490,000 in refunding general obligation bonds. These made up 23 percent of general receipts. State and federal grants and entitlements make up the balance of the County's general receipts (8 percent). Other receipts are insignificant and somewhat unpredictable revenue sources.

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*Unaudited*

The County realized an increase in gas tax monies which allowed the County to continue to maintain County roads. Health and human services make up 12 and 39 percent respectively of total governmental disbursements. The County actively seeks grant money in order to provide the best services possible to its residents. Debt service disbursements increased due to the County refunding the 1997 jail bonds.

Graph 1  
 Governmental Receipts and Disbursements  
 (In Millions)

	2007	2006
Receipts	\$92.15	\$75.16
Disbursements	90.72	78.02



***Business-Type Activities***

Business-type activities include the County's sewer, police communication and water operations. Net assets for 2007 increased \$162,166. The County completed the Winona sewer project. The County was able to run sewer lines from Guilford to Winona without the necessity of raising sewer rates.

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

**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*Unaudited*

(Table 3)  
**Total and Net Cost of Program Services**

	Total Cost of Services 2007	Total Cost of Services 2007	Total Cost of Services 2006	Total Cost of Services 2006
<b>Program Disbursements</b>				
<b>General Government</b>				
Legislative and Executive	\$5,165,593	(\$3,346,311)	\$6,895,717	(\$3,148,261)
Judicial	4,758,398	(2,429,046)	5,377,508	(3,835,865)
Public Safety	7,429,645	(6,011,276)	6,631,123	(4,435,724)
Public Works	10,734,261	(108,934)	10,654,419	(594,012)
Health	10,717,213	(1,198,674)	10,423,024	(3,011,543)
Human Services	35,482,850	(9,510,345)	32,715,900	(9,720,305)
Economic Development and Assistance	2,372,653	565,619	2,050,579	(24,252)
Capital Outlay	3,093,155	(2,889,286)	1,211,991	(10,832)
Debt Service	10,308,011	(10,308,011)	2,055,023	(2,055,023)
Outside Participation	617,644	25,440	0	0
Employee Contribution	36,464	407	0	0
Sewer	3,321,558	(1,192,857)	3,361,619	(1,163,874)
Police Communications	20,017	2,183	13,315	9,385
Water	736,948	(378,773)	754,534	(105,718)
<i>Total</i>	<u>\$94,794,410</u>	<u>(\$36,779,864)</u>	<u>\$82,144,752</u>	<u>(\$28,096,024)</u>

The negative amounts indicated in Table 3 should not be construed as something bad; they are merely indicative of whether a particular function of government relies on general revenues for financing or is a net contributor of resources to the general government. The total cost of services and the net cost of services both increased in 2007.

### **The Columbiana County's Funds**

Total governmental funds had receipts of \$80,328,258 and disbursements of \$81,760,890. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$109,891 as the result of increased sales tax and offset by the costs for salaries and benefits. The mental health special revenue fund receipts were \$887,681 more than disbursements due to the County receiving additional grant revenues.

### **General Fund Budgeting Highlights**

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

During 2007, the County amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to the increase in sales tax receipts. The difference between final budgeted receipts and actual receipts was not significant.



**Columbiana County, Ohio**  
*Management's Discussion and Analysis*  
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Final disbursements were budgeted at \$17,300,452 while original disbursements were budgeted at \$16,349,946. This increase was due to the County being able to replenish services due to the ½ percent sales tax. The County kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the decrease in fund balance of \$309,167 for 2007.

**Capital Assets and Debt Administration**

*Capital Assets*

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

*Debt*

At December 31, 2007, Columbiana County had the following debt outstanding:

(Table 4)  
**Outstanding Debt at Year End**

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
General Obligation Notes	\$1,256,449	\$1,848,999	\$0	\$0	\$1,256,449	\$1,848,999
Mortgage Revenue Notes	9,260	36,055	456,850	83,500	466,110	119,555
General Obligation Bonds	16,243,486	13,964,028	0	0	16,243,486	13,964,028
Mortgage Revenue Bonds	0	0	2,994,000	2,681,137	2,994,000	2,681,137
OWDA Loans	817,023	857,723	922,030	857,800	1,739,053	1,715,523
OPWC Loans	8,000	16,000	652,808	158,647	660,808	174,647
Capital Leases	350,005	385,471	0	0	350,005	385,471
<i>Total</i>	<u>\$18,684,223</u>	<u>\$17,108,276</u>	<u>\$5,025,688</u>	<u>\$3,781,084</u>	<u>\$23,709,911</u>	<u>\$20,889,360</u>

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

**Current Issues**

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

**Contacting Columbiana County's Financial Management**

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

**Basic Financial Statements**

**Columbiana County, Ohio**  
*Statement of Net Assets - Cash Basis*  
 December 31, 2007

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$27,657,684	\$2,049,067	\$29,706,751
Cash and Cash Equivalents with Fiscal Agents	2,953,885	0	2,953,885
<i>Total Assets</i>	<u>\$30,611,569</u>	<u>\$2,049,067</u>	<u>\$32,660,636</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$281,322	\$0	\$281,322
Debt Service	2,394,696	0	2,394,696
Public Safety	1,651,344	0	1,651,344
Public Works	3,387,238	0	3,387,238
Health Services	3,302,411	0	3,302,411
Human Services	13,918,105	0	13,918,105
Unclaimed Monies	294,675	0	294,675
Other Purposes	2,610,491	0	2,610,491
Unrestricted	<u>2,771,287</u>	<u>2,049,067</u>	<u>4,820,354</u>
<i>Total Net Assets</i>	<u>\$30,611,569</u>	<u>\$2,049,067</u>	<u>\$32,660,636</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2007

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government:				
Legislative and Executive	\$5,165,593	\$1,819,282	\$0	\$0
Judicial	4,758,398	2,172,979	156,373	0
Public Safety	7,429,645	976,152	442,217	0
Public Works	10,734,261	107,705	10,517,622	0
Health	10,717,213	224,573	9,293,966	0
Human Services	35,482,850	529,065	25,443,440	0
Economic Development and Assistance	2,372,653	40,265	2,898,007	0
Capital Outlay	3,093,155	125,414	0	78,455
Debt Service	10,308,011	0	0	0
Outside Contributions to Health Insurance	617,644	643,084	0	0
Employee Contributions to Health Insurance	36,464	36,871	0	0
<i>Total Governmental Activities</i>	<u>90,715,887</u>	<u>6,675,390</u>	<u>48,751,625</u>	<u>78,455</u>
<b>Business Type Activities</b>				
Sewer	3,321,558	1,309,459	0	819,242
Police Communications	20,017	22,200	0	0
Water	736,948	342,160	0	16,015
<i>Total Business-Type Activities</i>	<u>4,078,523</u>	<u>1,673,819</u>	<u>0</u>	<u>835,257</u>
<i>Total Primary Government</i>	<u>\$94,794,410</u>	<u>\$8,349,209</u>	<u>\$48,751,625</u>	<u>\$913,712</u>

**General Receipts**

Property Taxes Levied for:

Human Services

Health Services

Debt Service

Sales Taxes

Conveyance Fees

Grants and Entitlements not Restricted to Specific Programs

Contributions not Restricted to Specific Programs

Interest

General Obligation Bonds Issued

Refunding General Obligation Bonds Issued

OPWC Loan Issued

OWDA Loan Issued

Mortgage Revenue Bonds Issued

Mortgage Revenue Notes Issued

Premium on Bond Issue

Miscellaneous

*Total General Receipts*

Change in Net Assets

*Net Assets Beginning of Year*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$3,346,311)	\$0	(\$3,346,311)
(2,429,046)	0	(2,429,046)
(6,011,276)	0	(6,011,276)
(108,934)	0	(108,934)
(1,198,674)	0	(1,198,674)
(9,510,345)	0	(9,510,345)
565,619	0	565,619
(2,889,286)	0	(2,889,286)
(10,308,011)	0	(10,308,011)
25,440	0	25,440
407	0	407
<u>(35,210,417)</u>	<u>0</u>	<u>(35,210,417)</u>
0	(1,192,857)	(1,192,857)
0	2,183	2,183
<u>0</u>	<u>(378,773)</u>	<u>(378,773)</u>
0	(1,569,447)	(1,569,447)
<u>(35,210,417)</u>	<u>(1,569,447)</u>	<u>(36,779,864)</u>
6,382,987	0	6,382,987
1,963,288	0	1,963,288
276,849	0	276,849
10,430,509	0	10,430,509
1,079,360	0	1,079,360
2,470,626	0	2,470,626
2,700	0	2,700
2,018,296	38,709	2,057,005
2,568,161	0	2,568,161
8,490,000	0	8,490,000
0	531,000	531,000
0	82,115	82,115
0	358,863	358,863
0	381,700	381,700
84,350	0	84,350
<u>878,128</u>	<u>339,826</u>	<u>1,217,954</u>
36,645,254	1,732,213	38,377,467
1,434,837	162,766	1,597,603
<u>29,176,732</u>	<u>1,886,301</u>	<u>31,063,033</u>
<u>\$30,611,569</u>	<u>\$2,049,067</u>	<u>\$32,660,636</u>

**Columbiana County, Ohio**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2007*

	General	Motor Vehicle and Gas Tax	Mental Health	Public Assistance
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,025,705	\$3,358,501	\$3,207,422	\$1,065,828
Cash and Cash Equivalents with Fiscal Agents	0	0	0	0
<i>Total Assets</i>	<u>\$2,025,705</u>	<u>\$3,358,501</u>	<u>\$3,207,422</u>	<u>\$1,065,828</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$371,224	\$219,269	\$111,282	\$567,959
Reserved for Unclaimed Monies	294,675	0	0	0
Unreserved:				
Undesignated, Reported in:				
General Fund	1,359,806	0	0	0
Special Revenue Funds	0	3,139,232	3,096,140	497,869
Debt Service Fund	0	0	0	0
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances</i>	<u>\$2,025,705</u>	<u>\$3,358,501</u>	<u>\$3,207,422</u>	<u>\$1,065,828</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2007*

Mental Retardation and Developmental Disabilities	Other Governmental Funds	Total Governmental Funds		
			<b>Total Governmental Fund Balances</b>	<b>\$29,571,312</b>
			<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
			Governmental activities' net assets include the internal service fund's cash and cash equivalents. The proprietary funds' statements include these assets.	
\$6,291,957	\$10,668,014	\$26,617,427		
<u>2,953,885</u>	<u>0</u>	<u>2,953,885</u>		<u>1,040,257</u>
<u>\$9,245,842</u>	<u>\$10,668,014</u>	<u>\$29,571,312</u>	<i>Net Assets of Governmental Activities</i>	<u>\$30,611,569</u>
\$91,208	\$818,962	\$2,179,904		
0	0	294,675		
0	0	1,359,806		
9,154,634	7,181,340	23,069,215		
0	2,394,696	2,394,696		
0	273,016	273,016		
<u>\$9,245,842</u>	<u>\$10,668,014</u>	<u>\$29,571,312</u>		

**Columbiana County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	General	Motor Vehicle and Gas Tax	Mental Health	Public Assistance
<b>Receipts</b>				
Property Taxes	\$0	\$0	\$1,963,288	\$0
Permissive Sales Taxes	10,430,509	0	0	0
Charges for Services	1,868,296	25,360	0	16,314
Licenses and Permits	6,836	0	0	0
Fines and Forfeitures	159,096	41,399	0	0
Intergovernmental	2,410,834	10,511,639	9,192,960	13,405,624
Conveyance Fees	1,079,360	0	0	0
Interest	1,868,772	149,524	0	0
Rentals	103,565	0	0	0
Contributions and Donations	2,700	0	0	0
Other	313,455	1,642	14,748	35,889
<b>Total Receipts</b>	<b>18,243,423</b>	<b>10,729,564</b>	<b>11,170,996</b>	<b>13,457,827</b>
<b>Disbursements</b>				
Current:				
General Government:				
Legislative and Executive	4,493,539	0	0	0
Judicial	3,924,152	0	0	0
Public Safety	6,595,384	0	0	0
Public Works	0	10,736,927	0	0
Health	97,370	0	10,283,315	0
Human Services	1,465,058	0	0	14,011,284
Economic Development and Assistance	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	59,014	130,498	0	0
Interest and Fiscal Charges	56,458	5,816	0	0
Issuance Costs	0	0	0	0
<b>Total Disbursements</b>	<b>16,690,975</b>	<b>10,873,241</b>	<b>10,283,315</b>	<b>14,011,284</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>1,552,448</b>	<b>(143,677)</b>	<b>887,681</b>	<b>(553,457)</b>
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued	0			0
Refunding Bonds Issued	0	0	0	0
Premium on Refunding Bonds Issued	0	0	0	0
Payment to Refunded Bond Escrow Account	0	0	0	0
Transfers In	47,000	0	0	332,834
Transfers Out	(1,553,008)	0	0	0
Advances In	99,980	0	0	0
Advances Out	(36,529)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(1,442,557)</b>	<b>0</b>	<b>0</b>	<b>332,834</b>
<b>Net Change in Fund Balances</b>	<b>109,891</b>	<b>(143,677)</b>	<b>887,681</b>	<b>(220,623)</b>
<b>Fund Balances Beginning of Year</b>	<b>1,915,814</b>	<b>3,502,178</b>	<b>2,319,741</b>	<b>1,286,451</b>
<b>Fund Balances End of Year</b>	<b>\$2,025,705</b>	<b>\$3,358,501</b>	<b>\$3,207,422</b>	<b>\$1,065,828</b>

See accompanying notes to the basic financial statements



**Columbiana County, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2007*

Mental Retardation and Developmental Disabilities	Other Governmental Funds	Total Governmental Funds
\$5,489,711	\$1,170,125	\$8,623,124
0	0	10,430,509
0	3,213,769	5,123,739
0	182,589	189,425
0	338,511	539,006
5,789,832	9,813,269	51,124,158
0	0	1,079,360
0	0	2,018,296
0	39,700	143,265
21,113	155,435	179,248
196,823	315,571	878,128
<u>11,497,479</u>	<u>15,228,969</u>	<u>80,328,258</u>
0	709,587	5,203,126
0	880,070	4,804,222
0	851,419	7,446,803
0	25,476	10,762,403
0	341,383	10,722,068
12,510,293	7,504,294	35,490,929
0	2,373,091	2,373,091
0	3,093,155	3,093,155
0	945,999	1,135,511
0	535,876	598,150
0	131,432	131,432
<u>12,510,293</u>	<u>17,391,782</u>	<u>81,760,890</u>
<u>(1,012,814)</u>	<u>(2,162,813)</u>	<u>(1,432,632)</u>
0	2,568,161	2,568,161
0	8,490,000	8,490,000
0	84,350	84,350
0	(8,442,918)	(8,442,918)
0	1,631,533	2,011,367
0	(458,359)	(2,011,367)
0	36,529	136,509
0	(99,980)	(136,509)
<u>0</u>	<u>3,809,316</u>	<u>2,699,593</u>
<u>(1,012,814)</u>	<u>1,646,503</u>	<u>1,266,961</u>
<u>10,258,656</u>	<u>9,021,511</u>	<u>28,304,351</u>
<u>\$9,245,842</u>	<u>\$10,668,014</u>	<u>\$29,571,312</u>

