

# **CARROLL COUNTY**

Basic Financial Statements

Year Ended December 31, 2013

With Independent Auditors' Report







# Dave Yost • Auditor of State

Board of Commissioners  
Carroll County  
119 South Lisbon, Suite 203  
Carrollton, Ohio 44615

We have reviewed the *Independent Auditors' Report* of Carroll County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2013 through December 31, 2013. 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. Carroll 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

July 10, 2014

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## INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners  
Carroll County, Ohio:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Carroll County, Ohio (the "County"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Carroll Hills Industries, Inc. which represent 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Carroll Hills Industries, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

one east fourth street, ste. 1200  
cincinnati, oh 45202

www.cshco.com  
p. 513.241.3111  
f. 513.241.1212

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Carroll County, Ohio as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Motor Vehicle and Gas Tax Fund, County Board of Developmental Disabilities Fund, Public Assistance Fund, and County Home Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it be an essential part of financial reporting 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 assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133 is presented for purposes of additional analysis, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
June 27, 2014



## CARROLL COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

The management's discussion and analysis of Carroll County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the notes to the basic financial statements and basic financial statements to enhance their understanding of the County's financial performance.

#### Financial Highlights

Key financial highlights for 2013 are as follows:

- The total net position of the County increased \$19,126,470. Net position of governmental activities increased \$20,436,498, which represents a 84.21% increase over fiscal year 2012. This increase is mainly due to a capital contribution of \$19,328,221 relating to road improvements. Net position of business-type activities decreased \$1,310,028, which represents a 10.03% decrease from fiscal year 2012.
- General revenues accounted for \$10,249,155 or 23.41% of total governmental activities revenue. Program specific revenues accounted for \$33,529,497 or 76.59% of total governmental activities revenue.
- The County had \$23,313,364 in expenses related to governmental activities; program specific charges for services, grants or contributions of \$33,529,497 covered these expenses. The County also had general revenues (primarily taxes) of \$10,249,155 to provide for these programs.
- The County's major governmental funds are the general fund, motor vehicle and gas tax fund, county board of developmental disabilities (the "county board of DD") fund, the public assistance fund and the county home fund. The general fund had revenues and other financing sources of \$8,524,899 in 2013. The expenditures and other financing uses of the general fund totaled \$7,220,901 in 2013. The general fund balance increased \$1,303,998 from 2012 to 2013.
- The motor vehicle and gas tax fund, a County major fund, had revenues and other financing sources of \$3,791,855 and expenditures of \$3,443,656 in 2013. The motor vehicle and gas tax fund balance increased \$348,199 from 2012 to 2013.
- The county board of DD, a County major fund, had revenues of \$4,212,929 and expenditures of \$4,287,337 in 2013. The county board of DD fund balance decreased \$74,408 from 2012 to 2013.
- The public assistance fund, a County major fund, had revenues and other financing sources of \$1,786,329 and expenditures of \$1,856,126 in 2013. The public assistance fund balance decreased \$69,797 from 2012 to 2013.
- The county home fund, a County major fund, had revenues of \$1,826,626 and expenditures of \$1,771,031 in 2013. The county home fund balance increased \$55,595 from 2012 to 2013.
- The County's major enterprise funds are the sewer fund, Atwood Lodge Properties fund and the landfill fund. Net position for the sewer enterprise fund decreased in 2013 by \$173,849 or 4.86%. Net position for the Atwood Lodge Properties enterprise fund decreased in 2013 by \$1,188,046 or 8.42%. The net position for the landfill enterprise fund increased in 2013 by \$51,867 or 1.12%.
- In the general fund, the actual revenues and other financing sources remained the same as the final budget and actual expenditures and other financing uses were \$183,679 lower than the amount in the final budget.

## CARROLL COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

#### **Using this Basic Financial Statements (BFS)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the County as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column. In the case of the County, there are five major governmental funds. The general fund is the largest major fund.

#### **Reporting the County as a Whole**

##### *Statement of Net Position and the Statement of Activities*

While this document contains a large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all financial transactions and asks the question, "How did the County perform financially during 2013?" The statement of net position and the statement of activities answer this question. These statements include all assets, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net position and changes in net position. This change in net position is important because it tells the reader that, for the County as a whole, the financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the County is divided into two distinct kinds of activities:

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

**Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided.

The County's statement of net position and statement of activities can be found on pages 16-18 of this report.

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

##### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

## CARROLL COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, motor vehicle and gas tax, county board of developmental disabilities (county board of DD), public assistance and county home. The analysis of the County's major governmental and proprietary funds begins on page 11.

#### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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 in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-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 facilitate this comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental funds financial statements can be found on pages 19-29 of this report.

#### ***Proprietary Funds***

The County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its sewer, Atwood lodge properties, and sanitary landfill operations. The basic proprietary fund financial statements can be found on pages 30-32 of this report.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 33 of this report.

#### ***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 34-74 of this report.

**CARROLL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Government-Wide Financial Analysis**

The statement of net position provides the perspective of the County as a whole. The table below provides a summary of the County's net position for 2013 compared to 2012.

