

**ASHLAND COUNTY, OHIO**  
***BASIC FINANCIAL STATEMENTS***  
***(Audited)***

***FOR THE YEAR ENDED***  
***DECEMBER 31, 2009***

**PHILIP LEIBOLT, AUDITOR**





Mary Taylor, CPA  
Auditor of State

Board of Commissioners  
Ashland County  
142 W. Second Street  
Ashland, Ohio 44805

We have reviewed the *Independent Auditor's Report* of Ashland County, prepared by Julian & Grube, Inc., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 24, 2010

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**ASHLAND COUNTY**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**TABLE OF CONTENTS**

Independent Auditor’s Report .....	1 - 2
Management’s Discussion and Analysis .....	3 - 10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	11
Statement of Activities .....	12 - 13
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	14 - 15
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	18 - 19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20 - 21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund .....	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Motor Vehicle and Gasoline Tax .....	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Job and Family Service Fund.....	24
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Alcohol, Drug Addition and Mental Health Services.....	25
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Developmental Disabilities .....	26
Statement of Fund Net Assets - Proprietary Funds.....	27
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds .....	28
Statement of Cash Flows - Proprietary Funds .....	29
Statement of Fiduciary Net Assets and Liabilities - Agency Funds .....	30
Notes to the Basic Financial Statements.....	31 - 71
Supplementary Data:	
Schedule of Expenditures of Federal Awards.....	72 - 76
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	77 - 78
Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i> .....	79 - 80
Schedule of Findings and Responses <i>OMB Circular A-133 §.505</i> .....	81 - 83
Status of Prior Audit Findings <i>OMB Circular A-133 §.505</i> .....	84

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Auditor's Report

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

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Ashland County, Ohio, as of and for the year ended December 31, 2009, which collectively comprise Ashland County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ashland County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Ashland County, Ohio, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gasoline Tax, Job and Family Services, Alcohol, Drug Addition and Mental Health Services and Developmental Disabilities funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2010, on our consideration of Ashland County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Ashland County basic financial statements. The accompanying schedule of expenditures of federal awards provides additional information as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the schedule of expenditures of federal awards to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying schedule of federal awards expenditures replaces the schedule in Ashland County's initial report for the year ended December 31, 2009. The schedule was revised to include Community Development Block Grants/State's Program, which was inadvertently omitted from the schedule initially reported on September 8, 2010.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
September 8, 2010, except for the last paragraph which is dated November 16, 2010.



Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

The discussion and analysis of Ashland County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2009. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

Highlights

In total, the County's net assets increased \$1,217,533 or 2 percent. This is not a significant change. Governmental activities increased 3.5 percent and business-type activities decreased approximately \$832,000 which resulted in deficit net assets for business-type activities. This decrease was generally due to two factors, the operating loss at the landfill and the County undergoing the process of closing the county home. The county home ceased operations in March 2009; however, all liabilities had not yet been paid as of December 31, 2009.

Using this Annual Report

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

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

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

Reporting the County as a Whole

The statement of net assets and the statement of activities reflect how the County did financially during 2009. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the County is divided into three distinct types of activities.

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

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

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

Component Unit - The County's financial statements include financial information for D-R Services, Inc. This component unit is more fully described in Notes 1 and 22 to the basic financial statements.

Reporting the County's Most Significant Funds

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

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

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

Proprietary Funds - The County maintains two different types of proprietary funds. Enterprise funds use the accrual basis of accounting and are used to report the same functions presented as business-type activities on the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's other programs and activities.

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

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net assets for 2009 and 2008.

Table 1  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<u>Assets</u>						
Current and Other Assets	\$28,970,243	\$28,105,844	\$756,786	\$951,082	\$29,727,029	\$29,056,926
Capital Assets, Net	43,575,747	43,715,883	400,448	1,160,525	43,976,195	44,876,408
Total Assets	72,545,990	71,821,727	1,157,234	2,111,607	73,703,224	73,933,334
<u>Liabilities</u>						
Current and Other Liabilities	7,955,781	8,863,321	42,255	108,728	7,998,036	8,972,049
Long-Term Liabilities	4,210,361	4,628,694	1,746,999	1,802,296	5,957,360	6,430,990
Total Liabilities	12,166,142	13,492,015	1,789,254	1,911,024	13,955,396	15,403,039
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	40,405,782	40,110,742	400,448	1,160,525	40,806,230	41,271,267
Restricted	17,146,384	16,463,188	0	0	17,146,384	16,463,188
Unrestricted (Deficit)	2,827,682	1,755,782	(1,032,468)	(959,942)	1,795,214	795,840
Total Net Assets (Deficit)	\$60,379,848	\$58,329,712	(632,020)	\$200,583	\$59,747,828	\$58,530,295

Although there was not a significant change in total net assets for governmental activities (3.5 percent), there were a couple changes of note. The first was an increase in current and other assets, or cash and cash equivalents, as the County sold some land and buildings during 2009 and had a gain on the sale of over \$560,000. There was also a sizable decrease in current and other liabilities of approximately \$907,000. Due to the timing of pay periods in 2009, the County had less wages to accrue at year end as well as the corresponding pension contributions. In addition, due to the County's better financial standing at the end of 2009 than in 2008, there was more timely payment of accounts and contracts payable. The combination of the increase in cash and decrease in liabilities is also reflected in the increase in unrestricted net assets.

There were two important changes affecting business-type activities. As all three enterprise funds experienced an operating loss in 2009, there was a decrease in cash and cash equivalents as is reflected in both the decrease in current and other assets and unrestricted net assets. In addition, because the county home ceased operating as a nursing home facility in March 2009, the building was transferred to governmental activities, therefore, the decrease in net capital assets and invested in capital assets.

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

Table 2 reflects the change in net assets for 2009 and 2008.

Table 2  
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$3,792,739	\$3,895,701	\$861,026	\$1,860,195	\$4,653,765	\$5,755,896
Operating Grants, Contributions, and Interest	17,307,967	17,804,955	5,396	0	17,313,363	17,804,955
Capital Grants and Contributions	396,305	346,315	0	0	396,305	346,315
Total Program Revenues	<u>21,497,011</u>	<u>22,046,971</u>	<u>866,422</u>	<u>1,860,195</u>	<u>22,363,433</u>	<u>23,907,166</u>
General Revenues						
Property Taxes Levied for						
General Operating	2,277,634	2,156,424	0	0	2,277,634	2,156,424
Health-Alcohol, Drug Addiction, and Mental Health Services	686,288	687,419	0	0	686,288	687,419
Health-Developmental Disabilities	3,333,602	3,341,725	0	0	3,333,602	3,341,725
Health - Other	498,330	532,667	0	0	498,330	532,667
Payment in Lieu of Taxes	22,697	0	0	0	22,697	0
Permissive Sales Taxes Levied for						
General Operations	4,615,324	4,980,242	0	0	4,615,324	4,980,242
County Jail Operations	752,287	844,255	0	0	752,287	844,255
Debt Service	400,200	400,200	0	0	400,200	400,200
Other Local Taxes	3,602	4,200	0	0	3,602	4,200
Grants and Entitlements	2,120,135	2,224,994	0	0	2,120,135	2,224,994
Interest	255,439	695,012	0	0	255,439	695,012
Other	1,836,213	1,696,839	23,985	22,260	1,860,198	1,719,099
Total General Revenues	<u>16,801,751</u>	<u>17,563,977</u>	<u>23,985</u>	<u>22,260</u>	<u>16,825,736</u>	<u>17,586,237</u>
Total Revenues	<u>38,298,762</u>	<u>39,610,948</u>	<u>890,407</u>	<u>1,882,455</u>	<u>39,189,169</u>	<u>41,493,403</u>
<u>Program Expenses</u>						
General Government						
Legislative and Executive	4,793,651	7,316,585	0	0	4,793,651	7,316,585
Judicial	1,607,050	1,838,206	0	0	1,607,050	1,838,206
Public Safety						
Sheriff	5,638,686	6,243,257	0	0	5,638,686	6,243,257
Other	277,553	222,043	0	0	277,553	222,043
Public Works	5,497,423	6,454,084	0	0	5,497,423	6,454,084
Health						
Alcohol, Drug Addiction, and Mental Health Services	4,309,829	4,840,359	0	0	4,309,829	4,840,359
Developmental Disabilities	6,395,603	5,884,123	0	0	6,395,603	5,884,123
Other	860,451	1,069,949	0	0	860,451	1,069,949

(continued)

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

Table 2  
Change in Net Assets  
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Human Services						
Children Services	\$1,373,692	\$1,916,841	\$0	\$0	\$1,373,692	\$1,916,841
Job and Family Services	4,111,746	3,892,906	0	0	4,111,746	3,892,906
Other	1,487,175	1,466,819	0	0	1,487,175	1,466,819
Conservation and Recreation	35,468	59,312	0	0	35,468	59,312
Intergovernmental	88,326	239,811	0	0	88,326	239,811
Internal Service Fund-External Portion	119,537	181,275	0	0	119,537	181,275
Interest and Fiscal Charges	174,792	191,513	0	0	174,792	191,513
Landfill	0	0	332,730	344,159	332,730	344,159
County Home	0	0	300,362	1,095,993	300,362	1,095,993
Recycling	0	0	567,562	935,545	567,562	935,545
Total Expenses	<u>36,770,982</u>	<u>41,817,083</u>	<u>1,200,654</u>	<u>2,375,697</u>	<u>37,971,636</u>	<u>44,192,780</u>
Increase (Decrease) in Net Assets Before Transfers	1,527,780	(2,206,135)	(310,247)	(493,242)	1,217,533	(2,699,377)
Transfers	<u>522,356</u>	<u>(380,872)</u>	<u>(522,356)</u>	<u>380,872</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Assets	2,050,136	(2,587,007)	(832,603)	(112,370)	1,217,533	(2,699,377)
Net Assets Beginning of Year	<u>58,329,712</u>	<u>60,916,719</u>	<u>200,583</u>	<u>312,953</u>	<u>58,530,295</u>	<u>61,229,672</u>
Net Assets (Deficit) End of Year	<u>\$60,379,848</u>	<u>\$58,329,712</u>	<u>(\$632,020)</u>	<u>\$200,583</u>	<u>\$59,747,828</u>	<u>\$58,530,295</u>

Although there was a decrease in revenues for governmental activities of \$1,312,186, it was only a 3 percent decrease. The largest decreases are reflected in permissive sales taxes and interest revenues, both a reflection of the poor economic conditions of the past year.

Expenses for governmental activities decreased 12 percent from the prior year and are primarily reflected in two programs, legislative and executive and public works. The decrease in the legislative and executive program can be attributed to the completion of the Board of Elections building project and the conclusion of real estate assessment contracts. The decrease in the public works program is related to the log jam clearance project and American Auger substation project being in the final stages of completion. The programs having the greatest costs continue to be for legislative and executive (which are the primary general government operations); the sheriff; public works (primarily the engineer); alcohol, drug addiction, and mental health services, developmental disabilities (Dale Roy), and job and family services. These programs account for almost 84 percent of all governmental expenses.

The County's business-type activities are almost entirely provided for through charges for services. Overall, both revenues and expenses for business-type activities decreased significantly due to closing the county home and the adverse effects of the poor economy on recycling.