**Net Change in Fund Balances - Total Governmental Funds** \$1,266,961

*Amounts reported for governmental activities in the  
statement of activities are different because*

Internal service funds charge insurance costs to other funds.  
The entity-wide statements eliminate governmental fund  
expenditures and related internal service fund charges.  
Governmental activities report allocated net internal  
service fund revenues (expenses). 167,876

*Change in Net Assets of Governmental Activities* \$1,434,837

**Columbiana County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Sales Taxes	\$10,180,311	\$10,649,798	\$10,430,509	(\$219,289)
Charges for Services	1,823,481	1,907,574	1,868,296	(39,278)
Licenses and Permits	6,672	6,980	6,836	(144)
Fines and Forfeitures	155,280	162,441	159,096	(3,345)
Intergovernmental	2,353,005	2,461,519	2,410,834	(50,685)
Conveyance Fees	1,053,469	1,102,052	1,079,360	(22,692)
Interest	1,777,259	1,859,221	1,820,938	(38,283)
Rentals	101,081	105,742	103,565	(2,177)
Contributions and Donations	2,635	2,757	2,700	(57)
Other	302,740	322,846	313,455	(9,391)
<i>Total Receipts</i>	<u>17,755,933</u>	<u>18,580,930</u>	<u>18,195,589</u>	<u>(385,341)</u>
<b>Disbursements</b>				
<b>Current:</b>				
General Government				
Legislative and Executive	4,757,940	4,807,000	4,728,976	78,024
Judicial	3,843,504	4,031,923	3,987,437	44,486
Public Safety	6,019,993	6,750,441	6,657,301	93,140
Health	91,907	107,370	107,370	0
Human Services	1,521,651	1,488,246	1,465,643	22,603
Debt Service:				
Principal Retirement	58,493	59,014	59,014	0
Interest and Fiscal Charges	56,458	56,458	56,458	0
<i>Total Disbursements</i>	<u>16,349,946</u>	<u>17,300,452</u>	<u>17,062,199</u>	<u>238,253</u>
<i>Excess of Receipts Over Disbursements</i>	<u>1,405,987</u>	<u>1,280,478</u>	<u>1,133,390</u>	<u>(147,088)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	45,872	47,988	47,000	(988)
Transfers Out	(1,544,087)	(1,553,009)	(1,553,008)	1
Advances In	0	0	99,980	99,980
Advances Out	0	0	(36,529)	(36,529)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,498,215)</u>	<u>(1,505,021)</u>	<u>(1,442,557)</u>	<u>62,464</u>
<i>Net Change in Fund Balance</i>	<u>(92,228)</u>	<u>(224,543)</u>	<u>(309,167)</u>	<u>(84,624)</u>
<i>Fund Balance Beginning of Year</i>	1,484,654	1,484,654	1,484,654	0
Prior Year Encumbrances Appropriated	<u>224,543</u>	<u>224,543</u>	<u>224,543</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,616,969</u>	<u>\$1,484,654</u>	<u>\$1,400,030</u>	<u>(\$84,624)</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Motor Vehicle and Gas Tax Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Charges for Services	\$26,979	\$33,585	\$25,360	(\$8,225)
Fines and Forfeitures	44,042	54,827	41,399	(13,428)
Intergovernmental	6,548,871	8,152,525	6,155,856	(1,996,669)
Interest	153,016	190,486	143,833	(46,653)
Other	96,086	314,789	1,642	(313,147)
<i>Total Receipts</i>	<u>6,868,994</u>	<u>8,746,212</u>	<u>6,368,090</u>	<u>(2,378,122)</u>
<b>Disbursements</b>				
Current:				
Public Works	6,802,565	7,372,565	6,600,413	772,152
Debt Service:				
Principal Retirement	74,192	130,498	130,498	0
Interest and Fiscal Charges	1,927	5,816	5,816	0
<i>Total Disbursements</i>	<u>6,878,684</u>	<u>7,508,879</u>	<u>6,736,727</u>	<u>772,152</u>
<i>Net Change in Fund Balance</i>	(9,690)	1,237,333	(368,637)	(1,605,970)
<i>Fund Balance Beginning of Year</i>	3,399,488	3,399,488	3,399,488	0
Prior Year Encumbrances Appropriated	<u>102,690</u>	<u>102,690</u>	<u>102,690</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,492,488</u>	<u>\$4,739,511</u>	<u>\$3,133,541</u>	<u>(\$1,605,970)</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Mental Health Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Taxes	\$1,846,098	\$1,846,098	\$1,963,288	\$117,190
Intergovernmental	8,717,521	8,717,521	9,192,960	475,439
Other	<u>102,471</u>	<u>102,471</u>	<u>108,220</u>	<u>5,749</u>
<i>Total Receipts</i>	10,666,090	10,666,090	11,264,468	598,378
<b>Disbursements</b>				
Current:				
Health	<u>10,666,090</u>	<u>10,666,090</u>	<u>10,488,069</u>	<u>178,021</u>
<i>Net Change in Fund Balance</i>	0	0	776,399	776,399
<i>Fund Balance Beginning of Year</i>	<u>2,319,741</u>	<u>2,319,741</u>	<u>2,319,741</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,319,741</u>	<u>\$2,319,741</u>	<u>\$3,096,140</u>	<u>\$776,399</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Public Assistance Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Charges for Services	\$11,705	\$16,876	\$16,314	(\$562)
Intergovernmental	9,537,329	13,844,236	13,405,624	(438,612)
Other	<u>65,929</u>	<u>65,929</u>	<u>35,889</u>	<u>(30,040)</u>
<i>Total receipts</i>	9,614,963	13,927,041	13,457,827	(469,214)
<b>Disbursements</b>				
Current:				
Human Services	<u>10,322,652</u>	<u>14,740,229</u>	<u>14,579,243</u>	<u>160,986</u>
<i>Excess of Receipts Under Disbursements</i>	(707,689)	(813,188)	(1,121,416)	(308,228)
<b>Other Financing Sources</b>				
Transfers In	<u>238,815</u>	<u>344,314</u>	<u>332,834</u>	<u>(11,480)</u>
<i>Net Change in Fund Balance</i>	(468,874)	(468,874)	(788,582)	(319,708)
<i>Fund Balance Beginning of Year</i>	817,577	817,577	817,577	0
Prior Year Encumbrances Appropriated	<u>468,874</u>	<u>468,874</u>	<u>468,874</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$817,577</u>	<u>\$817,577</u>	<u>\$497,869</u>	<u>(\$319,708)</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Mental Retardation and Developmental Disabilities Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Taxes	\$6,246,846	\$9,188,366	\$5,489,711	(\$3,698,655)
Intergovernmental	4,810,982	6,091,793	4,481,306	(1,610,487)
Contributions and Donations	23,713	33,816	21,113	(12,703)
Other	<u>387,532</u>	<u>1,128,448</u>	<u>196,823</u>	<u>(931,625)</u>
<i>Total Receipts</i>	11,469,073	16,442,423	10,188,953	(6,253,470)
<b>Disbursements</b>				
Current:				
Human Services	<u>11,849,486</u>	<u>11,837,660</u>	<u>11,382,693</u>	<u>454,967</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(380,413)	4,604,763	(1,193,740)	(5,798,503)
<b>Other Financing Sources</b>				
Transfers In	<u>373,733</u>	<u>350,421</u>	<u>0</u>	<u>(350,421)</u>
<i>Net Change in Fund Balance</i>	(6,680)	4,955,184	(1,193,740)	(6,148,924)
<i>Fund Balance Beginning of Year</i>	7,283,904	7,283,904	7,283,904	0
Prior Year Encumbrances Appropriated	<u>110,585</u>	<u>110,585</u>	<u>110,585</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$7,387,809</u>	<u>\$12,349,673</u>	<u>\$6,200,749</u>	<u>(\$6,148,924)</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2007*