	<b>Net Position</b>					
	Governmental	Business-type	Governmental	Business-type	2013	2012
	Activities	Activities	Activities	Activities	Total	Total
	2013	2013	2012	2012		
<u>Assets</u>						
Current and other assets	\$ 22,582,342	\$ 1,066,913	\$ 19,893,819	\$ 1,776,905	\$ 23,649,255	\$ 21,670,724
Capital assets, net	29,834,206	18,326,391	11,254,551	18,921,008	48,160,597	30,175,559
Total assets	<u>52,416,548</u>	<u>19,393,304</u>	<u>31,148,370</u>	<u>20,697,913</u>	<u>71,809,852</u>	<u>51,846,283</u>
<u>Liabilities</u>						
Long-term liabilities outstanding	1,534,306	7,574,109	1,570,920	7,575,175	9,108,415	9,146,095
Other liabilities	1,361,960	72,319	933,666	65,834	1,434,279	999,500
Total liabilities	<u>2,896,266</u>	<u>7,646,428</u>	<u>2,504,586</u>	<u>7,641,009</u>	<u>10,542,694</u>	<u>10,145,595</u>
<u>Deferred inflows</u>	<u>4,815,000</u>	<u>-</u>	<u>4,375,000</u>	<u>-</u>	<u>4,815,000</u>	<u>4,375,000</u>
<u>Net Position</u>						
Net investment in capital assets	29,285,686	15,469,391	10,725,852	15,995,408	44,755,077	26,721,260
Restricted	9,834,441	28,970	9,381,448	28,970	9,863,411	9,410,418
Unrestricted (deficit)	5,585,155	(3,751,485)	4,161,484	(2,967,474)	1,833,670	1,194,010
Total net position (deficit)	<u>\$ 44,705,282</u>	<u>\$ 11,746,876</u>	<u>\$ 24,268,784</u>	<u>\$ 13,056,904</u>	<u>\$ 56,452,158</u>	<u>\$ 37,325,688</u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2013, the County's assets exceeded liabilities and deferred inflows by \$56,452,158. This amounts to \$44,705,282 in governmental activities and \$11,746,876 in business-type activities.

Capital assets reported on the government-wide statements represent the largest portion of the County's net position. At year-end, capital assets represented 67.07% of total governmental and business-type assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure and construction in progress. The net investment in capital assets at December 31, 2013 was \$44,755,077. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2013, the County is able to report positive balances in all three categories of net position for the governmental activities. Although there was a deficit unrestricted net position balance in the business-type activities, due to the estimated accrued liability for landfill closure and post closure costs, the total net position retained a positive balance.

A portion of the County's net position, \$9,863,411 or 17.47%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a balance of \$1,833,670.

**CARROLL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

The table below shows the changes in net position for fiscal years 2013 and 2012.

	<b>Change in Net Position</b>					
	Governmental	Business-type	Governmental	Business-type	2013	2012
	Activities	Activities	Activities	Activities	Total	Total
	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>	<u>Total</u>	<u>Total</u>
<b>Program revenues:</b>						
Charges for services and sales	\$ 4,795,618	\$ 756,471	\$ 4,380,908	\$ 786,759	\$ 5,552,089	\$ 5,167,667
Operating grants and contributions	9,018,237	120,000	9,352,777	-	9,138,237	9,352,777
Capital grants and contributions	19,715,642	-	945,605	-	19,715,642	945,605
<b>Total program revenues</b>	<u>33,529,497</u>	<u>876,471</u>	<u>14,679,290</u>	<u>786,759</u>	<u>34,405,968</u>	<u>15,466,049</u>
<b>General revenues:</b>						
Property taxes	4,676,163	-	4,203,422	-	4,676,163	4,203,422
Sales tax	3,375,603	-	2,733,787	-	3,375,603	2,733,787
Unrestricted grants	1,426,818	-	1,518,864	-	1,426,818	1,518,864
Oil and gas lease	22,216	-	1,157,228	2,210,715	22,216	3,367,943
Investment earnings	22,021	659	30,675	3,098	22,680	33,773
Other	726,334	25,413	468,239	37,149	751,747	505,388
<b>Total general revenues</b>	<u>10,249,155</u>	<u>26,072</u>	<u>10,112,215</u>	<u>2,250,962</u>	<u>10,275,227</u>	<u>12,363,177</u>
<b>Total revenues</b>	<u>43,778,652</u>	<u>902,543</u>	<u>24,791,505</u>	<u>3,037,721</u>	<u>44,681,195</u>	<u>27,829,226</u>
<b>Program Expenses:</b>						
General government	5,130,041	-	4,743,525	-	5,130,041	4,743,525
Public safety	2,680,645	-	2,560,896	-	2,680,645	2,560,896
Public works	5,064,908	-	4,782,539	-	5,064,908	4,782,539
Health	4,580,899	-	4,299,074	-	4,580,899	4,299,074
Human services	5,213,067	-	5,089,946	-	5,213,067	5,089,946
Economic development and assistance	403,068	-	337,081	-	403,068	337,081
Urban redevelopment and housing	193,598	-	309,806	-	193,598	309,806
Other	21,015	-	-	-	21,015	-
Interest and fiscal charges	26,123	-	23,785	-	26,123	23,785
Sewer	-	943,917	-	949,332	943,917	949,332
Atwood lodge properties	-	1,200,521	-	1,494,206	1,200,521	1,494,206
Landfill	-	96,923	-	80,429	96,923	80,429
<b>Total expenses</b>	<u>23,313,364</u>	<u>2,241,361</u>	<u>22,146,652</u>	<u>2,523,967</u>	<u>25,554,725</u>	<u>24,670,619</u>
Transfers	(28,790)	28,790	-	-	-	-
Special item: capital contributions	-	-	-	13,366,440	-	13,366,440
<b>Change in net position</b>	<u>20,436,498</u>	<u>(1,310,028)</u>	<u>2,644,853</u>	<u>13,880,194</u>	<u>19,126,470</u>	<u>16,525,047</u>
<b>Net position at beginning of year</b>	<u>24,268,784</u>	<u>13,056,904</u>	<u>21,623,931</u>	<u>(823,290)</u>	<u>37,325,688</u>	<u>20,800,641</u>
<b>Net position at end of year</b>	<u>\$ 44,705,282</u>	<u>\$ 11,746,876</u>	<u>\$ 24,268,784</u>	<u>\$ 13,056,904</u>	<u>\$ 56,452,158</u>	<u>\$ 37,325,688</u>

## CARROLL COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

#### Governmental Activities

Governmental net position increased by \$20,436,498 in 2013 from 2012.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2013, general government expenses totaled \$5,130,041 or 22.00% of total governmental expenses. General government programs were supported by \$2,527,546 in direct charges to users and \$38,595 in operating grants and contributions.