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

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

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
General Government:				
Legislative and Executive	\$4,793,651	\$7,316,585	\$2,752,537	\$5,780,971
Judicial	1,607,050	1,838,206	889,631	1,214,095
Public Safety				
Sheriff	5,638,686	6,243,257	4,977,453	5,612,095
Other	277,553	222,043	150,397	196,140
Public Works	5,497,423	6,454,084	856,181	1,108,841
Health				
Alcohol, Drug Addiction and Mental Health Services	4,309,829	4,840,359	918,948	517,788
Developmental Disabilities	6,395,603	5,884,123	2,770,248	2,676,871
Other	860,451	1,069,949	631,929	822,068
Human Services				
Children Services	1,373,692	1,916,841	616,476	1,124,103
Job and Family Services	4,111,746	3,892,906	(53,207)	216,735
Other	1,487,175	1,466,819	550,852	348,891
Conservation and Recreation	35,468	59,312	35,468	59,312
Intergovernmental	88,326	239,811	17,597	107,156
Internal Service Fund-External Portion	119,537	181,275	(15,331)	1,905
Interest and Fiscal Charges	174,792	191,513	174,792	191,513
Total Expenses	<u>\$36,770,982</u>	<u>\$41,817,083</u>	<u>\$15,273,971</u>	<u>\$19,978,484</u>

The County's general revenues (primarily property taxes, sales taxes, and unrestricted grants and entitlements) support approximately 42 percent of the governmental programs provided by the County, and is generally comparable to the prior year. A review of the above table reveals that a number of the County's programs have consistently received substantial support through program revenues. For instance, almost 33 percent of legislative and executive costs were provided for through various charges for services. The judicial program also provides for 45 percent of its costs through various fines, court costs, and grants. A considerable portion of the public works program is provided for through program revenues, primarily motor vehicle license and gas taxes as well as from charges to other governmental entities for which the County Engineer provides services. Various operating grants provided for 79 percent of the costs for alcohol, drug addiction, and mental health services programs, 51 percent of the costs for developmental disabilities programs, and 98 percent of the costs for job and family services activities.

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

Governmental Funds Financial Analysis

The County's major governmental funds are the General Fund and the Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; and Developmental Disabilities special revenue funds. The General Fund experienced a substantial increase in fund balance from the prior year (96 percent), which was assisted by of sale of land and buildings. This one-time revenue source offset the reduction in revenues experienced in 2009 and generally due to the economic downturn's effect on sales taxes and interest revenues. However, the primary contribution to the increase was the 24 percent decrease in expenditures, again, largely found in the legislative and executive program as discussed previously. The Job and Family Services fund had a 38 percent increase in fund balance as the County received additional grant revenue from intergovernmental sources in 2009. Lastly, the Developmental Disabilities fund had a 15 percent increase in fund balance. Although revenues were very similar to the prior year and there was an increase in expenditures of almost 9 percent, revenues continued to exceed the costs of operations. Changes to the Motor Vehicle and Gasoline Tax and Alcohol, Drug Addiction, and Mental Health Services funds were not significant.

Business-Type Activities Financial Analysis

Again in 2009, the Landfill and County Home enterprise funds had operating losses (for the seventh consecutive year). The Recycling program had a small operating loss as well. The county home discontinued operations in March 2009; however, not all liabilities had been paid as of year end. The County closed its landfill in 1997 and costs are currently related to postclosure activities. The change in net assets for the Recycling Fund was not significant.

Budgetary Highlights

The County prepares an annual budget of revenues and expenditures/expenses for all funds of the County for use by County officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations resolution which is effective the first day of January. The County's most significant budgeted fund is the General Fund. For revenues, changes from the original budget to the final budget and from the final budget to actual revenues were not significant. There was a 7 percent reduction from the original budget to the final budget for expenditures as reductions were made in most programs. Changes from the final budget to actual expenditures were not significant.

Capital Assets and Debt Administration

Capital Assets - The County's investment in capital assets for governmental and business-type activities as of December 31, 2009, was \$40,405,782 and \$400,448, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities consisted construction in progress (generally the American Auger substation project), the receipt of the county home building from business-type activities, and road improvements. For further information regarding the County's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2009, the County had outstanding general obligation bonds and capital leases, in the amount of \$3,015,000 and \$154,965, respectively. In addition, the County's long-term obligations also include compensated absences and the liability for landfill postclosure costs. For further information regarding the County's long-term obligations, refer to Notes 17, 18, and 19 to the basic financial statements.

Ashland County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2009  
Unaudited

Current Issues

The County's General Fund continues to experience budget difficulties as a result of shrinking revenue and a lower carryover balance compared to years past. The County has reduced hours and manpower to keep spending as low as possible while maintaining services. As budgets are prepared for 2011, further reductions will be likely.

Request for Information

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



Ashland County  
Statement of Net Assets  
Primary Government and Discretely Presented Component Unit  
December 31, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	D-R Services, Inc.
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$15,810,232	\$715,162	\$16,525,394	\$0
Cash and Cash Equivalents in Segregated Accounts	55,890	15,456	71,346	25,988
Accounts Receivable	114,836	24,417	139,253	46,683
Accrued Interest Receivable	33,642	0	33,642	0
Permissive Sales Taxes Receivable	1,531,985	0	1,531,985	0
Other Local Taxes Receivable	12,361	0	12,361	0
Due from Other Governments	4,129,486	0	4,129,486	0
Due from External Parties	10,638	0	10,638	0
Internal Balances	16,053	(16,053)	0	0
Prepaid Items	65,225	0	65,225	0
Materials and Supplies Inventory	723,642	0	723,642	2,499
Inventory Held for Resale	0	17,804	17,804	0
Property Taxes Receivable	6,415,796	0	6,415,796	0
Payment in Lieu of Taxes Receivable	25,999	0	25,999	0
Notes Receivable	24,458	0	24,458	0
Nondepreciable Capital Assets	1,625,679	118,865	1,744,544	0
Depreciable Capital Assets, Net	41,950,068	281,583	42,231,651	59,285
<b>Total Assets</b>	<b>72,545,990</b>	<b>1,157,234</b>	<b>73,703,224</b>	<b>134,455</b>
<u>Liabilities</u>				
Accrued Wages Payable	74,264	5,392	79,656	913
Accounts Payable	582,985	25,913	608,898	50,002
Contracts Payable	238,858	0	238,858	0
Due to Other Governments	494,512	10,950	505,462	0
Due to External Parties	16,663	0	16,663	0
Deferred Revenue	6,174,740	0	6,174,740	0
Claims Payable	356,703	0	356,703	0
Retainage Payable	4,653	0	4,653	0
Accrued Interest Payable	12,403	0	12,403	0
Long-Term Liabilities:				
Due Within One Year	708,718	53,675	762,393	9,504
Due in More Than One Year	3,501,643	1,693,324	5,194,967	0
<b>Total Liabilities</b>	<b>12,166,142</b>	<b>1,789,254</b>	<b>13,955,396</b>	<b>60,419</b>
<u>Net Assets</u>				
Invested in Capital Assets, Net of Related Debt	40,405,782	400,448	40,806,230	49,781
Restricted for:				
Debt Service	715,252	0	715,252	0
Public Works	3,825,927	0	3,825,927	0
Alcohol, Drug Addiction, and Mental Health Services	1,333,680	0	1,333,680	0
Developmental Disabilities	6,739,917	0	6,739,917	0
Real Estate Assessment	1,094,536	0	1,094,536	0
Felony Delinquent Care	572,626	0	572,626	0
Other Purposes	2,864,446	0	2,864,446	0
Unrestricted (Deficit)	2,827,682	(1,032,468)	1,795,214	24,255
<b>Total Net Assets (Deficit)</b>	<b>\$60,379,848</b>	<b>(\$632,020)</b>	<b>\$59,747,828</b>	<b>\$74,036</b>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Activities  
Primary Government and Discretely Presented Component Unit  
For the Year Ended December 31, 2009

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
General Government				
Legislative and Executive	\$4,793,651	\$1,562,629	\$82,180	\$396,305
Judicial	1,607,050	703,775	13,644	0
Public Safety				
Sheriff	5,638,686	377,606	283,627	0
Other	277,553	102	127,054	0
Public Works	5,497,423	215,736	4,425,506	0
Health				
Alcohol, Drug Addiction, and Mental Health Services	4,309,829	0	3,390,881	0
Developmental Disabilities	6,395,603	347,430	3,277,925	0
Other	860,451	155,320	73,202	0
Human Services				
Children Services	1,373,692	0	757,216	0
Job and Family Services	4,111,746	141,473	4,023,480	0
Other	1,487,175	153,800	782,523	0
Conservation and Recreation	35,468	0	0	0
Intergovernmental	88,326	0	70,729	0
Internal Service Fund-External Portion	119,537	134,868	0	0
Interest and Fiscal Charges	174,792	0	0	0
<b>Total Governmental Activities</b>	<b>36,770,982</b>	<b>3,792,739</b>	<b>17,307,967</b>	<b>396,305</b>
<u>Business-Type Activities</u>				
Landfill	332,730	240,905	0	0
County Home	300,362	122,021	0	0
Recycling	567,562	498,100	5,396	0
<b>Total Business-Type Activities</b>	<b>1,200,654</b>	<b>861,026</b>	<b>5,396</b>	<b>0</b>
<b>Total Primary Government</b>	<b>\$37,971,636</b>	<b>\$4,653,765</b>	<b>\$17,313,363</b>	<b>\$396,305</b>
<u>Component Unit</u>				
D-R Services, Inc.	\$269,184	\$161,850	\$0	\$0

<u>General Revenues</u>
Property Taxes Levied for
General Operations
Health-Alcohol, Drug Addiction, and Mental Health Services
Health-Developmental Disabilities
Health-Other
Payment in Lieu of Taxes
Permissive Sales Taxes Levied for
General Operations
County Jail Operations
Debt Service
Other Local Taxes
Grants and Entitlements not Restricted for Specific Programs
Interest
Contributions
Other
<b>Total General Revenues</b>
Transfers
<b>Total General Revenues and Transfers</b>
Change in Net Assets
Net Assets Beginning of Year - Restated (Note 3)
Net Assets (Deficit) End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	D-R Services, Inc.
(\$2,752,537)	\$0	(\$2,752,537)	\$0
(889,631)	0	(889,631)	0
(4,977,453)	0	(4,977,453)	0
(150,397)	0	(150,397)	0
(856,181)	0	(856,181)	0
(918,948)	0	(918,948)	0
(2,770,248)	0	(2,770,248)	0
(631,929)	0	(631,929)	0
(616,476)	0	(616,476)	0
53,207	0	53,207	0
(550,852)	0	(550,852)	0
(35,468)	0	(35,468)	0
(17,597)	0	(17,597)	0
15,331	0	15,331	0
(174,792)	0	(174,792)	0
(15,273,971)	0	(15,273,971)	0
0	(91,825)	(91,825)	0
0	(178,341)	(178,341)	0
0	(64,066)	(64,066)	0
0	(334,232)	(334,232)	0
(15,273,971)	(334,232)	(15,608,203)	0
0	0	0	(107,334)
2,277,634	0	2,277,634	0
686,288	0	686,288	0
3,333,602	0	3,333,602	0
498,330	0	498,330	0
22,697	0	22,697	0
4,615,324	0	4,615,324	0
752,287	0	752,287	0
400,200	0	400,200	0
3,602	0	3,602	0
2,120,135	0	2,120,135	0
255,439	0	255,439	35
0	0	0	60,499
1,836,213	23,985	1,860,198	6,001
16,801,751	23,985	16,825,736	66,535
522,356	(522,356)	0	0
17,324,107	(498,371)	16,825,736	66,535
2,050,136	(832,603)	1,217,533	(40,799)
58,329,712	200,583	58,530,295	114,835
<u>\$60,379,848</u>	<u>(\$632,020)</u>	<u>\$59,747,828</u>	<u>\$74,036</u>

Ashland County  
Balance Sheet  
Governmental Funds  
December 31, 2009

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,603,548	\$1,228,773	\$518,613	\$1,029,691
Cash and Cash Equivalents in Segregated Accounts	2,902	0	0	0
Accounts Receivable	12,135	469	0	0
Accrued Interest Receivable	32,931	402	0	0
Permissive Sales Taxes Receivable	1,225,625	0	0	0
Other Local Taxes Receivable	0	12,361	0	0
Due from Other Governments	902,317	2,067,760	0	321,583
Due from External Parties	773	0	0	0
Interfund Receivable	0	0	258,680	0
Prepaid Items	65,225	0	0	0
Materials and Supplies Inventory	28,230	669,366	12,836	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	54,715	0	0	0
Property Taxes Receivable	2,120,961	0	0	598,797
Payment in Lieu of Taxes Receivable	10,895	0	0	0
Notes Receivable	0	0	0	0
<b>Total Assets</b>	<b>\$6,060,257</b>	<b>\$3,979,131</b>	<b>\$790,129</b>	<b>\$1,950,071</b>
<u>Liabilities</u>				
Accrued Wages Payable	\$11,106	\$28,198	\$24,176	\$423
Accounts Payable	88,738	30,148	83,912	8,419
Contracts Payable	0	2,273	0	0
Due to Other Governments	189,978	30,521	85,681	7,348
Due to External Parties	0	0	0	0
Interfund Payable	1,213	1,100	2,288	0
Deferred Revenue	3,709,345	1,762,613	0	898,640
Retainage Payable	0	0	0	0
<b>Total Liabilities</b>	<b>4,000,380</b>	<b>1,854,853</b>	<b>196,057</b>	<b>914,830</b>
<u>Fund Balances</u>				
Nonspendable	93,455	669,366	12,836	0
Restricted	66,934	1,454,912	581,236	1,035,241
Committed	2,024	0	0	0
Assigned	163,366	0	0	0
Unassigned	1,734,098	0	0	0
<b>Total Fund Balances</b>	<b>2,059,877</b>	<b>2,124,278</b>	<b>594,072</b>	<b>1,035,241</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$6,060,257</b>	<b>\$3,979,131</b>	<b>\$790,129</b>	<b>\$1,950,071</b>