	<u>Business-Type Activities</u>			<u>Governmental Activity</u>
	<u>Sewer</u>	<u>Nonmajor Enterprise</u>	<u>Total Enterprise Funds</u>	<u>Internal Service</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$1,947,795</u>	<u>\$101,272</u>	<u>\$2,049,067</u>	<u>\$1,040,257</u>
<b>Net Assets</b>				
Unrestricted	<u>\$1,947,795</u>	<u>\$101,272</u>	<u>\$2,049,067</u>	<u>\$1,040,257</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2007*

	Business-Type Activities			Governmental Activity
	Sewer	Nonmajor Enterprise	Total Enterprise Funds	Internal Service
<b>Operating Receipts</b>				
Charges for Services	\$1,309,459	\$364,360	\$1,673,819	\$4,270,219
Other Operating Receipts	339,826	0	339,826	0
<i>Total Operating Receipts</i>	<u>1,649,285</u>	<u>364,360</u>	<u>2,013,645</u>	<u>4,270,219</u>
<b>Operating Disbursements</b>				
Personal Services	605,320	71,878	677,198	0
Contractual Services	552,689	276,577	829,266	268,414
Materials and Supplies	109,170	0	109,170	0
Capital Outlay	1,633,995	348,831	1,982,826	0
Other	241,556	0	241,556	0
Claims	0	0	0	3,833,929
<i>Total Operating Disbursements</i>	<u>3,142,730</u>	<u>697,286</u>	<u>3,840,016</u>	<u>4,102,343</u>
<i>Operating Income (Loss)</i>	<u>(1,493,445)</u>	<u>(332,926)</u>	<u>(1,826,371)</u>	<u>167,876</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Capital Grants	819,242	16,015	835,257	0
Mortgage Revenue Bonds Issued	358,863	0	358,863	0
Mortgage Revenue Notes Issued	381,700	0	381,700	0
OWDA Loan Issued	82,115	0	82,115	0
OPWC Loan Issued	156,000	375,000	531,000	0
Interest	38,709	0	38,709	0
Principal Retirement	(59,225)	(49,849)	(109,074)	0
Interest and Fiscal Charges	(119,603)	(9,830)	(129,433)	0
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>1,657,801</u>	<u>331,336</u>	<u>1,989,137</u>	<u>0</u>
<i>Change in Net Assets</i>	164,356	(1,590)	162,766	167,876
<i>Net Assets Beginning of Year</i>	<u>1,783,439</u>	<u>102,862</u>	<u>1,886,301</u>	<u>872,381</u>
<i>Net Assets End of Year</i>	<u>\$1,947,795</u>	<u>\$101,272</u>	<u>\$2,049,067</u>	<u>\$1,040,257</u>

See accompanying notes to the basic financial statements



**Columbiana County, Ohio**  
*Statement of Fiduciary Net Assets and Liabilities - Cash Basis*  
*Agency Funds*  
*December 31, 2007*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$5,254,789</u>
<b>Net Assets</b>	
Unrestricted	<u>\$5,254,789</u>

See accompanying notes to the basic financial statements

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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**Note 1 - Reporting Entity**

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

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, agencies, department and offices that are not legally separate from the County. For the County this includes the departments and agencies that provide the following services: Columbiana County Mental Health and Recovery Board, Columbiana County Mental Health Center, Columbiana County Board of Mental Retardation and Developmental Disabilities (MRDD) (which includes the Robert Bycroft School for Retarded Children, the Columbiana County Adult Mentally Handicapped Workshop and all departments and activities that are directly operated by the elected County officials). The County has no component units.

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

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

The County is associated with one shared risk pool and one related organization, the County Risk Sharing Authority and the Columbiana County Airport Authority, which are presented in Notes 16 and 18, respectively, to the basic financial statements. The County is also involved in the following jointly governed organizations:

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

These organizations are presented in Note 17 to the basic financial statements.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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

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

***A. Basis of Presentation***

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

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

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

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

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

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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**B. Fund Accounting**

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

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

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

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

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

**Public Assistance Fund** The public assistance fund accounts for various Federal and State grants, as well as a transfer from the general fund used to provide public assistance to general relief recipients, pay their providers for medical assistance, and for certain public social services.

**Mental Retardation and Developmental Disabled (MR/DD) Fund** The MR/DD fund accounts for the operation and the costs of administering a workshop for the mentally retarded and developmentally disabled. Revenue sources include a County-wide property tax levy and State and Federal grants.

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

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

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

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

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

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

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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

***C. Basis of Accounting***

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

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

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

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

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

During 2007, investments were limited to federal farm credit bank notes, federal home loan bank mortgage corporation notes, federal home loan bank notes, federal national mortgage association notes, repurchase agreements, and STAROhio.

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2007.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2007 amounted to \$1,868,772, which includes \$1,730,514 assigned from other County funds.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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

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

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

***F. Capital Assets***

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

***G. Accumulated Leave***

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

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

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

***O. Bond Issuance Costs***

Bond issuance costs for underwriting fees and bond insurance for the refunding jail facilities bonds.

***P. Bond Premiums***

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

***Q. Interfund Activity***

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

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

***R. Fund Balance Reserves***

The County reserves any portion of fund balances legally segregated for a specific future use or which are not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund balance

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and unclaimed monies.

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

***S. Net Assets***

Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation (adopted by the County) or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$27,840,282 of restricted net assets, none of which is restricted by enabling legislation. Net assets restricted for other purposes include child support enforcement, real estate assessment, indigent guardianship and probate business.

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

***T. Budgetary Process***

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

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

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

**Note 3 – Change in Accounting Principles**

For 2007, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 50, "Pension Disclosures". GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the County's financial statements.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

**Note 4 – Compliance**

Ohio Administrative Code, section 117-2-03 (B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

**Note 5 – Budgetary Basis of Accounting**

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

- a) Encumbrances are treated as expenditures for all funds (budgetary basis) rather than as a reservation of fund balance (cash basis).
- b) Unrecorded cash, which consists of unrecorded interest and N.E.O.N activity is not reported by the County on the operating statements (budgetary basis), but is reported on the cash basis operating statements.

	Net Change in Fund Balances				
	General	Motor Vehicle Gas Tax	Mental Health	Public Assistance	Mental Retardation and Developmental Disabilities
Cash Basis	\$109,891	(\$143,677)	\$887,681	(\$220,623)	(\$1,012,814)
Beginning Unrecorded Cash	206,617	0	0	0	2,864,167
Ending Unrecorded Cash	(254,451)	(5,691)	0	0	(2,953,885)
Encumbrances	(371,224)	(219,269)	(111,282)	(567,959)	(91,208)
Budgetary Basis	<u>(\$309,167)</u>	<u>(\$368,637)</u>	<u>\$776,399</u>	<u>(\$788,582)</u>	<u>(\$1,193,740)</u>

**Note 6 – Deposits and Investments**

State statutes classify monies held by the County into two categories, active and inactive.

Active deposits are public deposits determined to be necessary to meet current demands upon the County treasury. Active monies must be maintained either as cash in the County Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.



**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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Inactive monies held by the County can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Commercial paper and bankers acceptances if training requirements have been met; and,
10. Debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

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. Investments may only be made through specified dealers and institutions.

**Deposits**

***A. Cash on Hand***

At year end the County had \$106,825.42 in undeposited cash on hand which is included on the financial statements of the County as part of "Equity in Pooled Cash and Cash Equivalents."