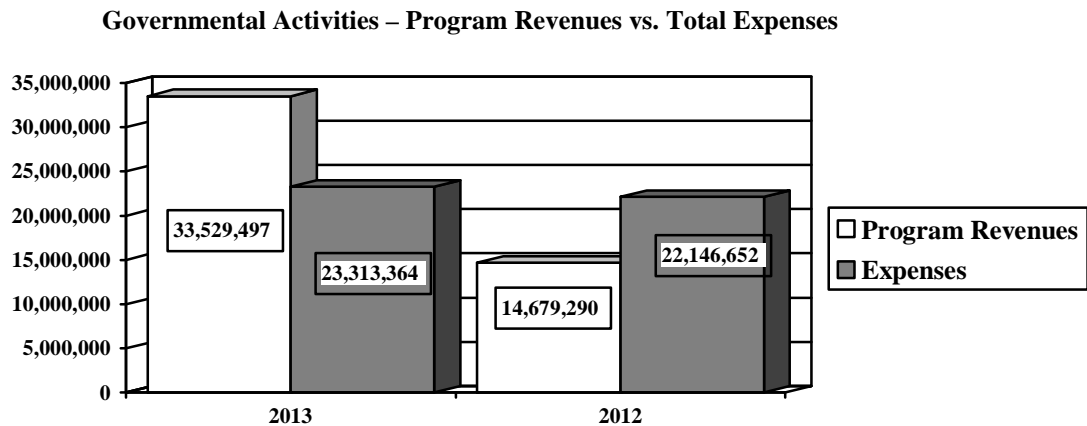
The County program, human services, which supports the operations of the county home, public assistance, and the children services board accounted for \$5,213,067 of expenses or 22.24% of total governmental expenses of the County during 2013. These expenses were funded by \$1,108,540 in charges to users of services and \$2,754,237 in operating grants and contributions.

The County program, public works, accounted for \$5,064,908 or 21.73% of total governmental expenses. Public works programs include the maintenance and construction of County roads and bridges. Public works programs are primarily supported by revenues from motor vehicle licenses and gasoline taxes. During 2013, the County received \$19,715,642 in capital contributions related to road improvements from oil fracking companies.

Operating grants are a large part of program revenues. The state and federal government contributed revenues of \$9,018,237 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$2,754,237 subsidized human services programs and \$3,929,453 subsidized public works programs. Another type of program revenue, direct charges to users of governmental activities, made up \$4,795,618 of total governmental revenues. These charges for services and sales include fees for real estate transfers, licenses and permits, and fines and forfeitures related to judicial activities.

General revenues totaled \$10,249,155, and amounted to 23.41% of total revenues. These revenues primarily consist of property and sales tax revenue of \$8,051,766 or 78.56% of total general revenues in 2013. The other primary source of general revenues is grants and entitlements not restricted to specific programs (which includes local government assistance from the State of Ohio) making up \$1,426,818 or 13.92% of total general revenues.

The graph below shows governmental activities program revenues and total expenses for 2013 and 2012:



**CARROLL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2013. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

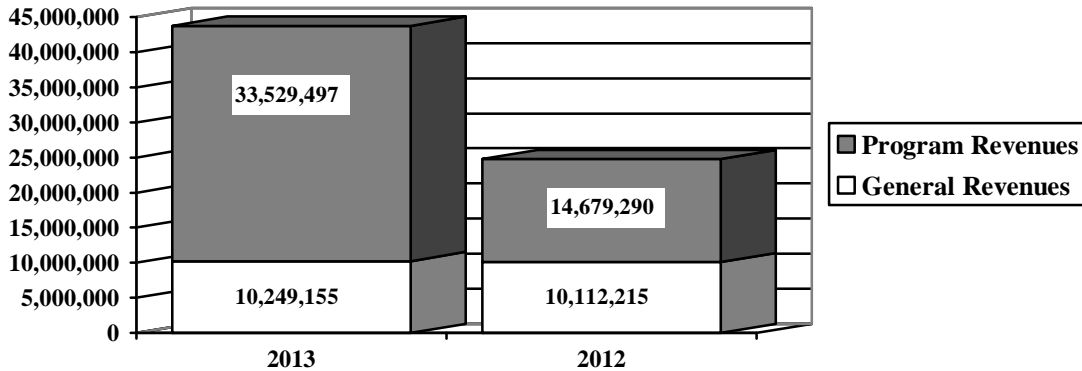
Although expenses were more than 100% covered through program revenues, without the capital contribution of \$19,328,221, only 60.91% of expenses would have been supported through program revenues during 2013. This reiterates the dependence upon general revenues for governmental activities; with 39.09% of expenses supported through taxes and other general revenues during 2013.

**Governmental Activities**

	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>
Program Expenses:				
General government	\$ 5,130,041	\$ 2,563,900	\$ 4,743,525	\$ 2,485,662
Public safety	2,680,645	1,923,162	2,560,896	1,832,830
Public works	5,064,908	(18,872,428)	4,782,539	(546,368)
Health	4,580,899	2,746,422	4,299,074	2,331,620
Human services	5,213,067	1,350,290	5,089,946	1,184,087
Economic development and assistance	403,068	54,124	337,081	140,427
Urban redevelopment and housing	193,598	(28,741)	309,806	15,319
Other	21,015	21,015	-	-
Interest and fiscal charges	<u>26,123</u>	<u>26,123</u>	<u>23,785</u>	<u>23,785</u>
<b>Total</b>	<b><u>\$ 23,313,364</u></b>	<b><u>\$ (10,216,133)</u></b>	<b><u>\$ 22,146,652</u></b>	<b><u>\$ 7,467,362</u></b>

The graph below shows governmental activities program revenues and general revenues for 2013 and 2012:

**Governmental Activities - General and Program Revenues**



**CARROLL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**Business-Type Activities**

The sewer, Atwood lodge properties, and landfill funds are the County's three major enterprise funds. For the year ended December 31, 2013, these operations had operating revenues, nonoperating revenues and transfers of \$931,333 and operating and nonoperating expenses of \$2,241,361. The net position of the programs decreased \$1,310,028 from 2012.

**Financial Analysis of the Government's Funds**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at year-end.

The County's governmental funds reported a combined fund balance of \$13,869,136, which is \$1,895,333 above last year's total of \$11,973,803. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2013 and December 31, 2012, for all major and nonmajor governmental funds.