See Accompanying Notes to the Basic Financial Statements

Developmental Disabilities	Other Governmental	Total
\$6,452,458	\$4,687,729	\$15,520,812
0	52,988	55,890
90,020	1,147	103,771
244	65	33,642
0	306,360	1,531,985
0	0	12,361
409,961	427,865	4,129,486
0	20	793
0	3,501	262,181
0	0	65,225
11,528	1,682	723,642
0	0	54,715
3,160,394	535,644	6,415,796
15,104	0	25,999
0	24,458	24,458
<u>\$10,139,709</u>	<u>\$6,041,459</u>	<u>\$28,960,756</u>
\$523	\$9,838	\$74,264
68,706	303,062	582,985
0	236,585	238,858
84,052	96,932	494,512
0	16,663	16,663
0	258,680	263,281
3,572,746	932,150	10,875,494
0	4,653	4,653
<u>3,726,027</u>	<u>1,858,563</u>	<u>12,550,710</u>
11,528	22,544	809,729
6,402,154	4,376,527	13,917,004
0	20,411	22,435
0	0	163,366
0	(236,586)	1,497,512
<u>6,413,682</u>	<u>4,182,896</u>	<u>16,410,046</u>
<u>\$10,139,709</u>	<u>\$6,041,459</u>	<u>\$28,960,756</u>

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Ashland County  
 Reconciliation of Total Governmental Fund Balances  
 to Net Assets of Governmental Activities  
 December 31, 2009

Total Governmental Fund Balances \$16,410,046

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 43,575,747

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

Accounts Receivable	1,936	
Accrued Interest Receivable	30,610	
Permissive Sales Taxes Receivable	1,058,290	
Due from Other Governments	3,342,863	
Property Taxes Receivable	267,055	
		4,700,754

An internal balance is recorded in governmental activities to reflect underpayments to the internal service fund by the business-type activities. 16,053

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

Accrued Interest Payable	(12,403)	
General Obligation Bonds Payable	(3,015,000)	
Capital Leases Payable	(154,965)	
Compensated Absences Payable	(1,040,396)	
		(4,222,764)

An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets. (99,988)

Net Assets of Governmental Activities \$60,379,848

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2009

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
<u>Revenues</u>				
Property Taxes	\$2,255,055	\$0	\$0	\$680,587
Payment in Lieu of Taxes	10,096	0	0	0
Permissive Sales Taxes	4,602,137	0	0	0
Other Local Taxes	3,602	171,371	0	0
Charges for Services	1,475,445	0	0	0
Licenses and Permits	2,370	0	0	0
Fines and Forfeitures	101,084	41,486	0	0
Intergovernmental	2,247,872	4,072,302	3,416,342	3,570,779
Interest	300,360	6,750	0	0
Rent	0	0	0	0
Other	635,099	87,638	107,299	22,938
<b>Total Revenues</b>	<b>11,633,120</b>	<b>4,379,547</b>	<b>3,523,641</b>	<b>4,274,304</b>
<u>Expenditures</u>				
Current:				
General Government				
Legislative and Executive	4,301,733	0	0	0
Judicial	1,292,024	0	0	0
Public Safety				
Sheriff	4,064,952	0	0	0
Other	154,503	0	0	0
Public Works	86,388	4,280,368	0	0
Health				
Alcohol, Drug Addiction, and Mental Health Services	0	0	0	4,307,979
Mental Retardation and Developmental Disabilities	0	0	0	0
Other	149,680	0	0	0
Human Services				
Children Services	0	0	0	0
Job and Family Services	0	0	3,479,051	0
Other	338,633	0	0	0
Conservation and Recreation	19,000	0	0	0
Intergovernmental	23,500	0	0	0
Debt Service:				
Principal Retirement	0	35,176	0	0
Interest and Fiscal Charges	0	7,414	0	0
<b>Total Expenditures</b>	<b>10,430,413</b>	<b>4,322,958</b>	<b>3,479,051</b>	<b>4,307,979</b>
Excess of Revenues Over (Under) Expenditures	1,202,707	56,589	44,590	(33,675)
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	809,900	3,539	0	0
Transfers In	0	0	117,845	0
Transfers Out	(1,005,728)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(195,828)</b>	<b>3,539</b>	<b>117,845</b>	<b>0</b>
<b>Changes in Fund Balances</b>	<b>1,006,879</b>	<b>60,128</b>	<b>162,435</b>	<b>(33,675)</b>
Fund Balances Beginning of Year - Restated (Note 3)	1,052,998	2,064,150	431,637	1,068,916
<b>Fund Balances End of Year</b>	<b>\$2,059,877</b>	<b>\$2,124,278</b>	<b>\$594,072</b>	<b>\$1,035,241</b>

See Accompanying Notes to the Basic Financial Statements



<u>Developmental Disabilities</u>	<u>Other Governmental</u>	<u>Total</u>
\$3,300,960	\$493,958	\$6,730,560
12,601	0	22,697
0	1,149,261	5,751,398
0	0	174,973
380,915	1,001,223	2,857,583
0	230,349	232,719
0	10,405	152,975
3,123,799	3,420,429	19,851,523
3,096	3,028	313,234
0	141,473	141,473
385,867	219,839	1,458,680
<u>7,207,238</u>	<u>6,669,965</u>	<u>37,687,815</u>
0	522,106	4,823,839
0	323,499	1,615,523
0	1,368,738	5,433,690
0	122,810	277,313
0	600,959	4,967,715
0	0	4,307,979
6,386,456	0	6,386,456
0	714,109	863,789
0	1,373,692	1,373,692
0	614,807	4,093,858
0	1,142,518	1,481,151
0	0	19,000
0	64,826	88,326
0	400,000	435,176
0	169,177	176,591
<u>6,386,456</u>	<u>7,417,241</u>	<u>36,344,098</u>
<u>820,782</u>	<u>(747,276)</u>	<u>1,343,717</u>
833	0	814,272
0	711,748	829,593
0	0	(1,005,728)
<u>833</u>	<u>711,748</u>	<u>638,137</u>
821,615	(35,528)	1,981,854
<u>5,592,067</u>	<u>4,218,424</u>	<u>14,428,192</u>
<u>\$6,413,682</u>	<u>\$4,182,896</u>	<u>\$16,410,046</u>

Ashland County  
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to Statement of Activities  
 For the Year Ended December 31, 2009

Changes in Fund Balances - Total Governmental Funds \$1,981,854

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

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

Capital Outlay - Non-Depreciable Capital Assets	408,437	
Capital Outlay - Depreciable Capital Assets	1,014,831	
Capital Contributions	396,305	
Asset Transferred from Business-Type Activities	1,637,736	
Depreciation	<u>(3,343,405)</u>	113,904

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a gain on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(814,272)	
Gain on Disposal of Capital Assets	<u>560,232</u>	(254,040)

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

Property Taxes	65,294	
Permissive Sales Taxes	16,413	
Charges for Services	(33,485)	
Intergovernmental	(478,135)	
Interest	(50,823)	
Other	<u>278</u>	(480,458)

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

General Obligation Bond Payable	400,000	
Capital Leases Payable	<u>35,176</u>	435,176

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding obligations on the statement of net assets. 1,799

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (16,843)

(continued)

Ashland County  
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to Statement of Activities  
For the Year Ended December 31, 2009  
(continued)

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

Allocated to Activities \$253,413

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

15,331

Change in Net Assets of Governmental Activities:

\$2,050,136

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
General Fund  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$2,377,467	\$2,197,592	\$2,223,735	\$26,143
Payment in Lieu of Taxes	12,527	12,527	12,527	0
Permissive Sales Taxes	4,895,000	4,709,000	4,612,270	(96,730)
Other Local Taxes	4,000	4,000	3,602	(398)
Charges for Services	1,636,618	1,526,618	1,479,473	(47,145)
Licenses and Permits	3,100	3,100	2,370	(730)
Fines and Forfeitures	113,000	113,000	100,462	(12,538)
Intergovernmental	2,075,835	2,123,392	2,148,875	25,483
Interest	500,100	354,224	359,321	5,097
Other	391,378	458,378	581,261	122,883
<b>Total Revenues</b>	<b>12,009,025</b>	<b>11,501,831</b>	<b>11,523,896</b>	<b>22,065</b>
<u>Expenditures</u>				
Current:				
General Government				
Legislative and Executive	4,795,103	4,716,229	4,648,543	67,686
Judicial	1,514,134	1,358,154	1,329,053	29,101
Public Safety				
Sheriff	4,772,213	4,240,837	4,198,131	42,706
Other	183,177	173,330	156,488	16,842
Public Works				
Health	107,063	94,345	91,114	3,231
Other				
Other	201,119	151,419	149,698	1,721
Human Services				
Other	401,788	391,735	345,375	46,360
Conservation and Recreation				
Intergovernmental	28,500	19,000	19,000	0
Intergovernmental	23,500	23,500	23,500	0
<b>Total Expenditures</b>	<b>12,026,597</b>	<b>11,168,549</b>	<b>10,960,902</b>	<b>207,647</b>
Excess of Revenues Over (Under) Expenditures	(17,572)	333,282	562,994	229,712
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	51,000	51,000	66,600	15,600
Sale of Capital Assets	1,500	853,818	809,900	(43,918)
Transfers Out	(799,000)	(1,288,485)	(1,005,728)	282,757
<b>Total Other Financing Sources (Uses)</b>	<b>(746,500)</b>	<b>(383,667)</b>	<b>(129,228)</b>	<b>254,439</b>
Changes in Fund Balance	(764,072)	(50,385)	433,766	484,151
Fund Balance Beginning of Year	826,588	826,588	826,588	0
Prior Year Encumbrances Appropriated	114,514	114,514	114,514	0
<b>Fund Balance End of Year</b>	<b>\$177,030</b>	<b>\$890,717</b>	<b>\$1,374,868</b>	<b>\$484,151</b>