***B. Cash with Fiscal Agent***

At year end, the County had \$2,953,885 in cash held by an outside party which is included on the financial statements of the County as "Cash with fiscal agent." The amount is not included in deposits with financial institutions below.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2007

**C. Deposits with Financial Institutions**

At fiscal year-end, the carrying amount of the County's deposits was \$11,195,021. Based on the criteria described in GASB 40, "Deposits and Investment Risk Disclosures", as of December 31, 2007, \$14,248,988 of the County's bank balance of \$15,098,988 was exposed to custodial credit risk as discussed below, while \$950,000 was covered by the Federal Deposit Insurance Corporation.

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

**Investments**

As of December 31, 2007, the County had the following investments:

	Maturity			Total
	Less Than One Year	More Than One Year But Less than Three Years	More Than Three Years But Less than Five Years	
Repurchase Agreements	\$419,000	\$0	\$0	\$419,000
Federal Farm Credit Bank Notes	1,123,594	503,280	0	1,626,874
Federal Home Loan Mortgage Corporation Notes	1,997,630	2,252,460	0	4,250,090
Federal Home Loan Bank Notes	4,508,676	4,259,302	1,002,970	9,770,948
Federal National Mortgage Association Notes	5,312,980	726,144	502,030	6,541,154
STAROhio	1,051,628	0	0	1,051,628
<b>Total Portfolio</b>	<b>\$14,413,508</b>	<b>\$7,741,186</b>	<b>\$1,505,000</b>	<b>\$23,659,694</b>

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses caused by rising interest rates, the County's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the County's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute limits investments in repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

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

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments. The Federal Farm Credit

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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

**Concentration of Credit Risk.** The County places no limit on the amount it may invest in any one issuer. The following is the County's allocation as of December 31, 2007:

Investment Issuer	Percentage of Investments
Repurchase Agreements	1.77 %
Federal Farm Credit Bank Notes	6.88
Federal Home Loan Mortgage Corporation Notes	17.97
Federal Home Loan Bank Notes	41.30
Federal National Mortgage Association Notes	27.65

**Note 7 – Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

Tangible personal property tax revenue received during calendar year 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2007, on the value as of December 31, 2006. For 2006, tangible personal property is assessed at 18.75 percent for property including inventory. This percentage will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments by multi-county tax payers are due September 20. Single County tax payers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

House Bill 66 was signed into law on June 30, 2005. House Bill 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and rail roads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunication property will be eliminated by calendar year 2011. The tax is phased out by reducing the

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assessment rate on the property each year. The bill replaces the revenue lost by taxing districts due to the phasing out of the tax. In calendar years 2006-2010 taxing districts will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

The full tax rate for all County operations for the year ended December 31, 2007, was \$9.05 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$1,395,667,230
Public Utility Personal Property	86,293,490
Tangible Personal Property	64,930,250
Total	\$1,546,890,970

**Note 8 – Permissive Sales Tax**

Beginning in 2001, the County levied a 1 percent permissive sales tax. The proceeds of the tax are credited to the County’s general fund. During September 2002, the County Commissioners approved an increase in the permissive sales tax from 1 percent to 1.5 percent. On May 3, 2005, the County renewed 1 percent of the 1.5 percent sales tax. In November 2005, the County’s remaining 0.5 percent of the sales tax did not get renewed. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County to the State Auditor. The Tax Commissioner’s certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County. The County received \$10,430,509 in sales tax receipts in 2007.

**Note 9 - Risk Management**

**A. Property and Liability**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2007, the County contracted with CORSA for insurance coverage as follows:

General Liability	\$1,000,000
Law Enforcement Liability	1,000,000
Public Officials Liability	1,000,000
Automobile Liability	1,000,000
Errors and Omissions	1,000,000
Property	108,902,762
Other Property Insurance:	
Extra Expense	1,000,000
Flood and Earthquakes	100,000,000
Crime Coverage	1,000,000
Excess Liability	5,000,000

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

***B. Self-Insurance***

The County has elected to provide a comprehensive medical benefits package to the employees through a fully-insured program. This package provides a comprehensive medical, prescription and dental plan, which is administered by Anthem. Total claims disbursements in the internal service fund during 2007 were \$3,833,929.

***C. Workers' Compensation***

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

**Note 10 - Defined Benefit Pension Plans**

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

Plan Description – The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, public safety members contributed 9.75 percent, and law enforcement members contributed 10.1 percent.

The County's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.17 percent of covered payroll. For the period January 1 through June 30, a portion of the County's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets

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a maximum contribution rate for the County of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$1,781,543, \$2,829,376, and \$1,937,360 respectively; 93 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$9,361 made by the County and \$13,647 made by the plan members.

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

Certified teachers, employed by the school for Mental Retardation and Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the year ended December 31, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For the year 2006, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2007, 2006, and 2005 were \$110,430, \$125,730 and \$117,447 respectively; 100 percent has been contributed for 2007, 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$2,633 made by the plan members.

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**Note 11 - Postemployment Benefits**

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement) Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007 and 6.00 percent from July 1 through December 31, 2007.

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

The County's contribution allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$1,149,937, \$1,011,437 and \$2,748,820 respectively; 93 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

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

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

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. STRS Ohio is funded on a pay-as-you-go basis.

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All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the year ended December 31, 2007, the STRS Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the County, this amount equaled \$8,495 for year ended December 31, 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007, the balance in the Fund was \$4.1 billion. For the year ended June 30, 2007, net health care costs paid by STRS were \$265,558,000 and STRS had 122,934 eligible benefit recipients.

## **Note 12 - Contingencies**

### ***A. Grants***

The County receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the County at December 31, 2007.

### ***B. Litigation***

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

The County Commissioners and Columbiana County Sheriff are currently involved in an administrative proceeding before the Ohio Public Employees Retirement System (OPERS). OPERS' general counsel has made a finding that the County owes continuing OPERS contributions for former employees of the County who were hired by CiviGenics into the same or similar positions as they had performed for the County. The County currently estimates that the liability for past contributions will be approximately \$600,000 plus interest and penalties. The value of future contributions has not been estimated.



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**Note 13 - Long-Term Obligations**

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
<b><i>Governmental Activities Debt</i></b>			
<u>General Obligation Notes:</u>			
State Loan for Investment Losses	3.00%	\$3,934,954	2008
County EMA	4.73%	112,000	2016
Engineer Building	6.64%	600,000	2007
Law Library Note	3.90%	166,000	2013
Engineer Road Note	2.80%	296,675	2007
Board of Election Loan	5.25%	9,488	2010
Data Processing Loan	4.10%	1,000,000	2014
<u>Mortgage Revenue Notes:</u>			
County Recorders Equipment Note	3.45%	105,000	2008
<u>General Obligation Bonds:</u>			
Refunding Jail Facilities Bonds	4.00%-4.12%	8,490,000	2024
Courthouse Window Renovations	4.13%	844,000	2037
Guilford Sanitary Sewer Improvement	5.00%	276,000	2019
Courthouse Renovations	4.25%	2,714,000	2036
Jail Facilities Bonds	3.80%-5.25%	10,225,000	2024
Ohio Wellsville Water System	3.25%	1,332,000	2039
Murray Trucking Old Farm Village	4.50%	502,000	2041
Municipal Court Bonds #2	4.38%	2,865,000	2034
Municipal Court Bonds #1	4.38%	300,000	2034
<u>Ohio Water Development Authority Loan:</u>			
Hanoverton Planning Permanent Financing	6.04%	1,178,054	2021
<u>Ohio Public Works Commission Loan:</u>			
Engineering Services	0.00%	120,000	2008

The changes in governmental long-term obligations during the year were as follows:

	Balance 12/31/06	Additions	Reductions	Balance 12/31/07	Amounts Due in One Year
<b>Governmental Activities</b>					
<u>General Obligation Notes:</u>					
State Loan for Investment Losses	\$691,433	\$0	\$340,538	\$350,895	\$350,895
County EMA	112,000	0	11,200	100,800	11,200
Engineer Building	48,306	0	48,306	0	0
Law Library Note	113,580	0	15,917	97,663	16,539
Engineer Road Note	74,192	0	74,192	0	0
Board of Election Loan	9,488	0	2,397	7,091	2,397
Data Processing Loan	800,000	0	100,000	700,000	100,000
<i>Total General Obligation Notes</i>	<u>1,848,999</u>	<u>0</u>	<u>592,550</u>	<u>1,256,449</u>	<u>481,031</u>
<u>Mortgage Revenue Notes:</u>					
County Recorders Equipment Note	\$36,055	\$0	\$26,795	\$9,260	\$9,260

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	Balance 12/31/06	Additions	Reductions	Balance 12/31/07	Amounts Due in One Year
<b>Governmental Activities (continued)</b>					
<b>General Obligation Bonds:</b>					
Refunding Jail Facilities Bonds	\$0	\$8,490,000	\$0	\$8,490,000	\$340,000
Unamortized Premium	0	84,350	4,686	79,664	0
Unamortized Accounting Loss	0	(297,918)	(16,551)	(281,367)	0
<b>Total Refunding Jail Facilities Bonds</b>	<b>0</b>	<b>8,276,432</b>	<b>(11,865)</b>	<b>8,288,297</b>	<b>340,000</b>
Courthouse Window Renovations	0	713,426	0	713,426	15,000
Guilford Sanitary Sewer Improvement	94,000	0	7,000	87,000	7,000
Courthouse Renovations	709,137	1,838,626	46,000	2,501,763	48,000
Jail Facilities Bonds	8,440,000	0	8,440,000	0	0
Ohio Wellsville Water System	1,204,000	0	21,000	1,183,000	21,000
Murray Trucking Old Farm Village	476,000	0	6,000	470,000	6,000
Municipal Court Bonds #2	273,891	16,109	5,000	285,000	6,000
Municipal Court Bonds #1	2,767,000	0	52,000	2,715,000	55,000
<b>Total General Obligation Bonds</b>	<b>13,964,028</b>	<b>10,844,593</b>	<b>8,565,135</b>	<b>16,243,486</b>	<b>498,000</b>
<b>Ohio Water Development Authority Loan:</b>					
Hanoverton Planning Permanent Financing	857,723	0	40,700	817,023	43,158
<b>Ohio Public Works Commission Loan:</b>					
Engineering Services	16,000	0	8,000	8,000	8,000
<b>Other Long-term Obligation:</b>					
Capital Lease	385,471	0	35,466	350,005	36,883
<b>Total Governmental Activities</b>	<b>\$17,108,276</b>	<b>\$10,844,593</b>	<b>\$9,268,646</b>	<b>\$18,684,223</b>	<b>\$1,076,332</b>

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
<b>Business-type Activities Debt</b>			
<u>Mortgage Revenue Notes:</u>			
Vodry State Route 170 Duke Road Sewer	4.97%	\$83,500	2016
Winona Area Waste System	4.35%	231,700	2008
Roseview Acres	4.26%	150,000	2008
<u>Mortgage Revenue Bonds:</u>			
Guliford Lake Sewer	5.00%	350,000	2019
Ohio Elkrun Sewer	4.50%	2,051,000	2039
Winona Area Waste System #1	4.25%	595,000	2045
Winona Area Waste System #2	4.50%	360,000	2046
<u>Ohio Water Development Authority Loans:</u>			
Stagecoach-Dairy Lane	6.02%	317,372	2014
Glenmoor/Lacroft	1.00%	776,268	2012
<u>Ohio Public Works Commission Loans:</u>			
State Route 7 Water Line Extension #1	0.00%	50,000	2022
State Route 7 Water Line Extension #2	0.00%	96,000	2023
Stagecoach-Dairy Lane	0.00%	122,347	2013
State Route 45 Water Line Extension	0.00%	375,000	2017
Roseview Acres Treatment Plant	0.00%	156,000	2027

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The changes in business-type long-term obligations during the year were as follows:

	Balance 12/31/06	Additions	Reductions	Balance 12/31/07	Amounts Due in One Year
<b>Business-Type Activities</b>					
<b>Mortgage Revenue Notes:</b>					
Vodry State Route 170 Duke Road Sewer	\$83,500	\$0	\$8,350	\$75,150	\$8,350
Winona Area Waste System	0	231,700	0	231,700	231,700
Roseview Acres	0	150,000	0	150,000	126,146
<i>Total Mortgage Revenue Notes</i>	<u>83,500</u>	<u>381,700</u>	<u>8,350</u>	<u>456,850</u>	<u>366,196</u>
<b>Mortgage Revenue Bonds:</b>					
Guliford Lake Sewer	194,000	0	11,000	183,000	11,000
Ohio Elkrun Sewer	1,897,000	0	26,000	1,871,000	27,000
Winona Area Waste System #1	589,000	0	6,000	583,000	6,000
Winona Area Waste System #2	1,137	358,863	3,000	357,000	3,000
<i>Total Mortgage Revenue Bonds</i>	<u>2,681,137</u>	<u>358,863</u>	<u>46,000</u>	<u>2,994,000</u>	<u>47,000</u>
<b>OWDA Loans:</b>					
Stagecoach-Dairy Lane	163,287	0	17,885	145,402	18,962
Glenmoor/Lacroft	694,513	82,115	0	776,628	0
<i>Total OWDA Loans</i>	<u>857,800</u>	<u>82,115</u>	<u>17,885</u>	<u>922,030</u>	<u>18,962</u>
<b>OPWC Loans:</b>					
State Route 7 Water Line Extension #1	37,500	0	2,500	35,000	2,500
State Route 7 Water Line Extension #2	76,800	0	4,800	72,000	4,800
Stagecoach-Dairy Lane	44,347	0	5,914	38,433	5,913
State Route 45 Water Line Extension	0	375,000	18,750	356,250	37,500
Roseview Acres Treatment Plant	0	156,000	4,875	151,125	9,750
<i>Total OPWC Loans</i>	<u>158,647</u>	<u>531,000</u>	<u>36,839</u>	<u>652,808</u>	<u>60,463</u>
<i>Total Business-type Activities</i>	<u>\$3,781,084</u>	<u>\$1,353,678</u>	<u>\$109,074</u>	<u>\$5,025,688</u>	<u>\$492,621</u>

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

Lines of credit have been established with the United States Department of Agriculture for general obligation bonds in the amount of \$844,000 and \$2,714,000 for the courthouse window renovations and renovations to the courthouse, respectively; however, since these loans are not finalized, the repayment schedules are not included in the schedule of debt service payments.

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A line of credit has been established with the Ohio Water Development Authority loan in the amount of \$784,889 for improvements to the Glenmoor/Lacroft water lines; however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments.

On November 15, 2007, the County issued \$8,490,000 in voted general obligation bonds for the purpose of refunding a portion of the jail facilities general obligation bonds in order to take advantage of lower interest rates. An analysis of the information follows:

	Jail Facilities
Outstanding at December 31, 2006	\$8,440,000
Amount Refunded	(8,145,000)
Principal Payment on Non-Refunded Portion	(295,000)
Outstanding at December 31, 2007	\$0

The bonds were sold at a premium of \$84,350. Proceeds of \$8,442,918 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$8,145,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the County's financial statements.

The County decreased its total debt service payments by \$549,526 as a result of the advance refunding. The County also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$391,308.