	<u>Fund Balance</u> <u>December 31, 2013</u>	<u>Fund Balance</u> <u>December 31, 2012</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 4,551,350	\$ 3,247,352	\$ 1,303,998
Motor vehicle and gas tax	3,913,553	3,565,354	348,199
County board of DD	1,630,707	1,705,115	(74,408)
Public assistance	435,315	505,112	(69,797)
County home	112,771	57,176	55,595
Nonmajor governmental funds	<u>3,225,440</u>	<u>2,893,694</u>	<u>331,746</u>
Total	<u>\$ 13,869,136</u>	<u>\$ 11,973,803</u>	<u>\$ 1,895,333</u>

**General Fund**

The general fund, the County's primary operating fund, had revenues and other financing sources of \$8,524,899 in 2013. The expenditures and other financing uses of the general fund totaled \$7,220,901 in 2013. The general fund balance increased \$1,303,998 from 2012 to 2013. Sales tax revenue increased \$770,533 over 2012 due to increased economic activity.



## CARROLL COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

#### ***Motor Vehicle and Gas Tax Fund***

The motor vehicle and gas tax fund, a County major fund, had revenues and other financing sources of \$3,791,855 and expenditures of \$3,443,656 in 2013. The motor vehicle and gas tax fund balance increased \$348,199 from 2012 to 2013. Both revenues and expenditures remained consistent with 2012 levels.

#### ***County Board of Developmental Disabilities (County Board of DD) Fund***

The County Board of DD fund, a County major fund, had revenues of \$4,212,929 and expenditures of \$4,287,337 in 2013. The County Board of DD fund balance decreased \$74,408 from 2012 to 2013. Revenues increased \$406,743 over the prior year while expenditures increased \$341,318 from the prior year. Although expenditures continue to exceed revenues, the gap between the excess decreased in 2013.

#### ***Public Assistance Fund***

The public assistance fund, a County major fund, had revenues and other financing sources of \$1,786,329 and expenditures of \$1,856,126 in 2013. The public assistance fund balance decreased \$69,797 from 2012 to 2013.

#### ***County Home Fund***

The county home fund, a County major fund, had revenues of \$1,826,626 and expenditures of \$1,771,031 in 2013. The county home fund balance increased \$55,595 from 2012 to 2013. Revenues increased \$187,194 over the prior year while expenditures increased \$156,881 from the prior year. This allowed the county home fund to report a positive change in fund balance in 2013.

#### ***Budgeting Highlights - General Fund***

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

There were a few amendments made to the budget throughout the year. Original budgeted revenues and other financing sources were \$5,450,000 and were increased to \$7,968,723 in the final budget. Actual revenues and other financing sources of \$7,968,723 remained the same as the final budgeted revenues and other financing sources. Original appropriations and other financing uses were \$6,911,194 and were increased to \$7,161,823 in the final appropriations. Actual expenditures and other financing uses of \$6,978,144 were less than final budgeted appropriations and other financing uses by \$183,679.

#### ***Proprietary Funds***

The County's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

**CARROLL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Capital Assets and Debt Administration**

**Capital Assets**

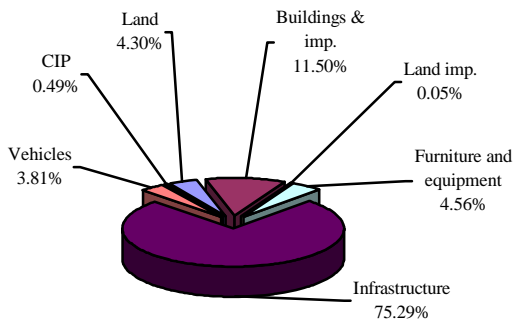
At the end of 2013, the County had \$48,160,597 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, \$29,834,206 was reported in governmental activities and \$18,326,391 was reported in business-type activities. See Note 9 to the basic financial statements for detail. The following table shows fiscal 2013 balances compared to 2012:

**Capital Assets at December 31  
(Net of Depreciation)**

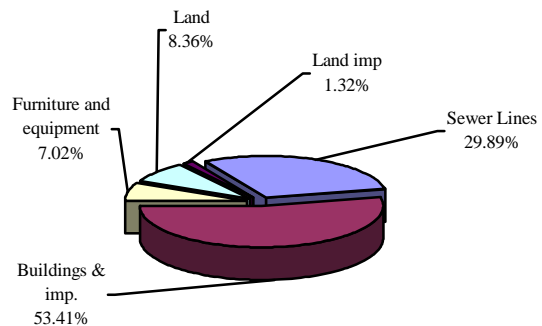
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,281,910	\$ 1,281,910	\$ 1,532,300	\$ 1,532,300	\$ 2,814,210	\$ 2,814,210
Construction in progress	147,285	188,297	-	-	147,285	188,297
Land improvements	14,493	6,527	242,630	62,914	257,123	69,441
Building and improvements	3,430,915	3,525,487	9,786,781	10,281,373	13,217,696	13,806,860
Furniture and equipment	1,361,210	1,496,660	1,286,076	1,395,133	2,647,286	2,891,793
Vehicles	1,136,468	1,068,030	-	-	1,136,468	1,068,030
Infrastructure	22,461,925	3,687,640	-	-	22,461,925	3,687,640
Sewer lines	-	-	5,478,604	5,649,288	5,478,604	5,649,288
<b>Total</b>	<b>\$ 29,834,206</b>	<b>\$ 11,254,551</b>	<b>\$ 18,326,391</b>	<b>\$ 18,921,008</b>	<b>\$ 48,160,597</b>	<b>\$ 30,175,559</b>

The following graphs show the breakdown of governmental and business-type capital assets by category for 2013 and 2012.

