

ASHLAND COUNTY, OHIO
BASIC FINANCIAL STATEMENTS
(Audited)

FOR THE YEAR ENDED
DECEMBER 31, 2010

PHILIP LEIBOLT, AUDITOR



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Ashland County, prepared by Julian & Grube, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

September 13, 2011

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ASHLAND COUNTY
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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 Fund	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Job and Family Services 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 Fund.....	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 - 68
Supplementary Data:	
Schedule of Expenditures of Federal Awards.....	69 - 73
Independent Accountants’ 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>	74 - 75
Independent Accountants’ 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>	76 - 77
Schedule of Findings <i>OMB Circular A-133 §.505</i>	78 - 79
Status of Prior Audit Findings <i>OMB Circular A-133 §.505</i>	80

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

Ashland County
142 West 2nd Street
Ashland, Ohio 44805

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component unit and remaining fund information of Ashland County, Ohio, as of and for the year ended December 31, 2010, 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, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gasoline Tax, Job and Family Services, Alcohol, Drug Addiction and Mental Health Services and Developmental Disabilities funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2011, 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.

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

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



Julian & Grube, Inc.
July 5, 2011

Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2010
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, 2010. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

Highlights

In total, the County's net assets decreased \$16,320 or less than 1 percent. This is not a significant change. Governmental activities increased \$26,216, or less than 1 percent, and business-type activities decreased approximately \$42,536, or almost 7 percent. For business-type activities, although revenues remained similar to the prior year and expenses decreased over 23 percent, expenses were greater than revenues resulting in the decrease in net assets.

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 2010. 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, 2010
Unaudited

Governmental Activities - Most of the County's programs and services are reported here including general government, public safety, public works, health, and human services. 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 21 to the basic financial statements.

Reporting the County's Most Significant Funds

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

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

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

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

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

Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net assets for 2010 and 2009.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<u>Assets</u>						
Current and Other Assets	\$30,183,359	\$28,970,243	\$680,676	\$756,786	\$30,864,035	\$29,727,029
Capital Assets, Net	42,523,998	43,575,747	373,661	400,448	42,897,659	43,976,195
Total Assets	<u>72,707,357</u>	<u>72,545,990</u>	<u>1,054,337</u>	<u>1,157,234</u>	<u>73,761,694</u>	<u>73,703,224</u>
<u>Liabilities</u>						
Current and Other Liabilities	8,409,360	7,955,781	49,553	42,255	8,458,913	7,998,036
Long-Term Liabilities	3,891,933	4,210,361	1,679,340	1,746,999	5,571,273	5,957,360
Total Liabilities	<u>12,301,293</u>	<u>12,166,142</u>	<u>1,728,893</u>	<u>1,789,254</u>	<u>14,030,186</u>	<u>13,955,396</u>
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	39,785,581	40,405,782	373,661	400,448	40,159,242	40,806,230
Restricted	17,368,016	17,146,384	0	0	17,368,016	17,146,384
Unrestricted (Deficit)	3,252,467	2,827,682	(1,048,217)	(1,032,468)	2,204,250	1,795,214
Total Net Assets (Deficit)	<u>\$60,406,064</u>	<u>\$60,379,848</u>	<u>(\$674,556)</u>	<u>(\$632,020)</u>	<u>\$59,731,508</u>	<u>\$59,747,828</u>

The increase in net assets for governmental activities was less than 1 percent and there were no significant changes of note from the prior year.

The 7 percent decrease in net assets for business-type activities is the result of continued spending in excess of revenues. There has been a deficit net assets for business-type activities now for the past two years.

Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Table 2 reflects the change in net assets for 2010 and 2009.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$3,266,283	\$3,792,739	\$857,909	\$861,026	\$4,124,192	\$4,653,765
Operating Grants, Contributions, and Interest	16,548,761	17,307,967	6,400	5,396	16,555,161	17,313,363
Capital Grants and Contributions	0	396,305	0	0	0	396,305
Total Program Revenues	<u>19,815,044</u>	<u>21,497,011</u>	<u>864,309</u>	<u>866,422</u>	<u>20,679,353</u>	<u>22,363,433</u>
General Revenues						
Property Taxes Levied for						
General Operating	2,264,746	2,277,634	0	0	2,264,746	2,277,634
Health-Alcohol, Drug Addiction, and Mental Health Services	680,540	686,288	0	0	680,540	686,288
Health-Developmental Disabilities	3,300,177	3,333,602	0	0	3,300,177	3,333,602
Health - Other	492,083	498,330	0	0	492,083	498,330
Payment in Lieu of Taxes	24,344	22,697	0	0	24,344	22,697
Permissive Sales Taxes Levied for						
General Operations	4,840,171	4,615,324	0	0	4,840,171	4,615,324
County Jail Operations	809,674	752,287	0	0	809,674	752,287
Debt Service	400,200	400,200	0	0	400,200	400,200
Other Local Taxes	4,617	3,602	0	0	4,617	3,602
Grants and Entitlements	2,522,665	2,120,135	0	0	2,522,665	2,120,135
Interest	139,524	255,439	0	0	139,524	255,439
Other	1,303,104	1,836,213	11,030	23,985	1,314,134	1,860,198
Total General Revenues	<u>16,781,845</u>	<u>16,801,751</u>	<u>11,030</u>	<u>23,985</u>	<u>16,792,875</u>	<u>16,825,736</u>
Total Revenues	<u>36,596,889</u>	<u>38,298,762</u>	<u>875,339</u>	<u>890,407</u>	<u>37,472,228</u>	<u>39,189,169</u>
<u>Program Expenses</u>						
General Government						
Legislative and Executive	4,962,843	4,793,651	0	0	4,962,843	4,793,651
Judicial	1,717,934	1,607,050	0	0	1,717,934	1,607,050
Public Safety						
Sheriff	5,847,638	5,638,686	0	0	5,847,638	5,638,686
Other	273,106	277,553	0	0	273,106	277,553
Public Works	5,504,408	5,497,423	0	0	5,504,408	5,497,423
Health						
Alcohol, Drug Addiction, and Mental Health Services	4,118,604	4,309,829	0	0	4,118,604	4,309,829
Developmental Disabilities	6,477,134	6,395,603	0	0	6,477,134	6,395,603
Other	924,038	860,451	0	0	924,038	860,451

(continued)

Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Table 2
Change in Net Assets
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Human Services						
Children Services	\$1,450,775	\$1,373,692	\$0	\$0	\$1,450,775	\$1,373,692
Job and Family Services	3,514,196	4,111,746	0	0	3,514,196	4,111,746
Other	1,385,644	1,487,175	0	0	1,385,644	1,487,175
Conservation and Recreation	0	35,468	0	0	0	35,468
Intergovernmental	211,450	88,326	0	0	211,450	88,326
Internal Service Fund-External Portion	29,804	119,537	0	0	29,804	119,537
Interest and Fiscal Charges	153,091	174,792	0	0	153,091	174,792
Landfill	0	0	305,378	332,730	305,378	332,730
County Home	0	0	596	300,362	596	300,362
Recycling	0	0	611,909	567,562	611,909	567,562
Total Expenses	<u>36,570,665</u>	<u>36,770,982</u>	<u>917,883</u>	<u>1,200,654</u>	<u>37,488,548</u>	<u>37,971,636</u>
Increase (Decrease) in Net Assets Before Transfers	26,224	1,527,780	(42,544)	(310,247)	(16,320)	1,217,533
Transfers	(8)	522,356	8	(522,356)	0	0
Increase (Decrease) in Net Assets	26,216	2,050,136	(42,536)	(832,603)	(16,320)	1,217,533
Net Assets (Deficit) Beginning 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>
Net Assets (Deficit) End of Year	<u>\$60,406,064</u>	<u>\$60,379,848</u>	<u>(\$674,556)</u>	<u>(\$632,020)</u>	<u>\$59,731,508</u>	<u>\$59,747,828</u>

For governmental activities, there was an 8 percent decrease in program revenues. Lower tax settlement fee collections in 2010 resulted in a reduction in charges for services and in 2009, the County received a capital contribution related to an electric substation. General revenues remained very similar to the prior year.

Expenses for governmental activities has a very modest decrease from the prior year. 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 83 percent of all governmental expenses.

For business-type activities, revenues changed very little from the prior year. Expenses decreased over 23 percent. The most significant change is the closing of the County Home in 2009 and just some minor remaining expenses in 2010. In addition, expenses in the Landfill decreased due to a reduction in the charges for recycling paid by the Landfill.

Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2010
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	
	2010	2009	2010	2009
General Government:				
Legislative and Executive	\$4,962,843	\$4,793,651	\$3,802,515	\$2,752,537
Judicial	1,717,934	1,607,050	687,765	889,631
Public Safety				
Sheriff	5,847,638	5,638,686	5,326,234	4,977,453
Other	273,106	277,553	144,389	150,397
Public Works	5,504,408	5,497,423	530,584	856,181
Health				
Alcohol, Drug Addiction and Mental Health Services	4,118,604	4,309,829	672,451	918,948
Developmental Disabilities	6,477,134	6,395,603	3,286,611	2,770,248
Other	924,038	860,451	687,587	631,929
Human Services				
Children Services	1,450,775	1,373,692	690,754	616,476
Job and Family Services	3,514,196	4,111,746	412,567	(53,207)
Other	1,385,644	1,487,175	281,355	550,852
Conservation and Recreation	0	35,468	0	35,468
Intergovernmental	211,450	88,326	82,904	17,597
Internal Service Fund-External Portion	29,804	119,537	(3,186)	(15,331)
Interest and Fiscal Charges	153,091	174,792	153,091	174,792
Total Expenses	<u>\$36,570,665</u>	<u>\$36,770,982</u>	<u>\$16,755,621</u>	<u>\$15,273,971</u>

The County's general revenues (primarily property taxes, sales taxes, and unrestricted grants and entitlements) support approximately 46 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, 21 percent of legislative and executive costs were provided for through various charges for services. The judicial program also provides for 60 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 84 percent of the costs for alcohol, drug addiction, and mental health services programs, 45 percent of the costs for developmental disabilities programs, and 85 percent of the costs for job and family services activities.

Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Governmental Funds Financial Analysis

The County's major governmental funds are the General Fund and the Motor Vehicle and Gasoline Tax; Job and Family Services; Alcohol, Drug Addiction, and Mental Health Services; and Developmental Disabilities special revenue funds. The General Fund had a modest increase in fund balance for 2010. Both revenues and expenditures remained similar to the prior year. The change in fund balance for the Motor Vehicle and Gasoline Tax Fund was less than 3 percent. Fund balance decreased 38 percent in the Job and Family Services Fund. Although there was a 21 percent decrease in expenditures, revenues decreased 32 percent as there were far fewer resources available from the State due to the State's budget challenges. The Alcohol, Drug Addiction, and Mental Health Services Fund had a 39 percent increase in fund balance. The combination of increased revenues (due to receiving additional grant resources in 2010) and a decrease in expenditures (provided fewer client services) resulted in the increase. Lastly, the Developmental Disabilities fund had a 9 percent increase in fund balance. Although revenues dropped slightly and expenditures increased slightly, revenues continue to exceed the cost of operations.

Business-Type Activities Financial Analysis

Again in 2010, the Landfill enterprise fund had an operating loss. The landfill has been operating at a loss for more than eight years. The County closed its landfill in 1997 and costs are currently related to postclosure activities. The Recycling program had a small operating income for 2010 as there was some recovery in the materials market.

Budgetary Highlights

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

Capital Assets and Debt Administration

Capital Assets - The County's investment in capital assets for governmental and business-type activities as of December 31, 2010, was \$39,785,581 and \$373,661, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities consisted of road improvements, bridge replacement, a mower, and two trucks. Disposals were minimal. There were no additions or disposals for business-type activities. For further information regarding the County's capital assets, refer to Note 10 to the basic financial statements.

Debt - At December 31, 2010, the County had outstanding general obligation bonds and capital leases, in the amount of \$2,620,000 and \$118,417, respectively. In addition, the County's long-term obligations also include compensated absences and the liability for landfill postclosure costs. For further information regarding the County's long-term obligations, refer to Notes 16, 17, and 18 to the basic financial statements.

Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Current Issues

On May 5, 2011, the City issued \$2,265,000 in general obligation bonds to refund bonds previously issued for the cost of acquiring, constructing, and equipping a new county jail. This was to take advantage of lower interest rates. In addition, the County modified the term of the bond issue to coincide with the term of the sales tax levy; the funding source that is paying the debt. Approximately \$140,000 will be saved in debt service payments over the seven year term of the bond issue.

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, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	D-R Services, Inc.
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$16,311,765	\$609,583	\$16,921,348	\$0
Cash and Cash Equivalents in Segregated Accounts	54,446	10,819	65,265	12,893
Accounts Receivable	83,462	44,245	127,707	23,230
Accrued Interest Receivable	32,395	0	32,395	0
Permissive Sales Taxes Receivable	1,594,472	0	1,594,472	0
Other Local Taxes Receivable	13,094	0	13,094	0
Due from Other Governments	4,036,915	0	4,036,915	0
Internal Balances	8,182	(8,182)	0	0
Prepaid Items	70,815	0	70,815	0
Materials and Supplies Inventory	695,569	0	695,569	2,805
Inventory Held for Resale	0	24,211	24,211	0
Property Taxes Receivable	7,234,439	0	7,234,439	0
Payment in Lieu of Taxes Receivable	24,138	0	24,138	0
Notes Receivable	23,667	0	23,667	0
Nondepreciable Capital Assets	900,918	118,865	1,019,783	0
Depreciable Capital Assets, Net	41,623,080	254,796	41,877,876	47,591
Total Assets	72,707,357	1,054,337	73,761,694	86,519
<u>Liabilities</u>				
Accrued Wages Payable	81,331	5,841	87,172	2,883
Accounts Payable	721,444	35,060	756,504	15,659
Contracts Payable	220,095	0	220,095	0
Due to Other Governments	479,283	8,652	487,935	0
Deferred Revenue	6,859,989	0	6,859,989	0
Claims Payable	23,949	0	23,949	0
Retainage Payable	12,655	0	12,655	0
Accrued Interest Payable	10,614	0	10,614	0
Long-Term Liabilities:				
Due Within One Year	866,489	69,578	936,067	0
Due in More Than One Year	3,025,444	1,609,762	4,635,206	0
Total Liabilities	12,301,293	1,728,893	14,030,186	18,542
<u>Net Assets</u>				
Invested in Capital Assets, Net of Related Debt	39,785,581	373,661	40,159,242	47,591
Restricted for:				
Debt Service	686,773	0	686,773	0
Public Works	3,749,781	0	3,749,781	0
Alcohol, Drug Addiction, and Mental Health Services	1,519,256	0	1,519,256	0
Developmental Disabilities	7,359,315	0	7,359,315	0
Real Estate Assessment	753,499	0	753,499	0
County Jail	703,653	0	703,653	0
Other Purposes	2,595,739	0	2,595,739	0
Unrestricted (Deficit)	3,252,467	(1,048,217)	2,204,250	20,386
Total Net Assets (Deficit)	\$60,406,064	(\$674,556)	\$59,731,508	\$67,977

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, 2010

	Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest
<u>Governmental Activities</u>			
General Government			
Legislative and Executive	\$4,962,843	\$1,065,754	\$94,574
Judicial	1,717,934	1,018,459	11,710
Public Safety			
Sheriff	5,847,638	261,450	259,954
Other	273,106	110	128,607
Public Works	5,504,408	221,114	4,752,710
Health			
Alcohol, Drug Addiction, and Mental Health Services	4,118,604	0	3,446,153
Developmental Disabilities	6,477,134	254,368	2,936,155
Other	924,038	152,209	84,242
Human Services			
Children Services	1,450,775	0	760,021
Job and Family Services	3,514,196	112,964	2,988,665
Other	1,385,644	146,865	957,424
Intergovernmental	211,450	0	128,546
Internal Service Fund-External Portion	29,804	32,990	0
Interest and Fiscal Charges	153,091	0	0
Total Governmental Activities	36,570,665	3,266,283	16,548,761
<u>Business-Type Activities</u>			
Landfill	305,378	239,052	0
County Home	596	0	0
Recycling	611,909	618,857	6,400
Total Business-Type Activities	917,883	857,909	6,400
Total Primary Government	\$37,488,548	\$4,124,192	\$16,555,161
<u>Component Unit</u>			
D-R Services, Inc.	\$502,676	\$234,676	\$0

General Revenues

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

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets (Deficit) Beginning of Year

Net Assets (Deficit) End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	D-R Services, Inc.
(\$3,802,515)	\$0	(\$3,802,515)	\$0
(687,765)	0	(687,765)	0
(5,326,234)	0	(5,326,234)	0
(144,389)	0	(144,389)	0
(530,584)	0	(530,584)	0
(672,451)	0	(672,451)	0
(3,286,611)	0	(3,286,611)	0
(687,587)	0	(687,587)	0
(690,754)	0	(690,754)	0
(412,567)	0	(412,567)	0
(281,355)	0	(281,355)	0
(82,904)	0	(82,904)	0
3,186	0	3,186	0
(153,091)	0	(153,091)	0
(16,755,621)	0	(16,755,621)	0
0	(66,326)	(66,326)	0
0	(596)	(596)	0
0	13,348	13,348	0
0	(53,574)	(53,574)	0
(16,755,621)	(53,574)	(16,809,195)	0
0	0	0	(268,000)
2,264,746	0	2,264,746	0
680,540	0	680,540	0
3,300,177	0	3,300,177	0
492,083	0	492,083	0
24,344	0	24,344	0
4,840,171	0	4,840,171	0
809,674	0	809,674	0
400,200	0	400,200	0
4,617	0	4,617	0
2,522,665	0	2,522,665	0
139,524	0	139,524	20
0	0	0	250,992
1,303,104	11,030	1,314,134	10,929
16,781,845	11,030	16,792,875	261,941
(8)	8	0	0
16,781,837	11,038	16,792,875	261,941
26,216	(42,536)	(16,320)	(6,059)
60,379,848	(632,020)	59,747,828	74,036
<u>\$60,406,064</u>	<u>(\$674,556)</u>	<u>\$59,731,508</u>	<u>\$67,977</u>