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

The County's overall legal debt margin was \$30,676,453 with an unvoted debt margin of \$8,973,089 at December 31, 2007. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2007 are as follows:

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**Governmental Activities**

	General Obligation Notes		General Obligation Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$481,031	\$25,419	\$435,000	\$553,214	\$43,158	\$49,348
2009	130,803	19,444	473,000	520,407	45,764	46,742
2010	131,386	16,280	487,000	541,316	48,528	43,978
2011	129,799	12,852	506,000	481,660	51,460	41,046
2012	131,273	9,536	530,000	461,241	54,568	37,938
2013 - 2017	252,157	11,781	2,991,000	1,967,374	326,445	136,088
2018 - 2022	0	0	3,607,000	1,313,912	247,100	30,415
2023 - 2027	0	0	2,200,000	602,447	0	0
2028 - 2032	0	0	1,073,000	346,830	0	0
2033 - 2037	0	0	716,000	101,173	0	0
2038 - 2042	0	0	212,000	16,840	0	0
<i>Total</i>	<u>\$1,256,449</u>	<u>\$95,312</u>	<u>\$13,230,000</u>	<u>\$6,906,414</u>	<u>\$817,023</u>	<u>\$385,555</u>

The County will have a payment of \$9,260 for principal and \$304 for interest to retire the County Recorder's equipment mortgage revenue note outstanding at December 31, 2007. The County will have a payment of \$8,000 for principal to retire the Ohio Public Works Commission loan outstanding at December 31, 2007.

**Business-Type Activities**

	Mortgage Revenue Notes		Mortgage Revenue Bonds		OWDA Loans		OPWC Loans
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2008	\$390,050	\$18,902	\$47,000	\$133,581	\$18,962	\$8,754	\$66,463
2009	8,350	3,366	51,000	131,402	20,103	7,612	72,463
2010	8,350	2,946	54,000	129,020	21,313	6,401	72,463
2011	8,350	2,525	55,000	126,520	22,596	5,519	72,463
2012	8,350	2,110	59,000	123,953	23,956	3,758	72,463
2013 - 2017	33,400	4,208	335,000	576,358	38,472	3,101	341,618
2018 - 2022	0	0	353,000	494,236	0	0	142,750
2023 - 2027	0	0	391,000	413,497	0	0	103,875
2028 - 2032	0	0	486,000	316,578	0	0	60,000
2033 - 2037	0	0	602,000	196,379	0	0	6,000
2038 - 2042	0	0	404,000	70,026	0	0	0
2043 - 2046	0	0	157,000	15,580	0	0	0
<i>Total</i>	<u>\$456,850</u>	<u>\$34,057</u>	<u>\$2,994,000</u>	<u>\$2,727,130</u>	<u>\$145,402</u>	<u>\$35,145</u>	<u>\$1,010,558</u>

In 2007, the County defeased a portion of the jail facilities general obligation bond issue in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. On December 1, 2007, the escrow account redeemed \$8,145,000 in callable bonds at a redemption price of 101 percent of the principal. On December 31, 2007, none of the defeased bonds are still outstanding.

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

**Note 14 - Interfund Transfers**

Interfund transfers for the year ended December 31, 2007, consisted of the following:

	Transfers From		
Transfers To	General	Other Governmental Funds	Totals
General	\$0	\$47,000	\$47,000
Public Assistance	332,834	0	332,834
Other Governmental Funds	1,220,174	411,359	1,631,533
<b>Totals</b>	<b>\$1,553,008</b>	<b>\$458,359</b>	<b>\$2,011,367</b>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed.

**Note 15 – Capital Lease**

In prior years, the County entered into a capitalized lease obligation for a cabling equipment installed in the courthouse. This lease meets the criteria for a capital lease as defined by Statement of Financial Accounting Standards No. 13 “Accounting for Leases”. The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2007.

	Amounts
2008	\$50,464
2009	50,464
2010	50,464
2011	50,464
2012	50,464
2013 - 2015	151,394
Total Minimum Lease Payments	403,714
Less: Amount Representing Interest	(63,903)
Present Value of Minimum Lease Payments	<b>\$339,811</b>

**Note 16 – Shared Risk Pool**

County Risk Sharing Authority, Inc. (CORSA) is a shared risk pool among thirty-nine counties in Ohio. CORSA as formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2007 was \$312,889.

**Note 17 – Jointly Governed Organizations**

***The Columbiana County Planning Commission*** The County participates in the Columbiana County Planning Commission (the "Commission") which is a statutorily created, political subdivision of the State of Ohio. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. The Commission is jointly governed by Columbiana County and local municipalities and townships. In 2007, the County did not contribute to the Commission.

***Carroll/Columbiana/Harrison Solid Waste Management District*** The County participates in the Carroll/Columbiana/Harrison Solid Waste Management District (the "District"), which is a statutorily created, political subdivision of the State of Ohio. The District is a jointly governed organization including Columbiana, Carroll, and Harrison counties and local municipalities and townships. Of the nine members of the District's governing board, the County Commissioners represent three. Each member's control over the operation of the District is limited to its representation on the Board. In 2007, the County did not contribute to the Commission.

***Multi-County Juvenile Attention System*** The County also participates in the Multi-County Juvenile Attention System (the "System"), a jointly governed organization between the following counties: Stark, Holmes, Carroll, Columbiana, Tuscarawas, and Wayne. The operation of the System is controlled by a nineteen-member Board of Trustees, three members from each county with the exception of Stark which has four members. The degree of control exercised by any of the participating Counties is limited to its representation on The Board. The County paid \$1,058,106 to the System during 2007.

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

***Northeast Ohio Trade and Economic Consortium (Consortium)*** The consortium is a jointly governed organization by the counties of Columbiana, Portage, Stark, Mahoning, Trumbull and Summit. A six member regional council oversees the operations of the Consortium. Each county appoints one council member. The

**Columbiana County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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Council exercises total authority for the day-to-day operations of the Consortium. These include budgeting, appropriating, contracting, and designating management. The County has no financial responsibility for any of the Consortium's liabilities. Complete financial statements may be obtained from the Northeast Ohio Trade and Economic Consortium, Akron, Ohio.

**Note 18 – Related Organization**

**Columbiana County Airport Authority**

The Columbiana County Airport Authority (the "Airport Authority"), was created by resolution of the County Commissioners under the authority of Section 308 of the Ohio Revised Code. The Airport Authority is governed by a seven-member Board of Trustees appointed by the County Commissioners. The Board of Trustees has the authority to exercise all of the powers and privileges provided under law. These powers include the ability to sue or be sued in its corporate name; the power to establish and collect rentals and other charges; the authority to acquire, construct, operate, manage and maintain airport facilities; the authority to buy and sell real and personal property; and the authority to issue debt for acquiring or constructing a facility or permanent improvement. The Airport Authority serves as custodian of its own funds and maintains all records and accounts independent of Columbiana County. The County contributed \$7,685 to the Airport Authority in 2007.





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

June 13, 2008

Board of County Commissioners  
Columbiana County  
Lisbon, OH 44432

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Columbiana County (the "County") as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 13, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant* deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. We did note certain matters that we have reported to management of the County in a separate letter dated June 13, 2008.

Columbiana County, Ohio  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs and responses as items 2007-001.

We also noted certain matters that we reported to management of the County in a separate letter dated June 13, 2008.

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

*Hea & Associates, Inc.*

New Philadelphia, OH 44663



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

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

June 13, 2008

Board of County Commissioners  
Columbiana County  
Lisbon, OH 44432

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

Compliance

We have audited the compliance of Columbiana County (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. However, we noted certain immaterial instances of non-compliance that we have reported to management in a separate letter dated June 13, 2008.

Internal Control over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we noted one matter regarding internal control over compliance that we have reported to management in a separate letter dated June 13, 2008.