**Capital Assets - Governmental Activities 2013**



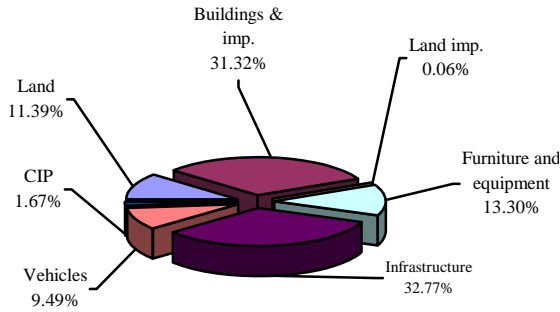
**Capital Assets - Business-Type Activities 2013**



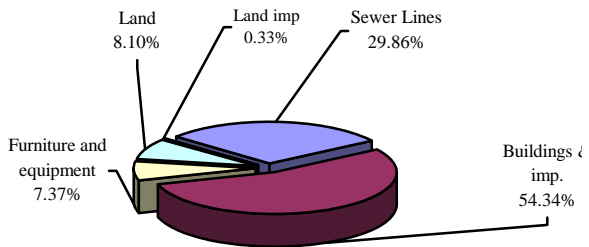
**CARROLL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Capital Assets - Governmental Activities 2012**



**Capital Assets - Business-Type Activities 2012**



***Debt Administration***

The County had the following long-term debt outstanding at December 31, 2013 and 2012:

	<u>Governmental Activities 2013</u>	<u>Governmental Activities 2012</u>
General obligation bonds	\$ 370,800	\$ 378,600
OWDA loan	68,176	68,176
Other loans and judgements payable	13,202	21,510
Capital lease obligations	<u>106,342</u>	<u>75,413</u>
<b>Total long-term debt</b>	<b><u>\$ 558,520</u></b>	<b><u>\$ 543,699</u></b>
	<u>Business-Type Activities 2013</u>	<u>Business-Type Activities 2012</u>
Revenue bonds	<u>\$ 2,857,000</u>	<u>\$ 2,925,600</u>
<b>Total long-term debt</b>	<b><u>\$ 2,857,000</u></b>	<b><u>\$ 2,925,600</u></b>

See Note 12 to the basic financial statements for additional disclosures and detail regarding the County's debt activity.

## **CARROLL COUNTY, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013**

#### **Economic Factors and Next Year's Budgets and Rates**

The following economic factors were taken into consideration in preparing the budget for 2014:

The County's unemployment rate is currently 7.2%, compared to the 7.2% state average and the 6.7% national average.

State funding, sales tax revenue and investment earnings are expected to remain stagnant.

With the continuation of conservative budgeting practices, the County's financial position should remain stable for the coming year.

#### **Contacting the County's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Leroy VanHorne, Carroll County Auditor, 119 Public Square, Carrollton, OH 44615-1495.

**CARROLL COUNTY, OHIO**

STATEMENT OF NET POSITION  
DECEMBER 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 13,046,095	\$ 928,597	\$ 13,974,692	\$ -
Cash in segregated accounts . . . . .	77,911	54,833	132,744	192,131
Receivables (net of allowance for uncollectibles):				
Sales taxes. . . . .	891,294	-	891,294	-
Property and other taxes . . . . .	4,990,130	-	4,990,130	-
Accounts. . . . .	106,475	54,513	160,988	12,952
Due from other governments. . . . .	2,987,577	-	2,987,577	-
Accrued interest . . . . .	4,409	-	4,409	-
Materials and supplies inventory. . . . .	408,290	-	408,290	-
Prepayments . . . . .	70,161	-	70,161	-
Restricted assets:				
Equity in pooled cash and cash equivalents . . .	-	28,970	28,970	-
Capital assets:				
Land and construction in progress. . . . .	1,429,195	1,532,300	2,961,495	-
Depreciable capital assets, net. . . . .	28,405,011	16,794,091	45,199,102	618,223
Total capital assets, net. . . . .	29,834,206	18,326,391	48,160,597	618,223
Total assets . . . . .	52,416,548	19,393,304	71,809,852	823,306
<b>Liabilities:</b>				
Accounts payable. . . . .	555,753	21,129	576,882	2,800
Accrued wages and benefits payable . . . . .	440,300	11,237	451,537	4,368
Due to other governments . . . . .	314,021	6,742	320,763	-
Accrued interest payable . . . . .	19,504	33,211	52,715	-
Amount to be repaid to claimants. . . . .	32,382	-	32,382	-
Unearned revenue . . . . .	-	-	-	109,320
Long-term liabilities:				
Due within one year . . . . .	91,424	77,986	169,410	15,066
Due in more than one year. . . . .	1,442,882	7,496,123	8,939,005	135,590
Total liabilities . . . . .	2,896,266	7,646,428	10,542,694	267,144
<b>Deferred inflows of resources:</b>				
Property and other taxes levied for the next fiscal year. . . . .	4,815,000	-	4,815,000	-
<b>Net position:</b>				
Net investment in capital assets. . . . .	29,285,686	15,469,391	44,755,077	-
Restricted for:				
Debt service . . . . .	-	28,970	28,970	-
Capital projects . . . . .	96,417	-	96,417	-
Public works projects . . . . .	5,038,411	-	5,038,411	-
Human services programs . . . . .	1,050,448	-	1,050,448	-
Other purposes. . . . .	3,649,165	-	3,649,165	-
Unrestricted (deficit) . . . . .	5,585,155	(3,751,485)	1,833,670	556,162
Total net position . . . . .	\$ 44,705,282	\$ 11,746,876	\$ 56,452,158	\$ 556,162