Ashland County
Balance Sheet
Governmental Funds
December 31, 2010

	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	\$1,747,193	\$1,449,838	\$265,249	\$1,276,517
Cash and Cash Equivalents in Segregated Accounts	620	0	0	0
Accounts Receivable	13,788	203	0	0
Accrued Interest Receivable	32,017	211	0	0
Permissive Sales Taxes Receivable	1,275,612	0	0	0
Other Local Taxes Receivable	0	13,094	0	0
Due from Other Governments	844,177	2,058,449	95,451	256,835
Interfund Receivable	1,711	0	134,584	0
Prepaid Items	70,815	0	0	0
Materials and Supplies Inventory	32,113	633,993	14,755	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	54,428	0	0	0
Property Taxes Receivable	2,463,401	0	0	691,059
Payment in Lieu of Taxes Receivable	9,811	0	0	0
Notes Receivable	0	0	0	0
Total Assets	\$6,545,686	\$4,155,788	\$510,039	\$2,224,411
<u>Liabilities</u>				
Accrued Wages Payable	\$17,308	\$25,727	\$28,629	\$539
Accounts Payable	87,104	106,974	42,546	21,555
Contracts Payable	0	174,378	0	0
Due to Other Governments	208,339	32,740	71,852	8,112
Interfund Payable	1,349	0	0	0
Deferred Revenue	4,037,476	1,754,828	0	751,159
Retainage Payable	0	0	0	0
Total Liabilities	4,351,576	2,094,647	143,027	781,365
<u>Fund Balances</u>				
Nonspendable	102,928	633,993	14,755	0
Restricted	63,621	1,427,148	352,257	1,443,046
Committed	2,055	0	0	0
Assigned	154,546	0	0	0
Unassigned	1,870,960	0	0	0
Total Fund Balances	2,194,110	2,061,141	367,012	1,443,046
Total Liabilities and Fund Balances	\$6,545,686	\$4,155,788	\$510,039	\$2,224,411

See Accompanying Notes to the Basic Financial Statements

Developmental Disabilities	Other Governmental	Total
\$7,016,517	\$4,440,000	\$16,195,314
0	53,826	54,446
67,300	2,171	83,462
125	42	32,395
0	318,860	1,594,472
0	0	13,094
513,783	268,220	4,036,915
0	1,349	137,644
0	0	70,815
13,301	1,407	695,569
0	0	54,428
3,538,470	541,509	7,234,439
14,327	0	24,138
0	23,667	23,667
<u>\$11,163,823</u>	<u>\$5,651,051</u>	<u>\$30,250,798</u>
\$387	\$8,741	\$81,331
130,353	332,912	721,444
0	45,717	220,095
98,270	59,970	479,283
0	136,295	137,644
3,965,245	930,126	11,438,834
0	12,655	12,655
<u>4,194,255</u>	<u>1,526,416</u>	<u>13,091,286</u>
13,301	1,407	766,384
6,956,267	4,112,273	14,354,612
0	10,955	13,010
0	0	154,546
0	0	1,870,960
<u>6,969,568</u>	<u>4,124,635</u>	<u>17,159,512</u>
<u>\$11,163,823</u>	<u>\$5,651,051</u>	<u>\$30,250,798</u>

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Ashland County
 Reconciliation of Total Governmental Fund Balances
 to Net Assets of Governmental Activities
 December 31, 2010

Total Governmental Fund Balances \$17,159,512

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. 42,523,998

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

Accounts Receivable	55,437	
Accrued Interest Receivable	25,698	
Permissive Sales Taxes Receivable	1,100,335	
Due from Other Governments	2,998,787	
Property Taxes Receivable	398,588	
		4,578,845

An internal balance is recorded in governmental activities to reflect underpayments to the internal service fund by the business-type activities. 8,182

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

Accrued Interest Payable	(10,614)	
General Obligation Bonds Payable	(2,620,000)	
Capital Leases Payable	(118,417)	
Compensated Absences Payable	(1,153,516)	
		(3,902,547)

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. 38,074

Net Assets of Governmental Activities \$60,406,064

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, 2010

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
<u>Revenues</u>				
Property Taxes	\$2,217,307	\$0	\$0	\$667,390
Payment in Lieu of Taxes	10,895	0	0	0
Permissive Sales Taxes	4,806,536	0	0	0
Other Local Taxes	4,617	176,108	0	0
Charges for Services	1,650,206	0	0	0
Licenses and Permits	2,355	0	0	0
Fines and Forfeitures	114,167	42,001	0	0
Intergovernmental	2,034,155	4,516,103	2,296,440	3,803,477
Interest	141,322	4,710	0	0
Rent	0	0	0	0
Other	575,614	39,325	104,871	50,843
Total Revenues	11,557,174	4,778,247	2,401,311	4,521,710
<u>Expenditures</u>				
Current:				
General Government				
Legislative and Executive	4,341,554	0	0	0
Judicial	1,233,004	0	0	0
Public Safety				
Sheriff	4,295,460	0	0	0
Other	140,527	0	0	0
Public Works	63,056	4,798,794	0	0
Health				
Alcohol, Drug Addiction, and Mental Health Services	0	0	0	4,113,905
Mental Retardation and Developmental Disabilities	0	0	0	0
Other	185,191	0	0	0
Human Services				
Children Services	0	0	0	0
Job and Family Services	0	0	2,732,845	0
Other	295,880	0	0	0
Conservation and Recreation	21,177	0	0	0
Intergovernmental	50,000	0	0	0
Debt Service:				
Principal Retirement	0	36,548	0	0
Interest and Fiscal Charges	0	6,042	0	0
Total Expenditures	10,625,849	4,841,384	2,732,845	4,113,905
Excess of Revenues Over (Under) Expenditures	931,325	(63,137)	(331,534)	407,805
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	0	104,474	0
Transfers Out	(797,092)	0	0	0
Total Other Financing Sources (Uses)	(797,092)	0	104,474	0
Changes in Fund Balances	134,233	(63,137)	(227,060)	407,805
Fund Balances Beginning of Year	2,059,877	2,124,278	594,072	1,035,241
Fund Balances End of Year	<u>\$2,194,110</u>	<u>\$2,061,141</u>	<u>\$367,012</u>	<u>\$1,443,046</u>

See Accompanying Notes to the Basic Financial Statements

<u>Developmental Disabilities</u>	<u>Other Governmental</u>	<u>Total</u>
\$3,236,772	\$484,544	\$6,606,013
13,449	0	24,344
0	1,201,464	6,008,000
0	0	180,725
219,041	413,429	2,282,676
0	215,153	217,508
0	228,561	384,729
3,363,813	3,348,078	19,362,066
2,133	1,048	149,213
0	112,964	112,964
181,877	405,040	1,357,570
<u>7,017,085</u>	<u>6,410,281</u>	<u>36,685,808</u>
0	526,690	4,868,244
0	480,852	1,713,856
0	1,211,416	5,506,876
0	132,436	272,963
0	15,302	4,877,152
0	0	4,113,905
6,461,199	0	6,461,199
0	736,270	921,461
0	1,450,775	1,450,775
0	743,626	3,476,471
0	1,084,170	1,380,050
0	0	21,177
0	161,450	211,450
0	395,000	431,548
0	148,838	154,880
<u>6,461,199</u>	<u>7,086,825</u>	<u>35,862,007</u>
<u>555,886</u>	<u>(676,544)</u>	<u>823,801</u>
0	618,283	722,757
0	0	(797,092)
<u>0</u>	<u>618,283</u>	<u>(74,335)</u>
555,886	(58,261)	749,466
<u>6,413,682</u>	<u>4,182,896</u>	<u>16,410,046</u>
<u>\$6,969,568</u>	<u>\$4,124,635</u>	<u>\$17,159,512</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, 2010

Changes in Fund Balances - Total Governmental Funds \$749,466

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	11,544	
Capital Outlay - Depreciable Capital Assets	1,529,330	
Depreciation	(2,543,095)	
		(1,002,221)

The book value of capital assets is removed from the capital asset account on the statement of net assets when disposed of resulting in a loss on disposal of capital assets on the statement of activities. (49,528)

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

Property Taxes	131,533	
Permissive Sales Taxes	42,045	
Charges for Services	35,327	
Intergovernmental	(325,652)	
Interest	(4,912)	
Other	(250)	
		(121,909)

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	395,000	
Capital Leases Payable	36,548	
		431,548

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding obligations on the statement of net assets. 1,789

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. (113,120)

(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, 2010
 (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	\$52,678	
Transfers In	74,327	
		127,005

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.

3,186

Change in Net Assets of Governmental Activities:

\$26,216

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, 2010

	<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	\$2,440,251	\$2,231,251	\$2,249,056	\$17,805
Payment in Lieu of Taxes	10,895	10,895	10,895	0
Permissive Sales Taxes	4,540,000	4,790,000	4,790,184	184
Other Local Taxes	3,500	3,500	4,617	1,117
Charges for Services	1,529,474	1,645,474	1,639,901	(5,573)
Licenses and Permits	2,600	2,600	2,355	(245)
Fines and Forfeitures	107,000	107,000	112,774	5,774
Intergovernmental	1,887,067	2,129,067	2,133,381	4,314
Interest	205,020	205,020	156,546	(48,474)
Other	349,824	422,897	431,885	8,988
Total Revenues	11,075,631	11,547,704	11,531,594	(16,110)
<u>Expenditures</u>				
Current:				
General Government				
Legislative and Executive	4,734,226	4,789,387	4,469,915	319,472
Judicial	1,388,585	1,391,242	1,238,814	152,428
Public Safety				
Sheriff	4,194,800	4,313,427	4,289,790	23,637
Other	171,026	173,895	140,497	33,398
Public Works	91,351	86,387	63,124	23,263
Health				
Other	187,201	187,791	186,070	1,721
Human Services				
Other	426,052	423,900	292,360	131,540
Conservation and Recreation	19,000	31,177	21,177	10,000
Intergovernmental	50,000	50,000	50,000	0
Total Expenditures	11,262,241	11,447,206	10,751,747	695,459
Excess of Revenues Over (Under) Expenditures	(186,610)	100,498	779,847	679,349
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	35,000	35,000	51,593	16,593
Advances In	0	0	600	600
Advances Out	0	(1,600)	(1,600)	0
Transfers In	(81,587)	(887)	0	887
Transfers Out	(1,120,413)	(1,032,348)	(797,092)	235,256
Total Other Financing Sources (Uses)	(1,167,000)	(999,835)	(746,499)	253,336
Changes in Fund Balance	(1,353,610)	(899,337)	33,348	932,685
Fund Balance Beginning of Year	1,374,868	1,374,868	1,374,868	0
Prior Year Encumbrances Appropriated	136,283	136,283	136,283	0
Fund Balance End of Year	\$157,541	\$611,814	\$1,544,499	\$932,685