See Accompanying Notes to the Basic Financial Statements

Ashland County,  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Motor Vehicle and Gasoline Tax Fund  
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
<u>Revenues</u>				
Other Local Taxes	\$170,000	\$170,000	\$171,583	\$1,583
Fines and Forfeitures	48,000	48,000	41,923	(6,077)
Intergovernmental	4,200,000	4,200,000	4,069,738	(130,262)
Interest	30,000	30,000	6,750	(23,250)
Other	50,000	50,000	87,686	37,686
Total Revenues	<u>4,498,000</u>	<u>4,498,000</u>	<u>4,377,680</u>	<u>(120,320)</u>
<u>Expenditures</u>				
Current:				
Public Works				
Engineer	<u>6,213,856</u>	<u>6,213,136</u>	<u>4,562,805</u>	<u>1,650,331</u>
Excess of Revenues				
Under Expenditures	<u>(1,715,856)</u>	<u>(1,715,136)</u>	<u>(185,125)</u>	<u>(1,530,011)</u>
<u>Other Financing Sources</u>				
OPWC Loans Issued	509,080	509,080	0	(509,080)
Sale of Capital Assets	<u>0</u>	<u>0</u>	<u>3,539</u>	<u>3,539</u>
Total Other Financing Sources	<u>509,080</u>	<u>509,080</u>	<u>3,539</u>	<u>(505,541)</u>
Changes in Fund Balance	(1,206,776)	(1,206,056)	(181,586)	(2,035,552)
Fund Balance Beginning of Year	979,531	979,531	979,531	0
Prior Year Encumbrances Appropriated	<u>243,056</u>	<u>243,056</u>	<u>243,056</u>	<u>0</u>
Fund Balance End of Year	<u>\$15,811</u>	<u>\$16,531</u>	<u>\$1,041,001</u>	<u>(\$2,035,552)</u>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Job and Family Services Fund  
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$3,689,900	\$3,689,900	\$3,416,342	(\$273,558)
Other	146,500	146,500	107,299	(39,201)
Total Revenues	3,836,400	3,836,400	3,523,641	(312,759)
<u>Expenditures</u>				
Current:				
Human Services				
Job and Family Services	3,993,713	3,993,713	3,474,981	518,732
Excess of Revenues Over (Under) Expenditures	(157,313)	(157,313)	48,660	205,973
<u>Other Financing Sources</u>				
Transfers In	127,599	127,599	117,845	(9,754)
Changes in Fund Balance	(29,714)	(29,714)	166,505	196,219
Fund Balance Beginning of Year	319,794	319,794	319,794	0
Prior Year Encumbrances Appropriated	29,714	29,714	29,714	0
Fund Balance End of Year	<u>\$319,794</u>	<u>\$319,794</u>	<u>\$516,013</u>	<u>\$196,219</u>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Alcohol, Drug Addiction, and Mental Health Services Fund  
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$724,267	\$724,267	\$671,249	(\$53,018)
Intergovernmental	3,990,153	3,990,153	3,656,529	(333,624)
Other	0	0	22,938	22,938
<b>Total Revenues</b>	<b>4,714,420</b>	<b>4,714,420</b>	<b>4,350,716</b>	<b>(363,704)</b>
<u>Expenditures</u>				
Current:				
Health				
Alcohol, Drug Addiction, and Mental Health Services	5,254,781	5,274,581	5,083,240	191,341
Changes in Fund Balance	(540,361)	(560,161)	(732,524)	(172,363)
Fund Balance Beginning of Year	528,548	528,548	528,548	0
Prior Year Encumbrances Appropriated	442,220	442,220	442,220	0
<b>Fund Balance End of Year</b>	<b>\$430,407</b>	<b>\$410,607</b>	<b>\$238,244</b>	<b>(\$172,363)</b>

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Developmental Disabilities Fund  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$3,249,606	\$3,250,406	\$3,256,074	\$5,668
Payment in Lieu of Taxes	15,363	15,363	15,363	0
Charges for Services	354,000	354,000	321,353	(32,647)
Intergovernmental	2,309,994	3,184,994	3,146,035	(38,959)
Interest	0	0	3,096	3,096
Other	155,637	297,637	385,564	87,927
Total Revenues	6,084,600	7,102,400	7,127,485	25,085
<u>Expenditures</u>				
Current:				
Health				
Developmental Disabilities	6,324,027	6,910,858	6,567,865	342,993
Excess of Revenues Over (Under) Expenditures	(239,427)	191,542	559,620	368,078
<u>Other Financing Sources</u>				
Sale of Capital Assets	0	0	833	833
Changes in Fund Balance	(239,427)	191,542	560,453	368,911
Fund Balance Beginning of Year	5,690,972	5,690,972	5,690,972	0
Prior Year Encumbrances Appropriated	52,477	52,477	52,477	0
Fund Balance End of Year	\$5,504,022	\$5,934,991	\$6,303,902	\$368,911

See Accompanying Notes to the Basic Financial Statements



Ashland County  
Statement of Fund Net Assets  
Proprietary Funds  
December 31, 2009

	Business-Type Activities			Governmental Activity
	Landfill	Other Enterprise	Total Enterprise	Internal Service
<u>Assets</u>				
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$101,959	\$3,958	\$105,917	\$234,705
Cash and Cash Equivalents in Segregated Accounts	0	15,456	15,456	0
Accounts Receivable	19,179	5,238	24,417	11,065
Due from External Parties	0	0	0	9,845
Interfund Receivable	0	0	0	1,100
Inventory Held for Resale	0	17,804	17,804	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	609,245	0	609,245	0
<b>Total Current Assets</b>	<b>730,383</b>	<b>42,456</b>	<b>772,839</b>	<b>256,715</b>
<u>Non-Current Assets</u>				
Nondepreciable Capital Assets	61,465	57,400	118,865	0
Depreciable Capital Assets, Net	15,483	266,100	281,583	0
<b>Total Non-Current Assets</b>	<b>76,948</b>	<b>323,500</b>	<b>400,448</b>	<b>0</b>
<b>Total Assets</b>	<b>807,331</b>	<b>365,956</b>	<b>1,173,287</b>	<b>256,715</b>
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accrued Wages Payable	0	5,392	5,392	0
Accounts Payable	5,254	20,659	25,913	0
Compensated Absences Payable	1,343	4,473	5,816	0
Due to Other Governments	1,191	9,759	10,950	0
Claims Payable	0	0	0	356,703
Postclosure Costs Payable	47,859	0	47,859	0
<b>Total Current Liabilities</b>	<b>55,647</b>	<b>40,283</b>	<b>95,930</b>	<b>356,703</b>
<u>Non-Current Liabilities</u>				
Compensated Absences Payable	1,520	6,825	8,345	0
Postclosure Costs Payable	1,684,979	0	1,684,979	0
<b>Total Non-Current Liabilities</b>	<b>1,686,499</b>	<b>6,825</b>	<b>1,693,324</b>	<b>0</b>
<b>Total Liabilities</b>	<b>1,742,146</b>	<b>47,108</b>	<b>1,789,254</b>	<b>356,703</b>
<u>Net Assets</u>				
Invested in Capital Assets	76,948	323,500	400,448	0
Unrestricted (Deficit)	(1,011,763)	(4,652)	(1,016,415)	(99,988)
<b>Total Net Assets (Deficit)</b>	<b>(\$934,815)</b>	<b>\$318,848</b>	<b>(615,967)</b>	<b>(\$99,988)</b>
Net assets reported for business-type activities on the statement of net assets is different because it includes a proportionate share of the net assets of the internal service fund.			(16,053)	
Net Assets of Business-Type Activities:			(632,020)	

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Revenues, Expenses,  
and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2009

	Business-Type Activities			Governmental Activity
	Landfill	Other Enterprise	Total Enterprise	Internal Service
<u>Operating Revenues</u>				
Charges for Services	\$240,905	\$319,971	\$560,876	\$2,697,356
Sale of Recyclables	0	300,150	300,150	0
Other	205	23,780	23,985	0
Total Operating Revenues	<u>241,110</u>	<u>643,901</u>	<u>885,011</u>	<u>2,697,356</u>
<u>Operating Expenses</u>				
Personal Services	60,205	489,467	549,672	0
Materials and Supplies	130	30,709	30,839	0
Contractual Services	95,690	68,285	163,975	337,603
Claims	0	0	0	2,053,143
Other	192,903	247,177	440,080	0
Depreciation	3,871	44,970	48,841	0
Total Operating Expenses	<u>352,799</u>	<u>880,608</u>	<u>1,233,407</u>	<u>2,390,746</u>
Operating Income (Loss)	<u>(111,689)</u>	<u>(236,707)</u>	<u>(348,396)</u>	<u>306,610</u>
<u>Non-Operating Revenues (Expenses)</u>				
Grants	0	5,396	5,396	0
Loss on Disposal of Capital Assets	0	(703,604)	(703,604)	0
Total Non-Operating Revenues (Expenses)	<u>0</u>	<u>(698,208)</u>	<u>(698,208)</u>	<u>0</u>
Income (Loss) before Transfers	(111,689)	(934,915)	(1,046,604)	306,610
Transfers In	0	176,135	176,135	0
Changes in Net Assets	(111,689)	(758,780)	(870,469)	306,610
Net Assets (Deficit) Beginning of Year	<u>(823,126)</u>	<u>1,077,628</u>		<u>(406,598)</u>
Net Assets (Deficit) End of Year	<u>(\$934,815)</u>	<u>\$318,848</u>		<u>(\$99,988)</u>

The change in net assets reported for business-type activities on the statement of activities is different because it includes a proportionate share of the net income of the internal service fund.

37,866

Change in Net Assets of Business-Type Activities

(\$832,603)

See Accompanying Notes to the Basic Financial Statements

Ashland County  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2009

	Business-Type Activities			Governmental Activity
	Landfill	Other Enterprise	Total Enterprise	Internal Service
Increase (Decrease) in Cash and Cash Equivalents				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$244,161	\$622,033	\$866,194	\$0
Cash Received from Transactions with Other Funds	0	0	0	2,689,726
Cash Received from Other Revenues	205	23,780	23,985	0
Cash Payments for Personal Services	(52,067)	(496,117)	(548,184)	0
Cash Payments to Suppliers	(138)	(38,510)	(38,648)	0
Cash Payments for Contractual Services	(134,288)	(79,416)	(213,704)	(337,603)
Cash Payments for Claims	0	0	0	(2,177,842)
Cash Payments for Transactions with Other Funds	(10,995)	(69,106)	(80,101)	0
Cash Payments for Other Expenses	(192,505)	(236,399)	(428,904)	0
Net Cash Provided by (Used for) Operating Activities	<u>(145,627)</u>	<u>(273,735)</u>	<u>(419,362)</u>	<u>174,281</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Cash received from Grants	0	5,396	5,396	0
Transfers In	0	176,135	176,135	0
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>181,531</u>	<u>181,531</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Cash Received from Sale of Capital Assets	0	7,632	7,632	0
Net Increase (Decrease) in Cash and Cash Equivalents	(145,627)	(84,572)	(230,199)	174,281
Cash and Cash Equivalents Beginning of Year	856,831	103,986	960,817	60,424
Cash and Cash Equivalents End of Year	<u>\$711,204</u>	<u>\$19,414</u>	<u>\$730,618</u>	<u>\$234,705</u>
Reconciliation of Operating Income (Loss) to				
<u>Net Cash Provided by (Used for) Operating Activities</u>				
Operating Income (Loss)	<u>(\$111,689)</u>	<u>(\$236,707)</u>	<u>(\$348,396)</u>	<u>\$306,610</u>
Adjustments to Reconcile Operating Income (Loss) to				
<u>Net Cash Provided by (Used for) Operating Activities</u>				
Depreciation	3,871	44,970	48,841	0
Changes in Assets and Liabilities				
(Increase) Decrease in Accounts Receivable	3,256	1,912	5,168	(6,729)
Increase in Interfund Receivable	0	0	0	(1,100)
Decrease in Due from External Parties	0	0	0	199
Decrease in Prepaid Items	0	104	104	0
Decrease in Materials and Supplies Inventory	0	2,734	2,734	0
Increase in Inventory Held for Resale	0	(984)	(984)	0
Decrease in Accrued Wages Payable	(1,317)	(39,957)	(41,274)	0
Decrease in Accounts Payable	(57)	(3,853)	(3,910)	0
Decrease in Compensated Absences Payable	(1,305)	(15,841)	(17,146)	0
Decrease in Due to Other Governments	(235)	(21,054)	(21,289)	0
Decrease in Interfund Payable	0	(5,059)	(5,059)	0
Decrease in Claims Payable	0	0	0	(124,699)
Decrease in Postclosure Costs Payable	(38,151)	0	(38,151)	0
Total Adjustments	<u>(33,938)</u>	<u>(37,028)</u>	<u>(70,966)</u>	<u>(132,329)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$145,627)</u>	<u>(\$273,735)</u>	<u>(\$419,362)</u>	<u>\$174,281</u>
<u>Non Cash Capital Financing Transactions</u>				

During 2009, the County Home enterprise fund transferred assets to governmental funds, in the amount of \$1,637,736 and accumulated depreciation of \$939,245.