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

*Hea & Associates, Inc.*

New Philadelphia, OH 44663

COLUMBIANA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE:</b>			
<i>Passed through Ohio Department of Education</i>			
National School Lunch Program	10.555	03-PU-05-07 03-PU-06-08	\$ 15,954.00 7,159 <hr/> 23,113
<i>Direct Award</i>			
Community Facilities and Loans (Municipal Court) Community Facilities Program (Courtroom Renovation)	10.766		1,000 <hr/> 2,552,052 <hr/> 2,553,052
<i>Direct Award</i>			
Water and Waste Disposals Systems for Rural Communities	10.760		<hr/> 934,266 <hr/>
<b>Total U.S. Department of Agriculture</b>			3,510,431
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>			
<i>(Passed through Ohio Department of Development)</i>			
Community Development Block Grant (CDBG)	14.228	B-F-06-015-1 B-F-05-015-1 B-W-05-015-1 B-M-06-015-1 B-C-05-015-1 B-E-05-015-1 B-W-03-015-1 B-E-06-015-1 B-M-07-015-1 B-P-07-015-2	228,138 138,453 201,250 27,062 29,914 10,000 192,583 378,000 10,000 <hr/> 70,815 <hr/> 1,286,215
Total CDBG			<hr/>
HOME Investment Partnerships Program	14.239	B-C-05-015-2	<hr/> 255,225 <hr/> 1,541,440
<b>Total U.S. Department of Housing and Urban Development</b>			<hr/>
<b>Appalachian Regional Commission</b>			
<i>Direct Award</i>			
Appalachian Local Development District Assistance	23.009	OH-15012-05	20,594
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>(Passed through Ohio Department of Transportation)</i>			
Highway Planning and Construction	20.205	19371 24450 82182 14267	1,518,421 625,180 1,247,589 <hr/> 13,770 <hr/> 3,404,960
<i>(Passed through Ohio Environmental Protection Agency)</i>			
State Emergency Response Commission	20.703	HMEO1016090	<hr/> \$ 19,932 <hr/>
<b>Total U.S. Department of Transportation</b>			3,424,892

COLUMBIANA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
<b>U.S. DEPARTMENT OF JUSTICE:</b>			
<i>(Passed through Governor's Office of Criminal Justice)</i>			
Crime Victim's Assistance-VOCA	16.575	2007VAGENE174	
Crime Victim's Assistance-VOCA		2008VAGENE174	57,086
Crime Victim's Assistance-SVAA		2008VACHAE174	18,020
VOCA Court Advocate			6,457
Total VOCA			81,563
Justice Assistance Grant	16.738		479
Edward Byrne Memorial Justice Assistance Grant			15,767
			16,246
Edward Byrne Memorial Formula Justice Assistance Grant	16.579		15,050
Juvenile Justice Mental Health	16.745		30,427
			81,563
<b>Total U.S. Department of Justice</b>			143,286
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
<i>(Passed through Ohio Department of Mental Retardation and Development Disabilities)</i>			
Community Alternative	93.778		705,722
Targeted Case Management			29,370
I/O Match			741
Habilitation Center			106,376
			842,209
Title XX - Social Services Block Grant	93.667	FY06	34,936
		FY07	35,157
Total Title XX - Social Services Block Grant			70,093
<i>(Passed through Ohio Department of Alcohol and Drug Addiction Services)</i>			
Substance Abuse Prevention & Treatment Block Grant			
Women's Focus Project	93.959		174,558
Federal Per Capita			340,681
Youth Mentoring Grant			42,144
Prevention at Work			25,289
Olweus Bullying Prevention			20,000
Total Substance Abuse Prevention & Treatment Block Grant			602,672
Title XIX Medical Assistance Program	93.778		464,344
Alcohol and Drug Free State Incentive Grant	93.243		\$ 40,705

COLUMBIANA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
<i>(Passed through Ohio Department of Mental Health)</i>			
Block Grants for Community Mental Health Services	93.958		
Community Plan			98,480
Child/Adolescent			3,845
Total Block Grants for Community Mental Health Services			<u>102,325</u>
Title XIX Medical Assistance Program	93.778		2,939,222
Title XX Social Services Block Grant	93.667		72,143
PATH Homeless	93.150		86,129
PATH Employment			34,915
			<u>121,044</u>
FAST Grant	93.556		31,120
Incredible Years Grant			10,000
			<u>41,120</u>
<i>(Passed through Ohio Department of Aging)</i>			
Special Program for the Aging, Title IIIB	93.044		83,429
Special Program for the Aging, Title IIID	93.043		6,865
National Family Caregiver Support	93.052		1,840
			<u>92,134</u>
<b>Total U.S. Department of Health and Human Services</b>			<b>5,388,011</b>
<b>U.S. DEPARTMENT OF EDUCATION:</b>			
<i>(Passed through Ohio Department of Education)</i>			
Special Education Cluster			
Title VI-B	84.027	065920-PG6B-2007P	32,540
		065920-PG6B-2008P	13,197
			<u>45,737</u>
Early Childhood Special Education	84.173	065920-PGS1-2007P	6,950
		065920-PGS1-2008P	4,254
			<u>11,204</u>
Total Special Education Cluster			56,941
Title V	84.298	065920-C2S1-2006	30
		065920-C2S1-2007	149
			<u>179</u>
Safe and Drug Free Schools	84.186B		60,247
<b>Total U.S. Department of Education</b>			<b>117,367</b>

COLUMBIANA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Grant/ Pass-Through Entity Number	Disbursements
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>			
<i>(Passed through Ohio Emergency Management Agency)</i>			
Emergency Management Performance Grant	97.042	2006-EME-60042 2007-EME-70024	\$ 73,500 57,448 <hr/> 130,948
State Homeland Security Program	97.073	2005-GET-5001	78,621
Citizen Corp Program Grant	97.053	2006-GCT-60051	<hr/> 1,200
Total Homeland Security			79,821
<i>(Passed through Emergency Food and Shelter Board)</i>			
Emergency Food and Shelter Program	97.024	671000-099	<hr/> 8,533
<b>Total U.S. Department of Homeland Security</b>			<hr/> 219,302
TOTAL OF EXPENDITURES OF FEDERAL AWARDS			<b><u><u>\$ 14,365,323</u></u></b>

The accompanying notes are an integral part of this schedule.



**COUNTY OF COLUMBIANA, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2007**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 2: LOANS OUTSTANDING**

The County established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

The total loans outstanding as of December 31, 2007 from the County's CDBG Revolving Loan fund (CFDA #14.228) were \$311,016.

**NOTE 3: MATCHING REQUIREMENTS**

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

**NOTE 4: SUBRECIPIENTS**

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

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

**COLUMBIANA COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2007**

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

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any internal control deficiencies reported for major programs which were not considered to be material?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section 510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Highway Planning and Construction Block Grants for the Prevention and Treatment of Substance Abuse Community Development Block Grant	CFDA # 20.205 93.959  14.228
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$430,960 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**COLUMBIANA COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)  
DECEMBER 31, 2007**

**MATERIAL NON-COMPLIANCE**

<b>FINDING NUMBER</b>	<b>2007-001</b>
-----------------------	-----------------

**Ohio Admin. Code Section 117-2-03(B)** requires the County to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

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

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

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

**COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133, SECTION .315(b)  
DECEMBER 31, 2007**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2006-001	Auditor of State Technical Bulletin 2002-04, the County failed to record payments made on behalf of the County from various state agencies.	Yes	
2006-002	Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03, the County failed to prepare its financial statements in accordance with generally accepted accounting principles	No	Re-issued as Finding 2007-001
2006-003	Ohio Revised Code Section 5705.41(D), the County did not properly record encumbrances at year end.	Yes	

**COLUMBIANA COUNTY**  
**COUNTY'S RESPONSE TO FINDINGS**  
**DECEMBER 31, 2007**

**Response to Finding 2007-001:**

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





**Mary Taylor, CPA**  
Auditor of State

**FINANCIAL CONDITION**

**COLUMBIANA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 26, 2008**