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Other Local Taxes	\$170,000	\$170,000	\$175,375	\$5,375
Fines and Forfeitures	42,000	42,000	42,365	365
Intergovernmental	4,509,080	4,509,080	4,518,089	9,009
Interest	7,000	7,000	4,710	(2,290)
Other	58,000	58,000	39,322	(18,678)
Total Revenues	4,786,080	4,786,080	4,779,861	(6,219)
<u>Expenditures</u>				
Current:				
Public Works				
Engineer	5,997,830	5,997,830	5,091,083	906,747
Changes in Fund Balance	(1,211,750)	(1,211,750)	(311,222)	900,528
Fund Balance Beginning of Year	1,041,001	1,041,001	1,041,001	0
Prior Year Encumbrances Appropriated	184,750	184,750	184,750	0
Fund Balance End of Year	<u>\$14,001</u>	<u>\$14,001</u>	<u>\$914,529</u>	<u>\$900,528</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$2,927,608	\$2,147,608	\$2,200,989	\$53,381
Other	84,683	84,683	104,871	20,188
Total Revenues	3,012,291	2,232,291	2,305,860	73,569
<u>Expenditures</u>				
Current:				
Human Services				
Job and Family Services	3,208,722	2,870,622	2,663,906	206,716
Excess of Revenues Under Expenditures	(196,431)	(638,331)	(358,046)	280,285
<u>Other Financing Sources</u>				
Transfers In	193,831	123,831	104,474	(19,357)
Changes in Fund Balance	(2,600)	(514,500)	(253,572)	260,928
Fund Balance Beginning of Year	516,013	516,013	516,013	0
Prior Year Encumbrances Appropriated	2,600	2,600	2,600	0
Fund Balance End of Year	<u>\$516,013</u>	<u>\$4,113</u>	<u>\$265,041</u>	<u>\$260,928</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, 2010

	<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	\$726,044	\$642,344	\$676,982	\$34,638
Intergovernmental	4,196,398	3,780,098	3,628,482	(151,616)
Other	0	0	50,843	50,843
Total Revenues	4,922,442	4,422,442	4,356,307	(66,135)
<u>Expenditures</u>				
Current:				
Health				
Alcohol, Drug Addiction, and Mental Health Services	5,532,923	5,420,723	4,743,109	677,614
Changes in Fund Balance	(610,481)	(998,281)	(386,802)	611,479
Fund Balance Beginning of Year	238,244	238,244	238,244	0
Prior Year Encumbrances Appropriated	760,747	760,747	760,747	0
Fund Balance End of Year	<u>\$388,510</u>	<u>\$710</u>	<u>\$612,189</u>	<u>\$611,479</u>

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Developmental Disabilities Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
<u>Revenues</u>				
Property Taxes	\$3,336,521	\$3,336,521	\$3,282,808	(\$53,713)
Payment in Lieu of Taxes	13,449	13,449	13,449	0
Charges for Services	344,000	344,000	283,999	(60,001)
Intergovernmental	2,517,195	3,114,595	3,239,283	124,688
Interest	0	0	2,133	2,133
Other	176,051	176,051	175,666	(385)
Total Revenues	6,387,216	6,984,616	6,997,338	12,722
<u>Expenditures</u>				
Current:				
Health				
Developmental Disabilities	7,170,447	7,380,272	6,387,243	993,029
Changes in Fund Balance	(783,231)	(395,656)	610,095	1,005,751
Fund Balance Beginning of Year	6,303,902	6,303,902	6,303,902	0
Fund Balance End of Year	<u>\$5,520,671</u>	<u>\$5,908,246</u>	<u>\$6,913,997</u>	<u>\$1,005,751</u>

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Fund Net Assets
Proprietary Funds
December 31, 2010

	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	\$73,575	\$22,045	\$95,620	\$62,023
Cash and Cash Equivalents in Segregated Accounts	0	10,819	10,819	0
Accounts Receivable	19,847	24,398	44,245	0
Inventory Held for Resale	0	24,211	24,211	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	513,963	0	513,963	0
Total Current Assets	<u>607,385</u>	<u>81,473</u>	<u>688,858</u>	<u>62,023</u>
<u>Non-Current Assets</u>				
Nondepreciable Capital Assets	61,465	57,400	118,865	0
Depreciable Capital Assets, Net	11,612	243,184	254,796	0
Total Non-Current Assets	<u>73,077</u>	<u>300,584</u>	<u>373,661</u>	<u>0</u>
Total Assets	<u>680,462</u>	<u>382,057</u>	<u>1,062,519</u>	<u>62,023</u>
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accrued Wages Payable	0	5,841	5,841	0
Accounts Payable	7,824	27,236	35,060	0
Compensated Absences Payable	1,356	3,451	4,807	0
Due to Other Governments	1,297	7,355	8,652	0
Claims Payable	0	0	0	23,949
Postclosure Costs Payable	64,771	0	64,771	0
Total Current Liabilities	<u>75,248</u>	<u>43,883</u>	<u>119,131</u>	<u>23,949</u>
<u>Non-Current Liabilities</u>				
Compensated Absences Payable	2,022	2,715	4,737	0
Postclosure Costs Payable	1,605,025	0	1,605,025	0
Total Non-Current Liabilities	<u>1,607,047</u>	<u>2,715</u>	<u>1,609,762</u>	<u>0</u>
Total Liabilities	<u>1,682,295</u>	<u>46,598</u>	<u>1,728,893</u>	<u>23,949</u>
<u>Net Assets</u>				
Invested in Capital Assets	73,077	300,584	373,661	0
Unrestricted (Deficit)	(1,074,910)	34,875	(1,040,035)	38,074
Total Net Assets (Deficit)	<u>(\$1,001,833)</u>	<u>\$335,459</u>	<u>(666,374)</u>	<u>\$38,074</u>
Net assets reported for business-type activities on the statement of net assets is different because it includes a proportionate share of the net assets of the internal service fund.			<u>(8,182)</u>	
Net Assets of Business-Type Activities:			<u>(\$674,556)</u>	

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2010

	Business-Type Activities			Governmental Activity
	Landfill	Other Enterprise	Total Enterprise	Internal Service
<u>Operating Revenues</u>				
Charges for Services	\$239,052	\$142,500	\$381,552	\$659,809
Sale of Recyclables	0	476,357	476,357	0
Other	95	10,935	11,030	0
Total Operating Revenues	<u>239,147</u>	<u>629,792</u>	<u>868,939</u>	<u>659,809</u>
<u>Operating Expenses</u>				
Personal Services	64,339	225,648	289,987	0
Materials and Supplies	703	2,454	3,157	0
Contractual Services	85,563	33,922	119,485	18,873
Claims	0	0	0	577,201
Other	151,689	334,649	486,338	0
Depreciation	3,871	22,916	26,787	0
Total Operating Expenses	<u>306,165</u>	<u>619,589</u>	<u>925,754</u>	<u>596,074</u>
Operating Income (Loss)	<u>(67,018)</u>	<u>10,203</u>	<u>(56,815)</u>	<u>63,735</u>
<u>Non-Operating Revenues</u>				
Grants	0	6,400	6,400	0
Income (Loss) before Transfers	(67,018)	16,603	(50,415)	63,735
Transfers In	<u>0</u>	<u>8</u>	<u>8</u>	<u>74,327</u>
Changes in Net Assets	(67,018)	16,611	(50,407)	138,062
Net Assets (Deficit) Beginning of Year	<u>(934,815)</u>	<u>318,848</u>		<u>(99,988)</u>
Net Assets (Deficit) End of Year	<u>(\$1,001,833)</u>	<u>\$335,459</u>		<u>\$38,074</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.

7,871

Change in Net Assets of Business-Type Activities

(\$42,536)

See Accompanying Notes to the Basic Financial Statements

Ashland County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010

	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	\$238,384	\$599,697	\$838,081	\$0
Cash Received from Transactions with Other Funds	0	0	0	681,819
Cash Received from Other Revenues	95	10,935	11,030	0
Cash Payments for Personal Services	(50,134)	(200,040)	(250,174)	0
Cash Payments to Suppliers	(703)	(2,454)	(3,157)	0
Cash Payments for Contractual Services	(145,637)	(32,989)	(178,626)	(18,873)
Cash Payments for Claims	0	0	0	(909,955)
Cash Payments for Transactions with Other Funds	(13,584)	(32,695)	(46,279)	0
Cash Payments for Other Expenses	(152,087)	(335,412)	(487,499)	0
Net Cash Provided by (Used for) Operating Activities	<u>(123,666)</u>	<u>7,042</u>	<u>(116,624)</u>	<u>(247,009)</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Cash Received from Grants	0	6,400	6,400	0
Transfers In	0	8	8	74,327
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>6,408</u>	<u>6,408</u>	<u>74,327</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(123,666)	13,450	(110,216)	(172,682)
Cash and Cash Equivalents Beginning of Year	711,204	19,414	730,618	234,705
Cash and Cash Equivalents End of Year	<u>\$587,538</u>	<u>\$32,864</u>	<u>\$620,402</u>	<u>\$62,023</u>
Reconciliation of Operating Income (Loss) to <u>Net Cash Provided by (Used for) Operating Activities</u>				
Operating Income (Loss)	<u>(\$67,018)</u>	<u>\$10,203</u>	<u>(\$56,815)</u>	<u>\$63,735</u>
Adjustments to Reconcile Operating Income (Loss) to <u>Net Cash Provided by (Used for) Operating Activities</u>				
Depreciation	3,871	22,916	26,787	0
Changes in Assets and Liabilities				
(Increase) Decrease in Accounts Receivable	(668)	(19,160)	(19,828)	11,065
Decrease in Interfund Receivable	0	0	0	1,100
Decrease in Due from External Parties	0	0	0	9,845
Increase in Inventory Held for Resale	0	(6,407)	(6,407)	0
Increase in Accrued Wages Payable	0	449	449	0
Increase in Accounts Payable	2,570	6,577	9,147	0
Increase (Decrease) in Compensated Absences Payable	515	(5,132)	(4,617)	0
Increase (Decrease) in Due to Other Governments	106	(2,404)	(2,298)	0
Decrease in Claims Payable	0	0	0	(332,754)
Decrease in Postclosure Costs Payable	(63,042)	0	(63,042)	0
Total Adjustments	<u>(56,648)</u>	<u>(3,161)</u>	<u>(59,809)</u>	<u>(310,744)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$123,666)</u>	<u>\$7,042</u>	<u>(\$116,624)</u>	<u>(\$247,009)</u>
See Accompanying to the Basic Financial Statements				