See Accompanying to the Basic Financial Statements

Ashland County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
December 31, 2009

Assets

Equity in Pooled Cash and Cash Equivalents	\$2,510,567
Cash and Cash Equivalents in Segregated Accounts	667,035
Other Local Taxes Receivable	8,810
Due from Other Governments	2,463,539
Due from External Parties	16,663
Property Taxes Receivable	45,165,971
Special Assessments Receivable	25,769

Total Assets \$50,858,354

Liabilities

Due to Other Governments	\$49,150,791
Due to External Parties	10,638
Undistributed Assets	1,696,925

Total Liabilities \$50,858,354

See Accompanying Notes to the Basic Financial Statements

**Note 1 - Reporting Entity**

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

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

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

**A. Primary Government**

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

**B. Component Units**

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes.

**Discretely Presented Component Unit**

The component unit column on the financial statements identifies the financial data of the County's component unit, D-R Services, Inc. It is reported separately to emphasize that it is legally separate from the County. Information about this component unit is presented in Note 22 to the basic financial statements.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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

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

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

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

The County participates in several jointly governed organizations and insurance pools, and is associated with a related organization. These organizations are presented in Notes 23, 24, and 25 to the basic financial statements. These organizations are:

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

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

The financial statements of Ashland County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The County does not apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its business-type activities or to its enterprise funds. Following are the more significant of the County's accounting policies.

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

**B. Fund Accounting**

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

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

Governmental Funds

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

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

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

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

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

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

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

Proprietary Funds

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

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

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

The other enterprise funds of the County account for operations of the County nursing home and the recycling center.



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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. The County did not have any trust funds in 2009. The County's agency funds account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

**D. Basis of Accounting**

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

**Revenues - Exchange and Nonexchange Transactions**

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

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

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

**Deferred Revenues**

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

Property taxes for which there was an enforceable legal claim at December 31, 2009, but were levied to finance 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

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

**Expenses/Expenditures**

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

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

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

**E. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. Budgetary information for the Commissary special revenue fund and D-R Services, Inc. is not reported because they are not included in the entity for which the “appropriated budget” is adopted. The major documents prepared are the certificate of estimated resources and the appropriations resolution, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners’ authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object level for all funds.

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

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

**F. Cash and Investments**

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

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

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

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

During 2009, the County invested in nonnegotiable certificates of deposit, repurchase agreements, federal agency securities, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit and repurchase agreements which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2009.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2009 was \$300,360, which includes \$285,655 assigned from other County funds.

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**H. Inventory**

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

**I. Restricted Assets**

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

**J. Capital Assets**

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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

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

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

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

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

**K. Interfund Receivables/Payables**

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

**L. Compensated Absences**

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

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

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

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

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

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

**N. Net Assets**

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

**O. Fund Balance**

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

**Nonspendable** - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of notes receivable.

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

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

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

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

Assigned - Amounts in the assigned classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Commissioners or by a County official delegated that authority by resolution.

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

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

**P. Operating Revenues and Expenses**

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

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

**Q. Capital Contributions**

Capital contributions arise from outside contributions of capital assets or contributions from other funds.

**R. Interfund Transactions**

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

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in 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.

**S. Estimates**

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

**Note 3 - Changes in Accounting Principles and Restatement of Fund Balance/Net Assets**

**A. Changes in Accounting Principles**

For 2009, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in the economic resources measurement focus financial statements. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and or unassigned.



**Note 3 - Changes in Accounting Principles and Restatement of Fund Balance/Net Assets** (continued)

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements and the framework for selecting those principles. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' (AICPA) auditing literature into the GASB's accounting and financial reporting literature. This guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and the participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any changes to the financial statements.

**B. Restatement of Fund Balance**

During 2009, the County changed the accounting treatment applied to the receivable for payment in lieu of taxes. Based on guidance from GASB, this receivable is presently considered a non-exchange transaction and a one year receivable is being recorded. In prior years, this was considered an exchange transaction and the entire receivable was recognized in the initial year, along with the corresponding deferred revenue. Also during 2009, the County implemented GASB Statement No. 54.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

**Note 3 - Changes in Accounting Principles and Restatement of Fund Balance/Net Assets** (continued)

The restatement due to the correction to payment in lieu of taxes and the implementation of the new statement had the following effect on fund balance of the major and nonmajor funds of the County as they were previously reported

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
Fund Balance at December 31, 2008	\$1,021,495	\$1,964,645	\$431,637	1,068,916
Change in Fund Structure	31,503	99,505	0	0
Payment in Lieu of Taxes Receivable	(81,904)	0	0	0
Deferred Revenue	81,904	0	0	0
Adjusted Fund Balance at December 31, 2008	<u>\$1,052,998</u>	<u>\$2,064,150</u>	<u>\$431,637</u>	<u>\$1,068,916</u>

	Developmental Disabilities	Other Governmental	Total Governmental Funds
Fund Balance at December 31, 2008	\$5,592,067	\$4,353,640	\$14,432,400
Change in Fund Structure	0	(135,216)	(4,208)
Payment in Lieu of Taxes Receivable	(121,227)	0	(203,131)
Deferred Revenue	121,227	0	203,131
Adjusted Fund Balance at December 31, 2008	<u>\$5,592,067</u>	<u>\$4,218,424</u>	<u>\$14,428,192</u>

The restatement had the following effect on net assets.

	Total Governmental Activities
Net Assets December 31, 2008	\$58,559,748
Change in Fund Structure	(4,208)
Payment in Lieu of Taxes Receivable	(203,131)
Deferred Revenue	(22,697)
Adjusted Net Assets December 31, 2008	<u>\$58,329,712</u>

**Note 4 - Accountability and Compliance**

**A. Deficit Fund Balance**

At December 31, 2009, the Log Jam Clearance special revenue fund had a deficit fund balance in the amount of \$236,586. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Note 4 - Accountability** (continued)

The Landfill and County Home enterprise funds and the Medical Insurance internal service fund had deficit net assets, in the amount of \$934,815, \$1,658, and \$99,988, respectively. The deficit net assets in the Landfill enterprise fund resulted from the requirement to report future postclosure costs. The deficit net assets in the County Home enterprise fund resulted from the process of closing the County nursing home (however, not all liabilities were paid as of December 31, 2009). The deficit net assets in the Medical Insurance internal service fund is due to claims and administration expenses exceeding premiums being charged. Management is analyzing these situations to alleviate future deficits.

**B. Legal Compliance**

1. The County landfill had an operating deficit equal to five percent or more of annual revenue in either of the past fiscal years in noncompliance with Ohio Administrative Code Section 3745-27-16(L)(2)(b).
2. The County had appropriations in excess of actual resources in noncompliance with Ohio Revised Code Section 5705.36(A)(4).

**Note 5 - Budgetary Basis of Accounting**

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

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

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 5 - Budgetary Basis of Accounting** (continued)

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

	Changes in Fund Balance				
	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services	Developmental Disabilities
GAAP Basis	\$1,006,879	\$60,128	\$162,435	(\$33,675)	\$821,615
<u>Increase (Decrease) Due To</u>					
Revenue Accruals					
Accrued 2008, Received in Cash 2009	525,401	316,075	0	107,490	68,110
Accrued 2009, Not Yet Received in Cash	(596,292)	(318,379)	0	(21,740)	(102,977)
Expenditure Accruals					
Accrued 2008, Paid in Cash 2009	(690,841)	(188,652)	71,259	(33,683)	(332,547)
Accrued 2009, Not Yet Paid in Cash	291,035	92,240	(62,623)	16,190	153,281
Cash Adjustments					
Unrecorded Activity 2008	178,281	3,459	0	21,362	103,670
Unrecorded Activity 2009	(150,014)	(3,022)	0	(30,700)	(148,556)
Prepaid Items	5,226	0	104	2,979	488
Materials and Supplies Inventory	374	41,315	(2,070)	0	(2,631)
Encumbrances Outstanding at Year End (Budget Basis)	(136,283)	(184,750)	(2,600)	(760,747)	0
Budget Basis	<u>\$433,766</u>	<u>(\$181,586)</u>	<u>\$166,505</u>	<u>(\$732,524)</u>	<u>\$560,453</u>

**Note 6 - Deposits and Investments**

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 6 - Deposits and Investments** (continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange similar securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
  - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation, and which mature within two hundred seventy days after purchase;
  - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and
12. Up to 1 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 6 - Deposits and Investments** (continued)

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$11,702,641 of the County's bank balance of \$15,197,375 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

Investments

As of December 31, 2009, the County had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Repurchase Agreement	\$1,035,637	1/4/10
Federal Home Loan Bank Bonds	499,065	12/10/12
Federal Home Loan Bank Notes	508,125	8/25/10
Federal Home Loan Bank Notes	512,030	11/17/11
Federal Home Loan Bank Notes	505,315	11/25/11
Federal Home Loan Bank Notes	500,780	8/17/12
Federal Home Loan Bank Notes	493,905	12/24/12
STAR Ohio	868,463	61days
	<u>\$4,923,320</u>	

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 6 - Deposits and Investments** (continued)

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

The securities underlying the repurchase agreement (U.S. Treasury Notes) and Federal Home Loan Bank Notes carry a rating of AAA by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The County has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that repurchase agreements be limited to investments in United States treasury securities and federal government agency securities. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

	Fair Value	Percentage of Portfolio
Repurchase Agreement	\$1,035,637	21.04%
Federal Home Loan Bank	3,019,220	61.32

**Note 7 - Receivables**

Receivables at December 31, 2009, consisted of accounts (e.g., billings for user charged services, including unbilled charges); accrued interest; permissive sales taxes; other local taxes; intergovernmental receivables arising from grants, entitlements, and shared revenues; amounts due from external parties; interfund; property taxes; payment in lieu of taxes, and notes. All receivables are considered fully collectible within one year, except for property taxes and notes receivable. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Notes receivable represent low interest loans for development projects granted to eligible County businesses under the Federal Community Development Block Grant program. The notes have an annual interest rate of 3.5 percent and are repaid over periods ranging from seven to ten years. A summary of the changes in notes receivable during 2009 follows:

	Balance December 31, 2008	New Loans	Repayments	Balance December 31, 2009
Special Revenue Fund				
CDBG Revolving Loan	\$29,108	\$0	\$4,650	\$24,458

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 7 - Receivables** (continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Local Government	\$572,784
Estate Tax	13,036
Auditor of State	2,513
Public Defender Grant	8,871
Homestead and Rollback	164,449
Personal Property Phase-Out	31,185
Other	109,479
Total General Fund	902,317
Motor Vehicle and Gasoline Tax	
Gasoline Tax	1,190,727
Motor Vehicle License Fees	876,867
Village of Savannah	166
Total Motor Vehicle and Gasoline Tax	2,067,760
Alcohol, Drug Addiction, and Mental Health Services	
Medicaid	220,224
Federal Block Grant	18,962
State Block Grant	21,472
Homestead and Rollback	48,931
Personal Property Phase-out	11,994
Total Alcohol, Drug Addiction, and Mental Health Services	321,583
Developmental Disabilities	
Subsidy Program	3,764
Title VI-B	35,723
ARRA - Title VI-B	22,651
Preschool	8,733
ARRA - Preschool	406
Title XX	28,062
Family Resources/Respite	17,182
Homestead and Rollback	232,766
Personal Property Phase-Out	58,771
Other	1,903
Total Developmental Disabilities	409,961
Total Major Funds	3,701,621
Nonmajor Funds	
Victims of Crime	
Victims of Crime Grant	28,600
Children Services	
Title IV-E	62,444
PCSA	11,834
Foster Care Reimbursement	30,485
Other	1,650

(continued)



Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 7 - Receivables** (continued)

	Amount
Governmental Activities (continued)	
CSEA	
CSEA Grant	\$62,333
Log Jam Clearance	
Log Jam Clearance	138,777
Senior Citizens Services	
Homestead and Rollback	35,744
Community Corrections	
Community Corrections Grant	55,273
Ashland County 911	
County Sheriff	725
Total Nonmajor Funds	427,865
Total Governmental Activities	\$4,129,486
 Agency Funds	
Local Government	\$598,366
Library Local Government	898,964
Gasoline Tax	663,333
Motor Vehicle License Fees	280,466
Permissive Motor Vehicle License Tax	9,595
Homestead and Rollback	11,276
Personal Property Phase-Out	1,539
Total Agency Funds	\$2,463,539

**Note 8 - Permissive Sales and Use Tax**

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

**Note 9 - Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the County. Real property tax revenues received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 9 - Property Taxes** (continued)

Public utility property tax revenues received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2007, were levied after October 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in 2009 (other than public utility property) represent the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2009, and for which there was an enforceable legal claim. In the governmental funds, the entire receivable has been deferred since current taxes were not levied to finance 2009 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while the remainder has been deferred.