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government:				
Legislative and executive . . . . .	\$ 3,993,195	\$ 2,150,782	\$ 38,595	\$ -
Judicial . . . . .	1,136,846	376,764	-	-
Public safety . . . . .	2,680,645	400,527	356,956	-
Public works . . . . .	5,064,908	292,241	3,929,453	19,715,642
Health . . . . .	4,580,899	466,764	1,367,713	-
Human services . . . . .	5,213,067	1,108,540	2,754,237	-
Economic development and assistance . . . . .	403,068	-	348,944	-
Urban development and housing . . . . .	193,598	-	222,339	-
Other . . . . .	21,015	-	-	-
Interest and fiscal charges . . . . .	26,123	-	-	-
Total governmental activities . . . . .	<u>23,313,364</u>	<u>4,795,618</u>	<u>9,018,237</u>	<u>19,715,642</u>
<b>Business-type activities:</b>				
Sewer . . . . .	943,917	756,471	-	-
Atwood Lodge Properties . . . . .	1,200,521	-	-	-
Landfill . . . . .	96,923	-	120,000	-
Total business-type activities . . . . .	<u>2,241,361</u>	<u>756,471</u>	<u>120,000</u>	<u>-</u>
Total primary government . . . . .	<u>\$ 25,554,725</u>	<u>\$ 5,552,089</u>	<u>\$ 9,138,237</u>	<u>\$ 19,715,642</u>
<b>Component Unit:</b>				
Carroll Hills Industries, Inc . . . . .	<u>\$ 637,271</u>	<u>\$ 129,108</u>	<u>\$ 567,721</u>	<u>-</u>

**General revenues:**

Property taxes levied for:

- General purposes . . . . .
- Human services - County Board of DD . . . . .
- Human services - County Home . . . . .
- Public works - Road Levy . . . . .

Sales taxes . . . . .

Grants and entitlements not restricted to specific programs. . . . .

Oil and gas lease revenues. . . . .

Investment earnings. . . . .

Miscellaneous . . . . .

Total general revenues . . . . .

Transfers . . . . .

Total general revenues and transfers . . . . .

Change in net position . . . . .

**Net position at beginning of year . . . . .**

**Net position at end of year. . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>				<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>		
\$ (1,803,818)	\$ -	\$ (1,803,818)	\$ -	
(760,082)	-	(760,082)	-	
(1,923,162)	-	(1,923,162)	-	
18,872,428	-	18,872,428	-	
(2,746,422)	-	(2,746,422)	-	
(1,350,290)	-	(1,350,290)	-	
(54,124)	-	(54,124)	-	
28,741	-	28,741	-	
(21,015)	-	(21,015)	-	
(26,123)	-	(26,123)	-	
<u>10,216,133</u>	<u>-</u>	<u>10,216,133</u>	<u>-</u>	
-	(187,446)	(187,446)	-	
-	(1,200,521)	(1,200,521)	-	
-	23,077	23,077	-	
-	<u>(1,364,890)</u>	<u>(1,364,890)</u>	<u>-</u>	
<u>10,216,133</u>	<u>(1,364,890)</u>	<u>8,851,243</u>	<u>-</u>	
-	-	-	59,558	
1,623,338	-	1,623,338	-	
2,172,608	-	2,172,608	-	
688,731	-	688,731	-	
191,486	-	191,486	-	
3,375,603	-	3,375,603	-	
1,426,818	-	1,426,818	-	
22,216	-	22,216	-	
22,021	659	22,680	-	
726,334	25,413	751,747	-	
<u>10,249,155</u>	<u>26,072</u>	<u>10,275,227</u>	<u>-</u>	
<u>(28,790)</u>	<u>28,790</u>	<u>-</u>	<u>-</u>	
<u>10,220,365</u>	<u>54,862</u>	<u>10,275,227</u>	<u>-</u>	
20,436,498	(1,310,028)	19,126,470	59,558	
24,268,784	13,056,904	37,325,688	496,604	
<u>\$ 44,705,282</u>	<u>\$ 11,746,876</u>	<u>\$ 56,452,158</u>	<u>\$ 556,162</u>	

**CARROLL COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2013

	<u>General</u>	<u>Motor Vehicle and Gas Tax</u>	<u>County Board of DD</u>	<u>Public Assistance</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 3,918,495	\$ 3,208,955	\$ 1,776,813	\$ 550,740
Cash in segregated accounts . . . . .	69,310	-	-	-
Receivables (net of allowance for uncollectibles):				
Sales taxes . . . . .	891,294	-	-	-
Property and other taxes . . . . .	1,657,285	-	2,189,135	-
Accounts . . . . .	35,930	3,605	17,226	-
Due from other governments . . . . .	644,338	1,882,039	258,970	-
Accrued interest . . . . .	4,409	-	-	-
Interfund loans . . . . .	88,854	-	-	-
Due from other funds . . . . .	-	-	-	5,381
Prepayments . . . . .	67,227	-	-	1,776
Materials and supplies inventory . . . . .	16,095	387,767	-	1,626
Total assets . . . . .	<u>\$ 7,393,237</u>	<u>\$ 5,482,366</u>	<u>\$ 4,242,144</u>	<u>\$ 559,523</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 134,038	\$ 250,621	\$ 19,625	\$ 16,263
Accrued wages and benefits . . . . .	103,596	56,643	125,413	68,055
Compensated absences payable . . . . .	13,461	9,034	-	-
Due to other governments . . . . .	92,948	35,803	77,264	39,890
Interfund loans payable . . . . .	-	-	-	-
Due to other funds . . . . .	-	-	-	-
Amount to be repaid to claimants . . . . .	32,382	-	-	-
Total liabilities . . . . .	<u>376,425</u>	<u>352,101</u>	<u>222,302</u>	<u>124,208</u>
<b>Deferred inflows of resources:</b>				
Property and other taxes levied for the next fiscal year . . . . .	1,600,000	-	2,125,000	-
Sales tax revenue not available . . . . .	325,992	-	-	-
Delinquent property tax revenue not available . . . . .	57,285	-	64,135	-
Accrued interest not available . . . . .	4,409	-	-	-
Intergovernmental revenue not available . . . . .	477,776	1,216,712	200,000	-
Total deferred inflows of resources . . . . .	<u>2,465,462</u>	<u>1,216,712</u>	<u>2,389,135</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	112,056	387,767	-	3,402
Restricted . . . . .	-	3,525,786	1,630,707	431,913
Committed . . . . .	49,825	-	-	-
Assigned . . . . .	2,184,345	-	-	-
Unassigned (deficit) . . . . .	2,205,124	-	-	-
Total fund balances . . . . .	<u>4,551,350</u>	<u>3,913,553</u>	<u>1,630,707</u>	<u>435,315</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 7,393,237</u>	<u>\$ 5,482,366</u>	<u>\$ 4,242,144</u>	<u>\$ 559,523</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