Ashland County
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2010

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$2,523,107
Cash and Cash Equivalents in Segregated Accounts	701,859
Other Local Taxes Receivable	8,673
Due from Other Governments	2,350,738
Property Taxes Receivable	46,245,576
Special Assessments Receivable	<u>581,784</u>
 Total Assets	 <u><u>\$52,411,737</u></u>
 <u>Liabilities</u>	
Due to Other Governments	\$50,694,749
Undistributed Assets	<u>1,716,988</u>
 Total Liabilities	 <u><u>\$52,411,737</u></u>

See Accompanying Notes to the Basic Financial Statements

Note 1 - Reporting Entity

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

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

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

A. Primary Government

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

B. Component Units

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

Discretely Presented Component Unit

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

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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 22, 23, and 24 to the basic financial statements. These organizations are:

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

Note 2 - Summary of Significant Accounting Policies

The financial statements of Ashland County have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

B. Fund Accounting

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

Governmental Funds

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

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

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

Proprietary Funds

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

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

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

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

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 prescription drugs.

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 2010. 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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, 2010, but were levied to finance 2011 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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

F. Cash and Investments

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

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

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”.

During 2010, 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, 2010.

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 2010 was \$141,322, which includes \$128,570 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, 2010, 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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

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

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

	Governmental Activities	Business-Type Activities
Land Improvements	20-50 years	20 years
Buildings	40-125 years	60 years
Building Improvements	20-50 years	n/a
Roads	10-50 years	n/a
Bridges	50 years	n/a
Equipment	5-30 years	10 years
Vehicles	10-20 years	10 years

K. Interfund Receivables/Payables

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

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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:

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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.

Note 2 - Summary of Significant Accounting Policies (continued)

P. Operating Revenues and Expenses

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

Q. Interfund Transactions

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

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

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

R. Estimates

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

Note 3 - Accountability

At December 31, 2010, the Landfill enterprise fund had deficit net assets, in the amount of \$1,001,833. This deficit resulted from the requirement to report future postclosure costs. Management is analyzing the situation to alleviate future deficits.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 4 - Budgetary Basis of Accounting

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

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

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

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

Changes in Fund Balance					
	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services	Developmental Disabilities
GAAP Basis	\$134,233	(\$63,137)	(\$227,060)	\$407,805	\$555,886
<u>Increase (Decrease) Due To</u>					
Revenue Accruals					
Accrued 2009, Received in Cash 2010	596,292	318,379	0	21,740	102,977
Accrued 2010, Not Yet Received in Cash	(602,041)	(317,129)	(95,451)	(196,735)	(168,760)
Expenditure Accruals					
Accrued 2009, Paid in Cash 2010	(291,035)	(92,240)	62,623	(16,190)	(153,281)
Accrued 2010, Not Yet Paid in Cash	314,100	339,819	8,443	30,206	229,010
Cash Adjustments					
Unrecorded Activity 2009	150,014	3,022	0	30,700	148,556
Unrecorded Activity 2010	(116,664)	(2,658)	0	(21,108)	(102,520)
Prepaid Items	(5,590)	0	0	0	0
Materials and Supplies Inventory	(3,883)	35,373	(1,919)	0	(1,773)
Advances In	600	0	0	0	0
Advances Out	(1,600)	0	0	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(141,078)	(532,651)	(208)	(643,220)	0
Budget Basis	\$33,348	(\$311,222)	(\$253,572)	(\$386,802)	\$610,095

Note 5 - Deposits and Investments

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

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

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

Note 5 - Deposits and Investments (continued)

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,522,944 of the County's bank balance of \$13,071,545 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 5 - Deposits and Investments (continued)

Investments

As of December 31, 2010, the County had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Repurchase Agreement	\$1,048,156	01/01/11
Federal Farm Credit Bank Notes	496,100	12/06/13
Federal Home Loan Bank Notes	502,035	09/21/12
Federal Home Loan Bank Notes	501,060	08/23/13
Federal Home Loan Bank Notes	496,175	09/09/13
Federal Home Loan Bank Notes	495,290	12/23/13
Federal Home Loan Bank Notes	759,180	12/30/13
Federal Home Loan Bank Notes	995,590	06/23/14
Federal Home Loan Mortgage Corporation Notes	498,110	12/17/13
Federal National Mortgage Association Notes	497,535	06/27/13
Federal National Mortgage Association Notes	500,365	08/16/13
STAR Ohio	562,956	58 days
	<u>\$7,352,552</u>	

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

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

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

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 5 - Deposits and Investments (continued)

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

	Fair Value	Percentage of Portfolio
Repurchase Agreement	\$1,048,156	14.26%
Federal Farm Credit Bank	496,100	6.75
Federal Home Loan Bank	3,749,330	50.99
Federal Home Loan Mortgage Corporation	498,110	6.77
Federal National Mortgage Association	997,900	13.57

Note 6 - Receivables

Receivables at December 31, 2010, consisted of accounts (e.g., billings for user charged services, including unbilled charges); accrued interest; permissive sales taxes; other local taxes; due from other governments arising from grants, entitlements, and shared revenues; 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 2010 follows:

	Balance December 31, 2009	New Loans	Repayments	Balance December 31, 2010
Special Revenue Fund				
CDBG Revolving Loan	\$24,458	\$0	\$791	\$23,667

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Local Government	\$543,612
Estate Tax	11,675
Public Defender Grant	5,192
Homestead and Rollback	165,966
Personal Property Phase-Out	27,733
City of Ashland	82,178
Department of Public Safety	5,954
Secretary of State	1,867
Total General Fund	844,177

(continued)

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 6 - Receivables (continued)

	Amount
Governmental Activities (continued)	
Motor Vehicle and Gasoline Tax	
Gasoline Tax	\$1,185,712
Motor Vehicle License Fees	872,552
Village of Savannah	185
Total Motor Vehicle and Gasoline Tax	2,058,449
Job and Family Services	
Public Assistance Grant	95,451
Alcohol, Drug Addiction, and Mental Health Services	
Medicaid	125,037
Federal Block Grant	41,155
State Block Grant	30,543
Homestead and Rollback	49,433
Personal Property Phase-out	10,667
Total Alcohol, Drug Addiction, and Mental Health Services	256,835
Developmental Disabilities	
Title VI-B	24,489
ARRA - Title VI-B	1,723
Preschool	4,560
ARRA - Preschool	213
Title XX	41,914
Family Resources/Respite	15,099
Homestead and Rollback	235,141
Personal Property Phase-Out	52,266
Auditor of State	138,378
Total Developmental Disabilities	513,783
Total Major Funds	3,768,695
Nonmajor Funds	
Victims of Crime	
Victims of Crime Grant	3,340
Children Services	
Title IV-E	69,085
PCSA	937
Foster Care Reimbursement	63,006
Other	2,025
CDBG	
CDBG	45,716
Senior Citizens Services	
Homestead and Rollback	36,109
Community Corrections	
Community Corrections Grant	48,002
Total Nonmajor Funds	268,220
Total Governmental Activities	\$4,036,915

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 6 - Receivables (continued)

	<u>Amount</u>
Agency Funds	
Local Government	\$566,278
Library Local Government	821,631
Gasoline Tax	660,607
Motor Vehicle License Fees	280,164
Permissive Motor Vehicle License Tax	9,213
Homestead and Rollback	11,418
Personal Property Phase-Out	1,427
Total Agency Funds	<u><u>\$2,350,738</u></u>

Note 7 - Permissive Sales and Use Tax

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

Note 8 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the County. Real property tax revenues received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2008, were levied after October 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 8 - Property Taxes (continued)

Tangible personal property tax revenues received in 2010 (other than public utility property) represent the collection of 2010 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 2010 were levied after October 1, 2009, on the true value as of December 31, 2009. 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, 2010, 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 2010 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, 2010, was \$9.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property	
Residential	\$690,936,360
Agriculture	99,318,770
Commercial/Industrial/Mineral	143,352,380
Public Utility Property	
Real	371,440
Personal	54,999,720
Tangible Personal Property	1,250,620
Total Assessed Value	\$990,229,290