The full tax rate for all County operations for the year ended December 31, 2009, was \$9.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real Property	
Residential	\$686,091,430
Agriculture	98,844,890
Commercial/Industrial/Mineral	139,655,990
Public Utility Property	
Real	333,120
Personal	55,141,930
Tangible Personal Property	2,618,720
Total Assessed Value	<u>\$982,686,080</u>

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

**Note 10 - Payment in Lieu of Taxes**

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

**Note 11 - Capital Assets**

Capital asset activity for the year ended December 31, 2009, was as follows:

	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$862,547	\$0	(\$41,610)	\$820,937
Construction in Progress	0	804,742	0	804,742
Total Nondepreciable Capital Assets	<u>862,547</u>	<u>804,742</u>	<u>(41,610)</u>	<u>1,625,679</u>
Depreciable Capital Assets				
Land Improvements	285,596	0	0	285,596
Buildings	19,936,530	1,266,104	(318,645)	20,883,989
Building Improvements	880,654	267,311	(16,352)	1,131,613
Roads	44,292,386	739,432	0	45,031,818
Bridges	13,107,899	0	0	13,107,899
Equipment	2,249,110	241,992	0	2,491,102
Vehicles	2,724,483	137,728	(195,394)	2,666,817
Total Depreciable Capital Assets	<u>83,476,658</u>	<u>2,652,567</u>	<u>(530,391)</u>	<u>85,598,834</u>
Less Accumulated Depreciation for				
Land Improvements	(31,537)	(11,100)	0	(42,637)
Buildings	(5,253,353)	(1,169,134)	106,215	(6,316,272)
Building Improvements	(665,453)	(181,321)	16,352	(830,422)
Roads	(24,366,176)	(1,386,029)	0	(25,752,205)
Bridges	(7,061,338)	(262,158)	0	(7,323,496)
Equipment	(1,499,072)	(160,662)	0	(1,659,734)
Vehicles	(1,746,393)	(173,001)	195,394	(1,724,000)
Total Accumulated Depreciation	<u>(40,623,322)</u>	<u>(3,343,405)</u>	<u>317,961</u>	<u>(43,648,766)</u>
Total Depreciable Capital Assets, Net	<u>42,853,336</u>	<u>(690,838)</u>	<u>(212,430)</u>	<u>41,950,068</u>
Governmental Activities Capital Assets, Net	<u>\$43,715,883</u>	<u>\$113,904</u>	<u>(\$254,040)</u>	<u>\$43,575,747</u>

During 2009, governmental funds accepted contributions of capital assets from outside sources, in the amount of \$396,305. Governmental funds also accepted contributions of capital assets from business-type activities, in the amount of \$1,637,736 with accumulated depreciation of \$939,245.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

**Note 11 - Capital Assets** (continued)

	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009
Business-Type Activities				
Nondepreciable Capital Assets				
Land	\$118,865	\$0	\$0	\$118,865
Depreciable Capital Assets				
Land Improvements	49,072	0	0	49,072
Buildings	1,516,614	0	(1,266,104)	250,510
Building Improvements	267,311	0	(267,311)	0
Equipment	494,623	0	(85,282)	409,341
Vehicles	192,455	0	(50,898)	141,557
Total Depreciable Capital Assets	2,520,075	0	(1,669,595)	850,480
Less Accumulated Depreciation for				
Land Improvements	(42,496)	(2,454)	0	(44,950)
Buildings	(792,611)	(4,175)	717,459	(79,327)
Building Improvements	(146,209)	0	146,209	0
Equipment	(380,504)	(31,856)	56,539	(355,821)
Vehicles	(116,595)	(10,356)	38,152	(88,799)
Total Accumulated Depreciation	(1,478,415)	(48,841)	958,359	(568,897)
Total Depreciable Capital Assets, Net	1,041,660	(48,841)	(711,236)	281,583
Business-Type Activities Capital Assets, Net	\$1,160,525	(\$48,841)	(\$711,236)	\$400,448

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government	
Legislative and Executive	\$95,774
Judicial	6,433
Public Safety	
Sheriff	313,534
Public Works	1,830,477
Health	
Alcohol, Drug Addiction, and Mental Health Services	9,063
Developmental Disabilities	89,719
Other	1,219
Human Services	
Job and Family Services	32,750
Other	8,723
Conservation and Recreation	16,468
Total Depreciation Expense - Governmental Activities	\$2,404,160

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 11 - Capital Assets** (continued)

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Funds	
Recycling	\$44,970

**Note 12 - Interfund Receivables/Payables**

Interfund balances at December 31, 2009, consisted of the following receivables and payables:

Due to Job and Family Services Fund from:

Other Governmental	\$258,680
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Due to Other Governmental Funds from:

General Fund	\$1,213
Job and Family Services Fund	2,288
Total Due to Other Governmental Funds	\$3,501

Due to Self-Insurance Fund from:

Motor Vehicle and Gasoline Tax Fund	\$1,100
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The amount due to the Job and Family Services Fund was for services provided to other governmental funds. This amount is expected to be received within one year.

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

The amount due to Self-Insurance Fund resulted from the time lag between dates that payments between funds are made. This amount is expected to be received within one year.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 13 - Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

General Liability	\$1,000,000
Excess Liability	9,000,000
Medical Professional Liability	11,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Errors and Omissions Liability	1,000,000
Automobile Liability	1,000,000
Uninsured Motorists Liability	250,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	1,000,000
Building and Contents	75,188,904
Other Property Insurance	
Automobile Physical Damage	Actual Cash Value
Flood and Earthquake	100,000,000
Comprehensive Boiler and Machinery	100,000,000
Crime Insurance	
Faithful Performance	1,000,000
Money and Securities	1,000,000
Depositor's Forgery	1,000,000
Money Order and Counterfeit Paper	1,000,000

With the exceptions of medical and dental coverage for Developmental Disability employees, and workers' compensation, all insurance is held with CORSA. There has been no significant reduction in insurance coverage from 2008, and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

For 2009, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 13 - Risk Management** (continued)

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

The County provides employee medical coverage through a self insured program. The County established a Medical Insurance fund (an internal service fund) to account for and finance employee health benefits. Under this program, the Medical Insurance fund provides coverage up to a maximum of \$80,000 for each individual. The County purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in the past three years.

All funds of the County, except the Board of Developmental Disabilities, participate in the program and make payments to the Medical Insurance fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at December 31, 2009, was estimated by the third party administrator at \$356,703.

The changes in the claims liability for 2009 and 2008 were:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2009	\$481,402	\$2,053,143	\$2,177,842	\$356,703
2008	\$374,642	\$3,257,646	\$3,150,886	\$481,402

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

**Note 14 - Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

Plan Description - The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS 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 the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The County's contribution rate for 2009 was 14 percent of covered payroll, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.63 percent of covered payroll. For 2009, a portion of the County's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment health care plan from January 1 through March 31 and 5.5 percent was allocated from April 1 through December 31. Employer contribution rates are actuarially determined. State statute sets 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 contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 was \$1,088,215, \$969,474, and \$1,106,787, respectively; 88 percent has been contributed for 2009 and 100 percent for 2008 and 2007. Contributions to the member-directed plan for 2009 were \$16,831 made by the County and \$12,022 made by the plan members.



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

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

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

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

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contribution for pension obligations to the DBP for the years ended December 31, 2009, 2008, and 2007 were \$106,889, \$97,776, and \$85,591, respectively; 100 percent has been contributed for all three years.

**Note 15 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

Plan Description - OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment 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 postemployment health care. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

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

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

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

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment 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 postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14 percent of covered payroll (17.63 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 postemployment health care benefits. The amount of the employer contributions which was allocated to fund postemployment health care was 7 percent of covered payroll from January 1 through March 31, 2009, and 5.5 percent of covered payroll for the remainder of the year.

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

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2009, 2008, and 2007 was \$752,703, \$930,697, and \$706,472, respectively; 88 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

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

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contribution for health care for years ended December 31, 2009, 2008, and 2007 was \$8,222, \$7,521, and \$6,584, respectively; 100 percent has been contributed for all three years.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 16 - Other Employer Benefits**

**A. Compensated Absences**

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

**B. Employee Health Insurance**

Ashland County provides employee medical benefits to most employees through a self insured program. The County pays the full cost of premiums for employees under the program. Coverage is provided up to a maximum \$80,000 per individual. The County purchases commercial insurance for claims in excess of this coverage. All claims under the plan are administered by the County's third-party administrator.

**Note 17 - Long-Term Obligations**

The County's long-term obligations activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<b><u>Governmental Activities</u></b>						
<b>General Obligation Bonds</b>						
1991 Job and Family Services (Original Amount \$1,500,000)	7.0%	\$365,000	\$0	\$115,000	\$250,000	\$120,000
2001 County Jail (Original Amount \$5,100,000)	4.75	3,050,000	0	285,000	2,765,000	225,000
<b>Total General Obligation Bonds</b>		<u>3,415,000</u>	<u>0</u>	<u>400,000</u>	<u>3,015,000</u>	<u>345,000</u>
<b>Other Long-Term Obligations</b>						
Capital Leases		190,141	0	35,176	154,965	36,548
Compensated Absences		1,023,553	62,253	45,410	1,040,396	327,170
<b>Total Governmental Activities</b>		<u>\$4,628,694</u>	<u>\$62,253</u>	<u>\$480,586</u>	<u>\$4,210,361</u>	<u>\$708,718</u>
<b><u>Business-Type Activities</u></b>						
Compensated Absences Payable		\$31,307	\$189	\$17,335	\$14,161	\$5,816
Closure/Postclosure Costs Payable		1,770,989	0	38,151	1,732,838	47,859
<b>Total Business-Type Activities</b>		<u>\$1,802,296</u>	<u>\$189</u>	<u>\$55,486</u>	<u>\$1,746,999</u>	<u>\$53,675</u>

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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

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

1991 Job and Family Services Bonds - The Job and Family Services general obligation bonds include serial and term bonds. The term bonds have annual mandatory sinking fund redemption requirements and there are optional redemption provisions for the serial bonds. The term bonds mature on December 1, 2011, in the amount of \$900,000, at a redemption price equal to 100 percent of the principal plus accrued interest to the redemption date. The serial bonds maturing on or after December 1, 2003, are subject to early redemption, at the sole option of the County, either in whole or in part on any date on or after December 1, 2003, in multiples of \$5,000, at a redemption price equal to 100 percent of the principal plus accrued interest to the redemption date.

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

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

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

	General Obligation Bonds	
	Principal	Interest
	-----	-----
2010	\$345,000	\$148,838
2011	365,000	129,750
2012	250,000	109,487
2013	260,000	97,613
2014	275,000	85,262
2015-2019	1,520,000	203,063
	-----	-----
	\$3,015,000	\$774,013
	=====	=====

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1 percent of the total assessed valuation of the County. The Revised Code further provides that total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000. The effect of the debt limitations at December 31, 2009, were an overall debt margin of \$22,982,910 and a unvoted debt margin of \$9,742,619.

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

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Amount Outstanding December 31, 2009</u>
Good Shepherd Home for the Aged Project	1/21/99	\$3,960,000	\$3,190,000
Good Shepherd Home-Assisted Living Facilities	11/15/99	4,750,000	4,220,000
Bretheran Care, Inc.	1/1/05	16,160,000	14,060,000
Hospice of North Central Ohio	9/1/06	5,800,000	4,941,276
		<u>\$30,670,000</u>	<u>\$26,411,276</u>

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

**Note 18 - Capital Leases - Lessee Disclosure**

The County has entered into a capitalized lease for equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Principal payments in 2009 were \$35,176 for the governmental funds.

	<u>Governmental Activities</u>
Equipment	\$253,521
Less Accumulated Depreciation	(25,352)
Carrying Value, December 31, 2009	<u>\$228,169</u>

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 18 - Capital Leases - Lessee Disclosure** (continued)

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, 2009.