<b>County Home</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 227,038	\$ 3,364,054	\$ 13,046,095
8,601	-	77,911
-	-	891,294
914,224	229,486	4,990,130
2,200	47,514	106,475
90,000	112,230	2,987,577
-	-	4,409
-	-	88,854
-	-	5,381
-	1,158	70,161
-	2,802	408,290
<u>\$ 1,242,063</u>	<u>\$ 3,757,244</u>	<u>\$ 22,676,577</u>
\$ 48,006	\$ 87,200	\$ 555,753
45,469	41,124	440,300
-	4,562	27,057
31,593	36,523	314,021
-	88,854	88,854
-	5,381	5,381
-	-	32,382
<u>125,068</u>	<u>263,644</u>	<u>1,463,748</u>
890,000	200,000	4,815,000
-	-	325,992
24,224	29,486	175,130
-	-	4,409
<u>90,000</u>	<u>38,674</u>	<u>2,023,162</u>
<u>1,004,224</u>	<u>268,160</u>	<u>7,343,693</u>
-	3,960	507,185
112,771	2,675,772	8,376,949
-	592,989	642,814
-	-	2,184,345
-	(47,281)	2,157,843
<u>112,771</u>	<u>3,225,440</u>	<u>13,869,136</u>
<u>\$ 1,242,063</u>	<u>\$ 3,757,244</u>	<u>\$ 22,676,577</u>

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**CARROLL COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2013

<b>Total governmental fund balances</b>		\$ 13,869,136
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		29,834,206
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Delinquent property and other taxes receivable	\$ 175,130	
Sales tax receivable	325,992	
Intergovernmental receivable	2,023,162	
Accrued interest receivable	4,409	
Total	<u>4,409</u>	2,528,693
Accrued interest payable on long-term bonds is not due and payable in the current period and therefore is not reported in the funds.		(19,504)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable	(370,800)	
OWDA loans payable	(68,176)	
Other loans payable	(3,202)	
Compensated absences payable	(948,729)	
Capital leases payable	(106,342)	
Judgements payable	(10,000)	
Total	<u>(1,507,249)</u>	<u>(1,507,249)</u>
<b>Net position of governmental activities</b>		<u>\$ 44,705,282</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>General</u>	<u>Motor Vehicle and Gas Tax</u>	<u>County Board of DD</u>	<u>Public Assistance</u>
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 1,652,939	\$ -	\$ 2,205,749	\$ -
Sales taxes . . . . .	3,398,388	-	-	-
Charges for services . . . . .	1,639,493	-	355,245	-
Licenses and permits . . . . .	21,874	-	-	-
Fines and forfeitures . . . . .	66,178	36,908	-	-
Intergovernmental . . . . .	1,064,565	3,603,256	1,651,935	1,533,388
Investment income . . . . .	20,812	4,551	-	-
Rental income . . . . .	4,800	-	-	-
Contributions and donations . . . . .	-	88,102	-	-
Oil and gas lease . . . . .	22,216	-	-	-
Other . . . . .	546,222	23,402	-	197,262
Total revenues . . . . .	<u>8,437,487</u>	<u>3,756,219</u>	<u>4,212,929</u>	<u>1,730,650</u>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative and executive . . . . .	3,207,805	-	-	-
Judicial . . . . .	992,217	-	-	-
Public safety . . . . .	1,898,252	-	-	-
Public works . . . . .	44,525	3,442,556	-	-
Health . . . . .	64,159	-	4,287,337	-
Human services . . . . .	270,961	-	-	1,856,126
Economic development and assistance . .	67,000	-	-	-
Urban development and housing . . . . .	-	-	-	-
Capital outlay . . . . .	87,412	-	-	-
Other . . . . .	-	-	-	-
Debt service:				
Principal retirement . . . . .	77,320	1,063	-	-
Interest and fiscal charges . . . . .	25,854	37	-	-
Total expenditures . . . . .	<u>6,735,505</u>	<u>3,443,656</u>	<u>4,287,337</u>	<u>1,856,126</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>1,701,982</u>	<u>312,563</u>	<u>(74,408)</u>	<u>(125,476)</u>
<b>Other financing sources (uses):</b>				
Capital lease transaction . . . . .	87,412	-	-	-
Transfers in . . . . .	-	35,636	-	55,679
Transfers (out) . . . . .	(485,396)	-	-	-
Total other financing sources (uses) . . . . .	<u>(397,984)</u>	<u>35,636</u>	<u>-</u>	<u>55,679</u>
Net change in fund balances . . . . .	1,303,998	348,199	(74,408)	(69,797)
<b>Fund balances at beginning of year . . . . .</b>	<u>3,247,352</u>	<u>3,565,354</u>	<u>1,705,115</u>	<u>505,112</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 4,551,350</u>	<u>\$ 3,913,553</u>	<u>\$ 1,630,707</u>	<u>\$ 435,315</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>County Home</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 701,249	\$ 206,723	\$ 4,766,660
-	-	3,398,388
1,009,509	1,492,206	4,496,453
-	34,728	56,602
-	38,986	142,072
101,433	2,742,463	10,697,040
-	66	25,429
-	-	4,800
1,000	4,465	93,567
-	-	22,216
13,435	41,704	822,025
<u>1,826,626</u>	<u>4,561,341</u>	<u>24,525,252</u>
-	620,090	3,827,895
-	109,658	1,101,875
-	595,703	2,493,955
-	751,954	4,239,035
-	147,051	4,498,547
1,771,031	1,291,921	5,190,039
-	335,868	402,868
-	193,598	193,598
-	549,134	636,546
-	5,387	5,387
-	1,282	79,665
-	314	26,205
<u>1,771,031</u>	<u>4,601,960</u>	<u>22,695,615</u>
<u>55,595</u>	<u>(40,619)</u>	<u>1,829,637</u>
-	7,074	94,486
-	400,927	492,242
-	(35,636)	(521,032)
-	<u>372,365</u>	<u>65,696</u>
55,595	331,746	1,895,333
57,176	2,893,694	11,973,803
<u>\$ 112,771</u>	<u>\$ 3,225,440</u>	<u>\$ 13,869,136</u>

**CARROLL COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

**Net change in fund balances - total governmental funds** \$ 1,895,333

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

Governmental funds report capital outlays as expenditures. However, in 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 capital outlays exceed depreciation expense in the current period.