Note 9 - Payment in Lieu of Taxes

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

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 10 - Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$820,937	\$0	\$0	\$820,937
Construction in Progress	804,742	11,544	(736,305)	79,981
Total Nondepreciable Capital Assets	<u>1,625,679</u>	<u>11,544</u>	<u>(736,305)</u>	<u>900,918</u>
Depreciable Capital Assets				
Land Improvements	285,596	0	0	285,596
Buildings	20,883,989	0	0	20,883,989
Building Improvements	1,131,613	0	0	1,131,613
Roads	45,031,818	878,624	0	45,910,442
Bridges	13,107,899	401,488	(95,368)	13,414,019
Equipment	2,491,102	818,792	(28,454)	3,281,440
Vehicles	2,666,817	166,731	0	2,833,548
Total Depreciable Capital Assets	<u>85,598,834</u>	<u>2,265,635</u>	<u>(123,822)</u>	<u>87,740,647</u>
Less Accumulated Depreciation for				
Land Improvements	(42,637)	(11,100)	0	(53,737)
Buildings	(6,316,272)	(450,305)	0	(6,766,577)
Building Improvements	(830,422)	(35,112)	0	(865,534)
Roads	(25,752,205)	(1,473,891)	0	(27,226,096)
Bridges	(7,323,496)	(268,280)	57,221	(7,534,555)
Equipment	(1,659,734)	(132,774)	17,073	(1,775,435)
Vehicles	(1,724,000)	(171,633)	0	(1,895,633)
Total Accumulated Depreciation	<u>(43,648,766)</u>	<u>(2,543,095)</u>	<u>74,294</u>	<u>(46,117,567)</u>
Total Depreciable Capital Assets, Net	<u>41,950,068</u>	<u>(277,460)</u>	<u>(49,528)</u>	<u>41,623,080</u>
Governmental Activities Capital Assets, Net	<u>\$43,575,747</u>	<u>(\$265,916)</u>	<u>(\$785,833)</u>	<u>\$42,523,998</u>
	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010
Business-Type Activities				
Nondepreciable Capital Assets				
Land	\$118,865	\$0	\$0	\$118,865
Depreciable Capital Assets				
Land Improvements	49,072	0	0	49,072
Buildings	250,510	0	0	250,510
Building Improvements	0	0	0	0
Equipment	409,341	0	0	409,341
Vehicles	141,557	0	0	141,557
Total Depreciable Capital Assets	<u>850,480</u>	<u>0</u>	<u>0</u>	<u>850,480</u>

(continued)

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 10 - Capital Assets (continued)

	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010
Business-Type Activities (continued)				
Less Accumulated Depreciation for				
Land Improvements	(\$44,950)	(\$2,454)	\$0	(\$47,404)
Buildings	(79,327)	(4,175)	0	(83,502)
Building Improvements	0	0	0	0
Equipment	(355,821)	(9,802)	0	(365,623)
Vehicles	(88,799)	(10,356)	0	(99,155)
Total Accumulated Depreciation	<u>(568,897)</u>	<u>(26,787)</u>	<u>0</u>	<u>(595,684)</u>
 Total Depreciable Capital Assets, Net	 <u>281,583</u>	 <u>(26,787)</u>	 <u>0</u>	 <u>254,796</u>
 Business-Type Activities Capital Assets, Net	 <u>\$400,448</u>	 <u>(\$26,787)</u>	 <u>\$0</u>	 <u>\$373,661</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government	
Legislative and Executive	\$117,097
Judicial	6,433
Public Safety	
Sheriff	319,276
Public Works	1,920,577
Health	
Alcohol, Drug Addiction, and Mental Health Services	9,063
Developmental Disabilities	95,133
Other	1,219
Human Services	
Job and Family Services	32,751
Other	8,723
Conservation and Recreation	32,823
Total Depreciation Expense - Governmental Activities	<u>\$2,543,095</u>

Depreciation expense was charged to other enterprise funds as follows:

Other Enterprise Funds	
Recycling	\$22,916

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 11 - Interfund Receivables/Payables

Interfund balances at December 31, 2010, consisted of the following receivables and payables:

Due to General Fund from:	
Other Governmental	\$1,711
Due to Job and Family Services Fund from:	
Other Governmental	\$134,584
Due to Other Governmental Funds from:	
General Fund	\$1,349

The amount due to the General Fund was for services provided to other governmental funds. This amount is expected to be received within one year.

The amount due to the Job and Family Services Fund was for services provided to other governmental funds. This amount is expected to be received within one year.

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

Note 12 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2010, 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	10,000,000
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	79,110,949
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

Note 12 - Risk Management (continued)

With the exceptions of medical and dental coverage for Developmental Disabilities employees, and workers' compensation, all insurance is held with CORSA. There has been no significant reduction in insurance coverage from 2009, and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

For 2010, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

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

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

The County offers prescription drug benefits to all employees through a self-insured program. All funds of the County, except the Board of Developmental Disabilities, participate in the program and make payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims. Settled claims have not exceeded this coverage for the past three years. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at December 31, 2010, was estimated by the third party administrator at \$23,949.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 12 - Risk Management (continued)

The changes in the claims liability for 2010 and 2009 were:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2010	\$356,703	\$577,201	\$909,955	\$23,949
2009	481,402	2,053,143	2,177,842	356,703

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

Note 13 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for public safety and law enforcement employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, public safety and law enforcement divisions exist only within the traditional plan. For 2010, member and employer contribution rates were consistent across all three plans.

Note 13 - Defined Benefit Pension Plans (continued)

The County's 2010 contribution rate was 14 percent, except for those plan members in public safety or law enforcement, for whom the County's contribution was 17.87 percent of covered payroll. The portion of the County's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the County's contribution allocated to health care for members in the traditional plan was 5.5 percent from January 1, through February 28, 2010, and 5 percent from March 1, through December 31, 2010. The portion of the employer contribution allocated to health care for members in the combined plan was 4.73 percent from January 1, through February 28, 2010, and 4.23 percent from March 1, through December 31, 2010. Employer contribution rates are actuarially determined.

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 was \$1,152,413, \$1,088,215, and \$969,474, respectively. For 2010, 88 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008. Contributions to the member-directed plan for 2010 were \$15,508 made by the County and \$11,077 made by the plan members.

B. State Teachers Retirement System of Ohio

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

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, 2010, 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.

Note 13 - Defined Benefit Pension Plans (continued)

The County's required contribution for pension obligations to the DBP for the years ended December 31, 2010, 2009, and 2008 were \$102,238, \$106,889, and \$97,776, respectively; 100 percent has been contributed for all three years.

Note 14 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed 14 percent of covered payroll and public safety and law enforcement employers contributed 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for public safety and law enforcement employer units.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in the traditional plan was 5.5 percent from January 1, through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of the employer contribution allocated to health care for members in the combined plan was 4.73 percent from January 1, through February 28, 2010, and 4.23 percent from March 1, through December 31, 2010.

Note 14 - Postemployment Benefits (continued)

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

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2010, 2009, and 2008 was \$626,682, \$752,703, and \$930,697, respectively. For 2010, 88 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

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

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.

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 2010, 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, 2010, 2009, and 2008 was \$7,864, \$8,222, and \$7,521, respectively; 100 percent has been contributed for all three years.

Note 15 - Other Employer Benefits

A. Compensated Absences

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

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 15 - Other Employer Benefits (continued)

B. Employee Health Insurance

Ashland County offers employee medical, dental, and vision benefits through the County Employee Benefits Consortium of Ohio. Depending on the plan chosen, the employees share the cost of the monthly premium with the County. The County provides prescription drug benefits to most employees through a self-insured program.

Note 16 - Long-Term Obligations

The County's long-term obligations activity for the year ended December 31, 2010, was as follows:

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
1991 Job and Family Services (Original Amount \$1,500,000)	5.0%	\$250,000	\$0	\$120,000	\$130,000	\$130,000
2001 County Jail (Original Amount \$5,100,000)	4.75	2,765,000	0	275,000	2,490,000	235,000
Total General Obligation Bonds		3,015,000	0	395,000	2,620,000	365,000
Other Long-Term Obligations						
Capital Leases		154,965	0	36,548	118,417	37,973
Compensated Absences		1,040,396	152,511	39,391	1,153,516	463,516
Total Governmental Activities		<u>\$4,210,361</u>	<u>\$152,511</u>	<u>\$470,939</u>	<u>\$3,891,933</u>	<u>\$866,489</u>
<u>Business-Type Activities</u>						
Compensated Absences Payable		\$14,161	\$1,791	\$6,408	\$9,544	\$4,807
Closure/Postclosure Costs Payable		1,732,838	0	63,042	1,669,796	64,771
Total Business-Type Activities		<u>\$1,746,999</u>	<u>\$1,791</u>	<u>\$69,450</u>	<u>\$1,679,340</u>	<u>\$69,578</u>

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

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

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

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 16 - Long-Term Obligations (continued)

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

	General Obligation Bonds	
	Principal	Interest
2011	\$365,000	\$127,375
2012	250,000	107,113
2013	260,000	95,238
2014	275,000	82,888
2015	290,000	69,825
2016 - 2019	1,180,000	123,738
	\$2,620,000	\$606,177

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, 2010, were an overall debt margin of \$23,266,954 and a unvoted debt margin of \$9,913,515.

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

	Date of Issue	Amount of Issue	Amount Outstanding December 31, 2010
Good Shepherd Home for the Aged Project	1/21/99	\$3,960,000	\$3,095,000
Good Shepherd Home-Assisted Living Facilities	11/15/99	4,750,000	4,125,000
Bretheran Care, Inc.	1/1/05	16,160,000	13,495,000
Hospice of North Central Ohio	9/1/06	5,800,000	4,637,910
		\$30,670,000	\$25,352,910

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

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 17 - Capital Leases - Lessee Disclosure

The County has entered into a capitalized lease for equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Principal payments in 2010 were \$36,548 for the governmental funds.