Year	Governmental Activities	
	Principal	Interest
2010	\$36,548	\$6,042
2011	37,973	4,617
2012	39,453	3,137
2013	40,991	1,598
Total	\$154,965	\$15,394

**Note 19 - Postclosure Costs**

State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The County's landfill was closed in 1997. The \$1,732,838 reported as the landfill postclosure liability at December 31, 2009, represents the estimated costs of maintenance and monitoring through 2027. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The December 31, 2009, liability decreased from the prior year by \$38,151.

The County is required by state and federal laws and regulations to provide assurances that financial resources will be available to provide for postclosure care and remediation or containment of environmental hazards at the landfill. As of the date of this report, the County has not passed the financial accountability test in which the County demonstrates its ability to self-fund these future costs nor has action been taken to resolve this issue.

**Note 20 - Interfund Transfers**

During 2009, the General Fund made transfers to Job and Family Services special revenue fund, in the amount of \$117,845, to other governmental funds, in the amount of \$711,748, and to the County Home enterprise fund, in the amount of \$176,135, to subsidize various programs or activities.

**Note 21 - Fund Balance**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in governmental funds.

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

**Note 21 - Fund Balance** (continued)

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below

Fund Balance	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
Nonspendable for:				
Economic Development	\$0	\$0	\$0	\$0
Prepaid Items	65,225	0	0	0
Materials and Supplies Inventory	28,230	669,366	12,836	0
<b>Total Nonspendable</b>	<b>93,455</b>	<b>669,366</b>	<b>12,836</b>	<b>0</b>
Restricted for:				
Alcohol, Drug Addiction, and Mental Health Services Operations	0	0	0	1,035,241
Child Support Enforcement	0	0	0	0
Court Operations	0	0	0	0
Crime Victims Assistance	0	0	0	0
Debt Retirement	0	0	0	0
Delinquent Tax Collections	0	0	0	0
Developmental Disabilities Operations	0	0	0	0
Dog and Kennel Operations	0	0	0	0
Economic Development	0	0	0	0
Emergency Management Agency	0	0	0	0
Job and Family Services Operations	0	0	581,236	0
Real Estate Assessments	0	0	0	0
Road and Bridge Repair/ Improvement	0	1,454,912	0	0
Senior Citizens	0	0	0	0
Sheriff Operations	12,219	0	0	0
Unclaimed Monies	54,715	0	0	0
<b>Total Restricted</b>	<b>66,934</b>	<b>1,454,912</b>	<b>581,236</b>	<b>1,035,241</b>
Committed to:				
Bi/Tri Centennial	2,024	0	0	0
Road and Bridge Repair/ Improvement	0	0	0	0
Student Scholarships	0	0	0	0
<b>Total Committed</b>	<b>2,024</b>	<b>0</b>	<b>0</b>	<b>0</b>

(continued)

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

**Note 21 - Fund Balance** (continued)

Fund Balance	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
Assigned for:				
Document Recording	\$14,250	\$0	\$0	\$0
Sheriff Operations	3,995	0	0	0
Vehicle Titling	11,242	0	0	0
Unpaid Obligations	133,879	0	0	0
Total Assigned	<u>163,366</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned:	<u>1,734,098</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>\$2,059,877</u>	<u>\$2,124,278</u>	<u>\$594,072</u>	<u>\$1,035,241</u>

Fund Balance	Developmental Disabilities	Other Governmental Funds
Nonspendable for:		
Economic Development	\$0	\$20,862
Prepaid Items	0	0
Materials and Supplies Inventory	11,528	1,682
Total Nonspendable	<u>11,528</u>	<u>22,544</u>
Restricted for:		
Alcohol, Drug Addiction, and Mental Health Services Operations	0	0
Child Support Enforcement	0	71,962
Court Operations	0	991,365
Crime Victims Assistance	0	20,379
Debt Retirement	0	660,955
Delinquent Tax Collections	0	247,726
Developmental Disabilities Operations	6,402,154	0
Dog and Kennel Operations	0	57,467
Economic Development	0	134,331
Emergency Management Agency	0	35,742
Job and Family Services Operations	0	308,336
Real Estate Assessments	0	1,099,915
Road and Bridge Repair/ Improvement	0	0
Senior Citizens	0	22,200

(continued)



Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 21 - Fund Balance** (continued)

Fund Balance	Developmental Disabilities	Other Governmental Funds
Restricted for: (continued)		
Sheriff Operations	\$0	\$726,149
Unclaimed Monies	0	0
Total Restricted	6,402,154	4,376,527
Committed to:		
Bi/Tri Centennial	0	0
Road and Bridge Repair/ Improvement	0	9,226
Student Scholarships	0	11,185
Total Committed	0	20,411
Assigned for:		
Document Recording	0	0
Sheriff Operations	0	0
Vehicle Titling	0	0
Unpaid Obligations	0	0
Total Assigned	0	0
Unassigned:	0	(236,586)
Total Fund Balance	\$6,413,682	\$4,182,896

**Note 22 - D-R Services, Inc.**

A. Summary of Significant Accounting Policies

Reporting Entity

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

Basis of Presentation

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

Ashland County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2009

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**Note 22 - D-R Services, Inc.**

Materials and Supplies Inventory

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

Capital Assets

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

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

B. Capital Assets

A summary of capital assets at December 31, 2009, follows:

Equipment	\$297,641
Vehicles	50,348
	347,989
Less Accumulated Depreciation	(288,704)
Net Capital Assets	\$59,285

C. Loan Payable

The changes in D-R Services, Inc. loan payable during 2009 were as follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
2005 Vehicle Loan	7.14%	\$8,793	\$0	\$4,713	\$4,080	\$4,080

On August 30, 2005, D-R Services, Inc. obtained a vehicle loan, in the amount of \$23,500, for the purchase of a box truck. The loan was obtained for a five year period, with final maturity in 2010

D. Capital Leases

D-R Services, Inc. has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Principal payments in 2009 were \$9,450.

Equipment	\$37,543
Less Accumulated Depreciation	(18,771)
Carrying Value, December 31, 2008	\$18,772

**Note 22 - D-R Services, Inc.**

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2009.

Year	Principal
2010	\$5,424

**Note 23 - Jointly Governed Organizations**

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

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

**B. Ashland Community Improvement Corporation**

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

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

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

The Ashland Area Council for Economic Development (Council) is a jointly governed organization between Ashland County and the City of Ashland. The Council was organized to undertake joint programs for economic development in the Ashland County area. The Council's board consists of the President of Council from the City of Ashland, a representative appointed by City Council, a member of the Board of County Commissioners, and a representative appointed by the Board of County Commissioners. Each term is for three years. In 2009, the County contributed \$23,900 to the Council. Financial information can be obtained from the Ashland Area Council for Economic Development, 206 Claremont Avenue, Ashland, Ohio 44805.

**Note 24 - Insurance Pools**

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

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

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

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

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

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

**Note 25 - Related Organization**

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

Although the County has no obligation to provide financial resources to the airport, the County Commissioners have in prior years allocated certain funds to the Airport Authority. In 2009, this allocation was \$19,000.

**Note 26 - Related Party Transactions**

During 2009, Ashland County provided facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs to D-R Services, Inc. D-R Services, Inc., a discretely presented component unit of Ashland County, reported \$58,784 for such contributions. D-R Services, Inc. recorded operating revenues and expenses at cost or fair market value, as applicable, to the extent the contribution was related to the vocational purpose of D-R Services, Inc. Additional habilitative services provided directly to D-R Services, Inc. clients by the County was \$2,747,484.

**Note 27 - Contingent Liabilities**

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

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

## **SUPPLEMENTARY DATA**

ASHLAND COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A),(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES</b>			
<b>Supplemental Nutrition Assistance Program Cluster:</b>			
(C) Supplemental Nutrition Assistance Program	10.551	G-89-20-1018 / G-1011-11-5006	\$ 3,598
(C) State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-89-20-1018 / G-1011-11-5006	164,260
(C) ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-89-20-1018 / G-1011-11-5006	24,243
<b>Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</b>			<u>188,503</u>
<b>Total Supplemental Nutrition Assistance Program Cluster</b>			<u>192,101</u>
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
<b>Nutrition Grant Cluster:</b>			
(D) (K) (N) School Breakfast Program	10.553	N/A	15,661
(D) (K) (N) National School Lunch Program	10.555	N/A	35,079
(D) (K) (N) National School Lunch Program - Food Donator	10.555	N/A	4,609
<b>Total National School Lunch Program</b>			<u>39,688</u>
<b>Total Nutrition Grant Cluster</b>			<u>55,349</u>
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE N/A</b>			
Watershed Rehabilitation Program	10.916	N/A	222,597
<b>Total U.S. Department of Agriculture</b>			<u>470,047</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH THE OHIO DEPARTMENT OF DEVELOPMENT OFFICE OF HOUSING AND COMMUNITY PARTNERSHIP</b>			
Community Development Block Grants/State's Program	14.228	B-C-07-003-1	53,612
Community Development Block Grants/State's Program	14.228	B-E-07-003-1	240,000
(L) Community Development Block Grants/State's Program	14.228	B-F-08-003-1	41,450
<b>Total Community Development Block Grants/State's Programs</b>			<u>335,062</u>
(M) Home Investment Partnerships Program	14.239	BC-07-003-2	199,547
<b>Total Home Investment Partnerships Program</b>			<u>199,547</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>534,609</u>
<b>U.S. DEPARTMENT OF JUSTICE PASSED THROUGH THE N/A</b>			
Bulletproof Vest Program	16.607	N/A	3,592

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**ASHLAND COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE</b>	<b>CFDA NUMBER</b>	<b>PASS-THROUGH GRANT NUMBER</b>	<b>(A) CASH FEDERAL DISBURSEMENTS</b>
<b>U.S. DEPARTMENT OF JUSTICE PASSED THROUGH THE OHIO ATTORNEY GENERAL'S OFFICE:</b>			
Crime Victim Assistance	16.575	2009-VAGENE306	\$ 26,146
Crime Victim Assistance	16.575	2010-VAGENE306	7,519
Crime Victim Assistance	16.575	2009-SAGENE306	2,008
<b>Total Crime Victim Assistance</b>			<u>35,673</u>
<b>Total U.S. Department of Justice</b>			<u>39,265</u>
<b>U.S. DEPARTMENT OF LABOR PASSED THROUGH THE OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES AND AREA 7 WORKFORCE INVESTMENT BOARD</b>			
<b>Workforce Investment Act (WIA) Cluster:</b>			
(E) (K) WIA Adult Program	17.258	N/A	139,386
(E) (K) WIA Adult Program - Adult Administrator	17.258	N/A	15,215
(E) (K) ARRA WIA Adult Program	17.258	N/A	7,925
(E) (K) ARRA WIA Adult Program - Adult Administrator	17.258	N/A	66
<b>Total Workforce Investment Act - Adult</b>			<u>162,592</u>
(E) (K) WIA Youth Activities	17.259	N/A	117,295
(E) (K) WIA Youth Activities - Youth Administrator	17.259	N/A	26,308
(E) (K) ARRA WIA Youth Activities	17.259	N/A	84,041
(E) (K) ARRA WIA Youth Activities - Youth Administrator	17.259	N/A	776
<b>Total Workforce Investment Act - Youth Activities</b>			<u>228,420</u>
(E) (K) WIA Dislocated Workers	17.260	N/A	307,419
(E) (K) WIA Dislocated Workers - Dislocated Workers Administrator	17.260	N/A	24,840
(E) (K) ARRA WIA Dislocated Workers	17.260	N/A	66,257
(E) (K) ARRA WIA Dislocated Workers - Dislocated Workers Administrator	17.260	N/A	325
<b>Total Workforce Investment Act - Dislocated Workers</b>			<u>398,841</u>
<b>Total U.S. Department of Labor and Workforce Investment Act (WIA) Cluster</b>			<u>789,853</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION PASSED THROUGH THE OHIO DEPARTMENT OF TRANSPORTATION</b>			
Highway Planning and Construction	20.205	83419	3,180
<b>Total U.S. Department of Transportation</b>			<u>3,180</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
<b>Special Education Cluster (IDEA):</b>			
(F) (K) Special Education_Grants to States	84.027	N/A	47,067
(F) (K) Special Education_Preschool Grants	84.173	N/A	12,955
(F) (K) ARRA - Special Education Grants to States, Recovery Act	84.391	N/A	26,825
<b>Total Special Education Cluster (IDEA)</b>			<u>86,847</u>
(K) State Grants for Innovative Programs	84.298	N/A	75



ASHLAND COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF HEALTH:</b>			
(K) Special Education-Grants for Infants and Families:	84.181	N/A	60,657
<b>Total U.S. Department of Education</b>			<u>147,579</u>
<b>U.S. ELECTION ASSISTANCE COMMISSION PASSED THROUGH THE OHIO SECRETARY OF STATE</b>			
(K) Help America Vote Act Requirements Payment:	90.401	N/A	\$ 537
(K) Help America Vote Act Requirements Payment:	90.401	N/A	8,255
<b>Total U.S. Election Assistance Commission</b>			<u>8,792</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES</b>			
Promoting Safe and Stable Families:	93.556	G-89-20-1018 / G-1011-11-5006	13,386
(G) (K) Promoting Safe and Stable Families:	93.556	N/A	391
(G) (K) Promoting Safe and Stable Families:	93.556	N/A	17,142
Total Promoting Safe and Stable Families:			<u>30,919</u>
Temporary Assistance for Needy Families:	93.558	G-89-20-1018 / G-1011-11-5006	1,764,116
Child Support Enforcement	93.563	G-89-20-1018 / G-1011-11-5006	353,706
ARRA - Child Support Enforcement	93.563	G-89-20-1018 / G-1011-11-5006	166,826
Total Child Support Enforcement			<u>520,532</u>
<b>Child Care and Development Cluster:</b>			
(I) Child Care and Development Block Grant	93.575	G-89-20-1018 / G-1011-11-5006	163,354
(I) Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G-89-20-1018 / G-1011-11-5006	200,822
(G) (I) (K) Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	18,895
			<u>219,717</u>
(I) ARRA - Child Care and Development Block Grant	93.713	G-89-20-1018 / G-1011-11-5006	29,000
<b>Total Child Care and Development Cluster:</b>			<u>412,071</u>
Child Welfare Services_State Grants	93.645	G-89-20-1018 / G-1011-11-5006	53,913
Foster Care_Title IV-E	93.658	G-89-20-1018 / G-1011-11-5006	80,419
Adoption Assistance	93.659	G-89-20-1018 / G-1011-11-5006	46,066
Social Services Block Grant	93.667	G-89-20-1018 / G-1011-11-5006	396,725
(G) (K) Social Services Block Grant	93.667	N/A	30,570
(H) (K) Social Services Block Grant	93.667	N/A	40,385
Total Social Services Block Grant			<u>467,680</u>
Child Abuse and Neglect State Grants	93.669	G-89-20-1018 / G-1011-11-5006	1,979
Chafee Foster Care Independence Program	93.674	G-89-20-1018 / G-1011-11-5006	1,340
Medical Assistance Program	93.778	G-89-20-1018 / G-1011-11-5006	254,568
(G) (K) Medical Assistance Program	93.778	N/A	1,141,883
(J) (K) Medical Assistance Program	93.778	N/A	72,605
(H) (K) Medical Assistance Program	93.778	N/A	96,676
Total Medical Assistance Program			<u>1,565,732</u>

ASHLAND COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO SECRETARY OF STATE</b>			
(K) Voting Access for Individuals with Disabilities_Grants to State	93.617	N/A	\$ 2,100
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL HEALTH</b>			
(K) Block Grants for Community Mental Health Services	93.958	N/A	43,853
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES</b>			
(K) Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	234,696
<b>Total U.S. Department of Health and Human Services</b>			<u>5,225,416</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH THE OHIO EMERGENCY MANAGEMENT AGENCY</b>			
Hazard Mitigation Grant Program	97.039	FEMA-DR-1484-OH.10P-OH	27,260
Homeland Security Grant Program	97.067	2009-SS-T9-0089	68,537
<b>Total U.S. Department of Homeland Security</b>			<u>95,797</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 7,314,538</u>

-continued

**ASHLAND COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**Notes to the Schedule of Expenditures of Federal Awards:**

- (A) This schedule was prepared on the cash basis of accounting.
- (B) Certain federal programs require that the County contribute non-federal funds (matching funds) to support the federally funded programs. The County has complied with the matching requirements. The expenditure of non-federal matching funds are not included on the schedule.
- (C) Included as part of the "Supplemental Nutrition Assistance Program Cluster" in determining major programs.
- (D) Included as part of the "Nutrition Grant Cluster" in determining major programs.
- (E) Included as part of the "Workforce Investment Act (WIA) Cluster" in determining major programs.
- (F) Included as part of the "Special Education Cluster (IDEA)" in determining major programs.
- (G) This portion of the program was passed through the Ohio Department of Mental Health.
- (H) This portion of the program was passed through the Ohio Department of Developmental Disabilities.
- (I) Included as part of the "Child Care and Development Cluster" in determining major programs.
- (J) The portion of the program was passed through the Ohio Department of Alcohol and Drug Addiction Services.
- (K) Pass-through numbers were unable to be obtained for these grants.
- (L) The County has established a revolving loan program to provide low-interest loans to businesses that are creating jobs and meet the other program requirements. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Expenditures of Federal Awards (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule. At December 31, 2009, the County had \$24,458 in loans outstanding under this program. The County did not issue any loans during the year ended December 31, 2009 and had \$4,650 in loans repaid.

Cash balance on hand as of 12/31/09: \$68,348  
Delinquent amounts due as of 12/31/09: \$0

- (M) The County has established a revolving loan program to provide low-interest loans to businesses that are creating jobs and meet the other program requirements. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Expenditures of Federal Awards (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule. At December 31, 2009, the County had no loans outstanding under this program. The County did not issue any loans during the year ended December 31, 2009.

Cash balance on hand as of 12/31/09: \$28,114  
Delinquent amounts due as of 12/31/09: \$0

- (N) Program regulations do not require the County to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

**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***

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Ashland County, Ohio, as of and for the year ended December 31, 2009, which collectively comprise Ashland County's basic financial statements and have issued our report thereon dated September 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of Ashland County's financial statements will not be prevented, or detected and timely corrected.

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

Board of Commissioners  
Ashland County

Compliance or Other Matters

As part of reasonably assuring whether Ashland County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed two instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses at items 2009-AC-001 2009-AC-002.

We also noted certain matters not requiring inclusion in this report that we reported to Ashland County's management in a separate letter dated September 8, 2010.

Ashland County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Ashland County's responses and, accordingly, we express no opinion on them.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
September 8, 2010



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

**Report on Compliance With Requirements Applicable to Each  
Major Federal Program and on Internal Control Over  
Compliance Required by OMB Circular A-133**

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

To the Board of Commissioners:

Compliance

We have audited the compliance of Ashland County, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings and responses identifies Ashland County's major federal programs. Ashland County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on Ashland 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about Ashland County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Ashland County's compliance with those requirements.

In our opinion, Ashland County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

Ashland County's management 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 Ashland County's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of Ashland County's internal control over compliance.

Board of Commissioners  
Ashland County

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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

The accompanying schedule of federal awards expenditures replaces the schedule in Ashland County's initial report for the year ended December 31, 2009. The schedule was revised to include Community Development Block Grants/State's Program, which was inadvertently omitted from the schedule initially reported on September 8, 2010.



Julian & Grube, Inc.  
September 8, 2010, except for the last paragraph which is dated November 16, 2010.

**ASHLAND COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES**

*OMB CIRCULAR A-133 § .505*

**DECEMBER 31, 2009**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Community Development Block Grants/State's Program - CFDA #14.228; Temporary Assistance for Needy Families - CFDA #93.558; Child Support Enforcement - CFDA #93.563; Child Care and Development Cluster: Child Care and Development Block Grant - CFDA #93.575; Child Care Mandatory and Matching Funds of the Child Care and Development Fund- CFDA #93.596; and ARRA-Child Care and Development Block Grant - CFDA #93.713; Social Services Block Grant - CFDA #93.667
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes



ASHLAND COUNTY

SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2009

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2009-AC-001

**Noncompliance**

**Landfill Postclosure Care Costs**

Ashland County operated a landfill for which it will incur costs to prevent environmental contamination after its closing which occurred in 1997. In addition, the landfill must pay additional postclosure costs through 2027 to monitor the landfill for evidence of environmental contamination. To help assure that the County will have assets available to pay these costs in the future, the County must file an annual statement with the Ohio Environmental Protection Agency. The estimated amount of landfill postclosure as of December 31, 2009 is \$1,732,838.

Ohio Admin. Code Section 3745-27-16(L)(2)(b) indicates a local government must not have operated at a deficit equal to five percent or more of total annual revenue in either of the past two fiscal years. The calculation of “operating deficit” is defined in 40 C.F.R. Section 258.74.

Ohio Admin. Code Section 3745-27-16(L)(7) indicates if a local government no longer meets the requirements of this rule, notice shall be sent to the director of the intent to establish alternate financial assurance as specified in this rule. The notice must be sent by certified mail or any other form of mail accompanied by a receipt not later than one hundred fifty days after the end of the fiscal year for which the year-end financial data show that the local government no longer meets the requirements. A copy of the notice shall also be placed in the operating record, if applicable. The local government shall provide alternate financial assurance not later than one hundred eighty days after the end of such fiscal year. Alternative financial assurance may consist of the following:

- Trust Fund
- Surety bonds guaranteeing payment into a closure and postclosure trust funds
- Surety bond guaranteeing performance of closure and postclosure care
- Closure and postclosure letters of credit
- Closure and postclosure insurance
- Financial test and corporate guarantee for closure and postclosure care

Financial test and corporate guarantee for closure and postclosure care Ashland County did not meet the five percent “operating deficit” test referred to in 40 C.F.R. Section 258.74. The County did not send notice to the director of the intent to establish alternate financial assurance within one hundred fifty days after fiscal year end, and did not provide alternative financial assurance within one hundred eighty days after fiscal year end.

The County should obtain the required alternative financial assurance and notify the director of the Ohio Environmental Protection agency as required. Additionally, the County’s Landfill fund had \$609,245 of restricted cash at December 31, 2009, which was held in the County’s pooled cash and cash equivalents. The County may be able to help meet its postclosure assurance requirements by transferring this cash to an independent trustee, per Ohio Admin. Code Section 3745-27-16(F). The County should consult with the Ohio EPA and its legal counsel to review this option.

*Client Response:* The County has been in contact with the EPA and is working with them to arrive at a satisfactory financial assurance.

**ASHLAND COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2009**

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2009-AC-002

Ohio Revised Code Section 5705.36(A)(4) states that upon determination by the Fiscal Officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the Fiscal Officer shall certify the amount of the deficiency to the commission and the commission shall certify an amended certificate reflecting the deficiency.

The County had appropriations greater than actual resources, in the following funds:

<u>Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Motor Vehicle and Gas Tax	\$ 5,603,806	\$ 6,213,136	\$ 609,330
Job and Family Services	3,990,994	3,993,713	2,719

By appropriating more funds than actual resources, the County is at risk of spending more money than is available; this may result in negative fund balances.

We recommend the County monitor appropriations in comparison to actual resources and obtain decreased amended appropriations as needed. Further guidance may be found in Auditor of State Bulletin 97-010.

*Client Response:* The County is attempting to monitor the budget more closely.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

None

**ASHLAND COUNTY**

**STATUS OF PRIOR AUDIT FINDINGS**

*OMB CIRCULAR A-133 § .505*

**DECEMBER 31, 2009**

<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; <i>Explain:</i></b>
2008-001	Ohio Revised Code Section 5705.41(D) requires no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the Fiscal Officer of the subdivision stating the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.	Yes	N/A
2008-002	Ohio Administrative Code Section 3745-27-16(L)(2)(b) indicates a local government must not have operated at a deficit equal to five percent or more of total annual revenue in either of the past two fiscal years.	No	Repeated as finding 2009-AC-001

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**Mary Taylor, CPA**  
Auditor of State

**ASHLAND COUNTY**

**CANTON 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  
DECEMBER 9, 2010**