	Governmental Activities
Equipment	\$253,521
Less Accumulated Depreciation	(38,028)
Carrying Value, December 31, 2010	\$215,493

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, 2010.

Year	Governmental Activities	
	Principal	Interest
2011	\$37,973	\$4,617
2012	39,453	3,137
2013	40,991	1,598
Total	\$118,417	\$9,352

Note 18 - Postclosure Costs

State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The County's landfill was closed in 1997. The \$1,669,796 reported as the landfill postclosure liability at December 31, 2010, 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, 2010, liability decreased from the prior year by \$63,042.

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.

Note 19 - Interfund Transfers

During 2010, the General Fund made transfers to Job and Family Services special revenue fund, in the amount of \$104,474, to other governmental funds, in the amount of \$618,283, to other enterprise funds, in the amount of \$8, and to the Insurance internal service fund, in the amount of \$74,327, to subsidize various programs or activities.

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 20 - Fund Balance

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

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

Fund Balance	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
Nonspendable for:				
Economic Development	\$0	\$0	\$0	\$0
Prepaid Items	70,815	0	0	0
Materials and Supplies Inventory	32,113	633,993	14,755	0
Total Nonspendable	102,928	633,993	14,755	0
Restricted for:				
Alcohol, Drug Addiction, and Mental Health Services Operations	0	0	0	1,443,046
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	352,257	0
Real Estate Assessments	0	0	0	0
Road and Bridge Repair/ Improvement	0	1,427,148	0	0
Senior Citizens	0	0	0	0
Sheriff Operations	9,193	0	0	0
Unclaimed Monies	54,428	0	0	0
Total Restricted	63,621	1,427,148	352,257	1,443,046

(continued)

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 20 - Fund Balance (continued)

Fund Balance	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Alcohol, Drug Addiction, and Mental Health Services
Committed to:				
Bi/Tri Centennial	\$2,055	\$0	\$0	\$0
Road and Bridge Repair/ Improvement	0	0	0	0
Student Scholarships	0	0	0	0
Total Committed	2,055	0	0	0
Assigned for:				
Document Recording	13,910	0	0	0
Sheriff Operations	1,331	0	0	0
Vehicle Titling	14,108	0	0	0
Unpaid Obligations	125,197	0	0	0
Total Assigned	154,546	0	0	0
Unassigned:	1,870,960	0	0	0
Total Fund Balance	\$2,194,110	\$2,061,141	\$367,012	\$1,443,046

Fund Balance	Developmental Disabilities	Other Governmental Funds
Nonspendable for:		
Economic Development	\$0	\$0
Prepaid Items	0	0
Materials and Supplies Inventory	13,301	1,407
Total Nonspendable	13,301	1,407
Restricted for:		
Alcohol, Drug Addiction, and Mental Health Services Operations	0	0
Child Support Enforcement	0	75,708
Court Operations	0	1,025,224
Crime Victims Assistance	0	12,756
Debt Retirement	0	630,687
Delinquent Tax Collections	0	244,761
Developmental Disabilities Operations	6,956,267	0
Dog and Kennel Operations	0	50,073
Economic Development	0	238,155
Emergency Management Agency	0	32,309
Job and Family Services Operations	0	309,661

(continued)

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 20 - Fund Balance (continued)

Fund Balance	Developmental Disabilities	Other Governmental Funds
Restricted for (continued):		
Real Estate Assessments	\$0	\$760,326
Road and Bridge Repair/ Improvement	0	0
Senior Citizens	0	15,365
Sheriff Operations	0	717,248
Unclaimed Monies	0	0
Total Restricted	6,956,267	4,112,273
Committed to:		
Bi/Tri Centennial	0	0
Road and Bridge Repair/ Improvement	0	183
Student Scholarships	0	10,772
Total Committed	0	10,955
Assigned for:		
Document Recording	0	0
Sheriff Operations	0	0
Vehicle Titling	0	0
Unpaid Obligations	0	0
Total Assigned	0	0
Unassigned:		
Total Fund Balance	\$6,969,568	\$4,124,635

Note 21 - D-R Services, Inc.

A. Summary of Significant Accounting Policies

Reporting Entity

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

Basis of Presentation

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

Ashland County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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

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, 2010, follows:

Equipment	\$298,084
Vehicles	50,348
	348,432
Less Accumulated Depreciation	(300,841)
Net Capital Assets	\$47,591

C. Loan Payable

The changes in D-R Services, Inc. loan payable during 2010 were as follows:

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Due Within One Year
2005 Vehicle Loan	7.14%	\$4,080	\$0	\$4,080	\$0	\$0

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 fully retired 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 2010 were \$5,424, which fully retired the lease obligation.

Equipment	\$37,543
Less Accumulated Depreciation	(24,134)
Carrying Value, December 31, 2010	\$13,409

Note 22 - Jointly Governed Organizations

A. Northern Ohio Juvenile Community Corrections Facility

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

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 2010, the County contributed \$22,542 to the Council. Financial information can be obtained from the Ashland Area Council for Economic Development, 206 Claremont Avenue, Ashland, Ohio 44805.

Note 23 - Insurance Pools

A. County Risk Sharing Authority, Inc.

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

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

Note 23 - Insurance Pools (continued)

B. County Commissioners Association of Ohio Service Corporation

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

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

C. County Employee Benefits Consortium of Ohio, Inc.

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

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

Note 24 - Related Organization

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

Although the County has no obligation to provide financial resources to the airport, the County Commissioners have in prior years allocated certain funds to the Airport Authority. In 2010, this allocation was \$12,177.

Note 25 - Related Party Transactions

During 2010, 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 \$250,992 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 \$2,933,749.

Note 26 - Contingent Liabilities

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

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

Note 27 - Subsequent Event

On May 5, 2011, the City issued \$2,265,000 in general obligation bonds to refund bonds previously issued for the costs of acquiring, constructing, and equipping a new county jail. The bonds have interest rates ranging from 1 percent to 3 percent and mature on December 1, 2018.

SUPPLEMENTARY DATA

ASHLAND COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A),(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE			
PASSED THROUGH THE			
OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES			
Supplemental Nutrition Assistance Program Cluster:			
(C) State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-89-20-1018 / G-1011-11-5006	\$ 244,425
(C) ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-89-20-1018 / G-1011-11-5006	16,376
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			<u>260,801</u>
Total Supplemental Nutrition Assistance Program Cluster			<u>260,801</u>
PASSED THROUGH THE			
OHIO DEPARTMENT OF EDUCATION			
Nutrition Grant Cluster:			
(D) (K) (N) School Breakfast Program	10.553	N/A	13,898
(D) (K) (N) National School Lunch Program	10.555	N/A	25,614
(D) (K) (N) National School Lunch Program - Food Donator	10.555	N/A	12,580
Total National School Lunch Program			<u>38,194</u>
Total Nutrition Grant Cluster			<u>52,092</u>
Total U.S. Department of Agriculture			<u>312,893</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
PASSED THROUGH THE			
OHIO DEPARTMENT OF DEVELOPMENT OFFICE OF HOUSING AND COMMUNITY PARTNERSHIP			
Community Development Block Grants/State's Program	14.228	B-C-07-003-1	169,535
(L) Community Development Block Grants/State's Program	14.228	B-F-08-1AC-1	64,550
(L) Community Development Block Grants/State's Program	14.228	B-F-09-1AC-1	73,594
Total Community Development Block Grants/State's Programs			<u>307,679</u>
(M) Home Investment Partnerships Program	14.239	BC-07-003-2	34,819
Total U.S. Department of Housing and Urban Development			<u>342,498</u>
U.S. DEPARTMENT OF JUSTICE			
PASSED THROUGH THE			
N/A			
Bulletproof Vest Program	16.607	N/A	3,165

-continued

**ASHLAND COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	CASH FEDERAL DISBURSEMENTS
PASSED THROUGH THE OHIO ATTORNEY GENERAL'S OFFICE:			
Crime Victim Assistance	16.575	2010-VAGENE306	\$ 25,234
Crime Victim Assistance	16.575	2011-VAGENE306	8,071
Crime Victim Assistance	16.575	2010-SAGENE306	314
Total Crime Victim Assistance			<u>33,619</u>
Total U.S. Department of Justice			<u>36,784</u>
U.S. DEPARTMENT OF LABOR PASSED THROUGH THE OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES AND AREA 7 WORKFORCE INVESTMENT BOARD			
Workforce Investment Act (WIA) Cluster:			
(E) (K) WIA Adult Program - Adult Administration	17.258	N/A	5,827
(E) (K) ARRA WIA Adult Program	17.258	N/A	56,711
(E) (K) ARRA WIA Adult Program - Adult Administration	17.258	N/A	5,522
Total Workforce Investment Act - Adult			<u>68,060</u>
(E) (K) WIA Youth Activities	17.259	N/A	84,403
(E) (K) ARRA WIA Youth Activities	17.259	N/A	67,010
(E) (K) ARRA WIA Youth Activities - Youth Administration	17.259	N/A	9,325
Total Workforce Investment Act - Youth Activities			<u>160,738</u>
(E) (K) WIA Dislocated Workers	17.260	N/A	2,398
(E) (K) WIA Dislocated Workers - Dislocated Workers Administration	17.260	N/A	3,240
(E) (K) ARRA WIA Dislocated Workers	17.260	N/A	109,098
(E) (K) ARRA WIA Dislocated Workers - Dislocated Workers Administration	17.260	N/A	16,555
Total Workforce Investment Act - Dislocated Workers			<u>131,291</u>
Total U.S. Department of Labor and Workforce Investment Act (WIA) Cluster			<u>360,089</u>
U.S. DEPARTMENT OF TRANSPORTATION PASSED THROUGH THE OHIO DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction	20.205	83419	3,180
Total U.S. Department of Transportation			<u>3,180</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Special Education Cluster:			
(F) (K) Special Education_Grants to States	84.027	N/A	56,957
(F) (K) Special Education_Preschool Grants	84.173	N/A	19,768
(F) (K) ARRA - Special Education Grants to States, Recovery Act	84.391	N/A	15,852
(F) (K) ARRA - Special Education - Preschool Grant, Recovery Act	84.392	N/A	33
Total Special Education Cluster			<u>92,577</u>
(K) State Grants for Innovative Programs	84.298	N/A	87

**ASHLAND COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	CASH FEDERAL DISBURSEMENTS
PASSED THROUGH THE OHIO DEPARTMENT OF HEALTH:			
(K) Special Education-Grants for Infants and Familie:	84.181	N/A	\$ 20,344
(K) ARRA - Special Education-Grants for Infants and Families, Recovery Ac Total Special Education-Grants for Infants and Familie:	84.181	N/A	<u>49,699</u> <u>70,043</u>
Total U.S. Department of Education			<u>162,740</u>
U.S. ELECTION ASSISTANCE COMMISSION PASSED THROUGH THE OHIO SECRETARY OF STATE			
(K) Help America Vote Act Requirements Payment:	90.401	N/A	<u>711</u>
Total U.S. Election Assistance Commission			<u>711</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES			
(G) (K) Promoting Safe and Stable Families	93.556	G-89-20-1018 / G-1011-11-5006	8,922
(G) (K) Promoting Safe and Stable Families	93.556	N/A	31,263
Total Promoting Safe and Stable Families:			<u>40,185</u>
Temporary Assistance for Needy Families:	93.558	G-89-20-1018 / G-1011-11-5006	<u>1,038,791</u>
Child Support Enforcement	93.563	G-89-20-1018 / G-1011-11-5006	163,358
ARRA - Child Support Enforcement	93.563	G-89-20-1018 / G-1011-11-5006	367,584
Total Child Support Enforcement			<u>530,942</u>
Child Care and Development Cluster:			
(I) Child Care and Development Block Grant	93.575	G-89-20-1018 / G-1011-11-5006	<u>2,444</u>
(I), (O) Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G-89-20-1018 / G-1011-11-5006	55,050
(G) (I) (K) Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	37,880
			<u>92,930</u>
Total Child Care and Development Cluster:			<u>95,374</u>
Child Welfare Services_State Grants	93.645	G-89-20-1018 / G-1011-11-5006	<u>38,399</u>
Foster Care_Title IV-E	93.658	G-89-20-1018 / G-1011-11-5006	<u>89,407</u>
Adoption Assistance	93.659	G-89-20-1018 / G-1011-11-5006	<u>38,377</u>
Social Services Block Grant	93.667	G-89-20-1018 / G-1011-11-5006	400,972
(G) (K) Social Services Block Grant	93.667	N/A	38,226
(H) (K) Social Services Block Grant	93.667	N/A	32,517
Total Social Services Block Grant			<u>471,715</u>
Child Abuse and Neglect State Grants	93.669	G-89-20-1018 / G-1011-11-5006	<u>1,035</u>
Chafee Foster Care Independence Program	93.674	G-89-20-1018 / G-1011-11-5006	<u>1,526</u>
Medical Assistance Program	93.778	G-89-20-1018 / G-1011-11-5006	229,451
(G) (K) Medical Assistance Program	93.778	N/A	1,138,900
(J) (K) Medical Assistance Program	93.778	N/A	60,276
(H) (K) Medical Assistance Program	93.778	N/A	91,845
Total Medical Assistance Program			<u>1,520,472</u>

-continued

ASHLAND COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL DISBURSEMENTS
PASSED THROUGH THE OHIO SECRETARY OF STATE			
(K) Voting Access for Individuals with Disabilities_Grants to State	93.617	N/A	\$ 600
PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL HEALTH			
(K) Block Grants for Community Mental Health Services	93.958	N/A	32,894
PASSED THROUGH THE OHIO DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES			
(K) Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	182,905
Total U.S. Department of Health and Human Services			<u>4,082,622</u>
U.S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH THE OHIO EMERGENCY MANAGEMENT AGENCY			
Homeland Security Grant Program	97.067	2009-SS-T9-0089	80,926
Total U.S. Department of Homeland Security			<u>80,926</u>
Total Federal Financial Assistance			<u>\$ 5,382,443</u>

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**ASHLAND COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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" 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, 2010, the County had \$23,667 in loans outstanding under this program. The County did not issue any loans during the year ended December 31, 2010 and had \$791 in loans repaid.

Cash balance on hand as of 12/31/10: \$57,584
Delinquent amounts due as of 12/31/10: \$14,784

- (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, 2010, the County had no loans outstanding under this program. The County did not issue any loans during the year ended December 31, 2010.

Cash balance on hand as of 12/31/10: \$24,784
Delinquent amounts due as of 12/31/10: \$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.

- (O) The Ohio Department of Job and Family Services (ODJFS) sub-awarded to Ashland County. Federal funding from the U.S. Department of Health and Human Services. Although these programs were administered at the County level, in July 2010, ODJFS adjusted some of the County's child care expenditures to align them with available funding sources. ODJFS' adjustments were retroactive to the beginning of the grant period (October 1, 2009). Therefore, these July 2010 adjustments affect 2009 calendar-year program expenditures previously reported as follows:

Child Care Cluster	CFDA #	Pass through #	2009 Federal Expenditures Reported	July 2010 Adjustment	Adjusted 2009 Federal Expenditures Reported
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	(128,941)	71,881



Julian & Grube, Inc.

Serving Ohio Local Governments

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

Independent Accountants' 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 2nd 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, 2010, which collectively comprise Ashland County's basic financial statements and have issued our report thereon dated July 5, 2011. 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 and Other Matters

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

We also noted certain matters not requiring inclusion in this report that we reported to Ashland County's management in separate letter dated July 5, 2011.

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

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

Julian & Grube, Inc.
July 5, 2011



Julian & Grube, Inc.

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

Independent Accountants' Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Ashland County
142 West 2nd Street
Ashland, Ohio 44805

To the Board of Commissioners:

Compliance

We have audited the compliance of Ashland County, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Ashland County's major federal programs for the year ended December 31, 2010. 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 could directly and materially affect each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

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

Board of Commissioners
Ashland County

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

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

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

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

Julian & Grube, Inc.
July 5, 2011

ASHLAND COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Workforce Investment Act Cluster: WIA Adult Program, CFDA #17.258; WIA Youth Activities, CFDA #17.259; WIA Dislocated Workers, CFDA #17.260; Child Support Enforcement, CFDA #93.563; Medical Assistance Program, CFDA #93.778
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

ASHLAND COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2010

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

ASHLAND COUNTY

**STATUS OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding <u>No Longer Valid</u>; <i>Explain</i>:
2009-AC-001	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.	Yes	N/A
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.	No	Not corrected, moved as Management Letter comment

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**ASHLAND COUNTY LANDFILL
ASHLAND COUNTY**

AGREED-UPON PROCEDURES

*FOR THE YEAR ENDED
DECEMBER 31, 2010*

PHILIP LEIBOLT, AUDITOR



Julian & Grube, Inc.
Serving Ohio Local Governments

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of County Commissioners
Ashland County
142 West 2nd Street
Ashland, OH 44805
and
The Director,
Ohio Environmental Protection Agency,

We have audited, in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Ashland County, Ohio, for the year ended December 31, 2010, and have separately issued our unqualified report thereon dated July 5, 2011.

In a letter to the Ohio Environmental Protection Agency dated July 5, 2011 (the Letter), Philip H. Leibolt, County Auditor for the Ashland County Landfill, specified that certain amounts disclosed in that Letter were derived from the independently audited financial statements referred to in the first paragraph above.

We have performed the procedures described below as agreed to by the Board of County Commissioners and by the Ohio Environmental Protection Agency, solely to assist you in determining that certain amounts reported in the Letter agreed to, or can be computed from, amounts presented in the audited basic financial statements. Ashland County's management is responsible for the information presented in the Letter. We followed the American Institute of Certified Public Accountants' attestation standards for agreed-upon procedures engagements. The sufficiency of the procedures is solely the responsibility of the County Commissioners. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

As required by Ohio Administrative Code Sections 3745-27-15(L)(5)(c), 3745-27-16(L)(5)(c) and 3745-27-18(M)(5)(c), we have agreed the following amounts included in the Letter to the audited financial statements:

Alternative 2, Line No.

5	Total assured environmental costs	\$	1,669,796
6	Total annual revenue		37,472,228

Ashland County Landfill
Ashland County
Independent Accountants' Report on
Applying Agreed-Upon Procedures
Page 2

The amounts on line 6 agree to the basic fund financial statements of Ashland County, or can be computed from amounts appearing therein. We followed the definition for line 6 included in the *State Support Document for the Local Government Financial Test*, issued November 27, 1996 by the USEPA. Line 5 includes total assured environmental costs reported in fund financial statements following Governmental Accounting Statement Number 18.

We were not engaged to, and did not conduct an examination, the objective of which would be to express an opinion on the Letter. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

This report is intended solely for the information and use of the addressees listed above and should not be used by anyone else.

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

Julian & Grube, Inc.
July 5, 2011

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Dave Yost • Auditor of State

ASHLAND COUNTY FINANCIAL CONDITION

ASHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 27, 2011