Capital asset additions	\$ 20,054,228	
Current year depreciation	<u>(1,453,115)</u>	
Total		18,601,113

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (21,458)

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

Property and other taxes	(90,497)	
Sales tax	(22,785)	
Intergovernmental	37,252	
Accrued interest	<u>1,209</u>	
Total		(74,821)

Repayment of long-term debt, such as bonds, loans, and capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement net position. 79,665

Capital lease transactions are recorded as an other financing source in the funds; however, in the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net position. (94,486)

In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, interest expenditures are reported when due. 82

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 51,070

**Change in net position of governmental activities** \$ 20,436,498

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 1,590,000	\$ 1,654,664	\$ 1,654,664	\$ -
Sales taxes . . . . .	1,950,000	3,279,916	3,279,916	-
Charges for services . . . . .	946,800	1,405,882	1,405,882	-
Licenses and permits . . . . .	1,400	21,874	21,874	-
Fines and forfeitures . . . . .	61,000	66,126	66,126	-
Intergovernmental . . . . .	700,000	1,043,845	1,043,845	-
Investment income . . . . .	10,000	20,812	20,812	-
Rental income . . . . .	4,800	4,800	4,800	-
Oil and gas lease . . . . .	-	22,216	22,216	-
Other . . . . .	186,000	277,109	277,109	-
<b>Total revenues . . . . .</b>	<b>5,450,000</b>	<b>7,797,244</b>	<b>7,797,244</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative and executive . . . . .	3,038,227	3,148,406	2,976,336	172,070
Judicial . . . . .	1,035,094	1,072,631	992,110	80,521
Public safety . . . . .	1,935,330	2,005,513	1,950,323	55,190
Public works . . . . .	51,509	53,377	53,024	353
Health . . . . .	66,928	69,355	64,335	5,020
Human services . . . . .	475,092	492,321	273,232	219,089
Economic development and assistance . . . . .	64,655	67,000	67,000	-
<b>Total expenditures . . . . .</b>	<b>6,666,835</b>	<b>6,908,603</b>	<b>6,376,360</b>	<b>532,243</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(1,216,835)	888,641	1,420,884	532,243
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	21,329	21,329	-
Transfers out . . . . .	(244,359)	(253,220)	(510,396)	(257,176)
Advances in . . . . .	150,150	150,150	150,150	-
Advances out . . . . .	-	-	(91,388)	(91,388)
<b>Total other financing sources (uses) . . . . .</b>	<b>(94,209)</b>	<b>(81,741)</b>	<b>(430,305)</b>	<b>(348,564)</b>
Net change in fund balance . . . . .	(1,311,044)	806,900	990,579	183,679
<b>Fund balance at beginning of year . . . . .</b>	<b>1,372,652</b>	<b>1,372,652</b>	<b>1,372,652</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>79,949</b>	<b>79,949</b>	<b>79,949</b>	<b>-</b>
<b>Fund balance (deficit) at end of year . . . . .</b>	<b>\$ 141,557</b>	<b>\$ 2,259,501</b>	<b>\$ 2,443,180</b>	<b>\$ 183,679</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 MOTOR VEHICLE AND GAS TAX  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 3,556,500	\$ 3,581,681	\$ 3,581,681	\$ -
Fines and forfeitures . . . . .	30,000	35,405	35,405	-
Investment income . . . . .	-	4,551	4,551	-
Contributions and donations . . . . .	-	88,102	88,102	-
Other . . . . .	-	22,902	22,902	-
<b>Total revenues . . . . .</b>	<u>3,586,500</u>	<u>3,732,641</u>	<u>3,732,641</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Public works. . . . .	<u>3,803,960</u>	<u>3,927,273</u>	<u>3,695,485</u>	<u>231,788</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(217,460)</u>	<u>(194,632)</u>	<u>37,156</u>	<u>231,788</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	<u>-</u>	<u>35,636</u>	<u>35,636</u>	<u>-</u>
Total other financing sources (uses) . . . . .	<u>-</u>	<u>35,636</u>	<u>35,636</u>	<u>-</u>
Net change in fund balance. . . . .	(217,460)	(158,996)	72,792	231,788
<b>Fund balance at beginning of year . . . . .</b>	2,437,944	2,437,944	2,437,944	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>176,121</u>	<u>176,121</u>	<u>176,121</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,396,605</u>	<u>\$ 2,455,069</u>	<u>\$ 2,686,857</u>	<u>\$ 231,788</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CARROLL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 COUNTY BOARD OF DEVELOPMENTAL DISABILITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 1,520,000	\$ 2,207,683	\$ 2,207,683	\$ -
Charges for services . . . . .	326,000	582,922	582,922	-
Intergovernmental . . . . .	1,785,500	1,717,256	1,717,256	-
<b>Total revenues . . . . .</b>	<u>3,631,500</u>	<u>4,507,861</u>	<u>4,507,861</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Health . . . . .	3,985,564	4,748,495	4,562,924	185,571
<b>Net change in fund balance. . . . .</b>	<b>(354,064)</b>	<b>(240,634)</b>	<b>(55,063)</b>	<b>185,571</b>
<b>Fund balance at beginning of year . . . . .</b>	<b>1,637,348</b>	<b>1,637,348</b>	<b>1,637,348</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<u>52,064</u>	<u>52,064</u>	<u>52,064</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,335,348</u>	<u>\$ 1,448,778</u>	<u>\$ 1,634,349</u>	<u>\$ 185,571</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 PUBLIC ASSISTANCE  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 1,781,396	\$ 1,552,702	\$ 1,552,702	\$ -
Other . . . . .	250,000	191,881	191,881	-
Total revenues . . . . .	<u>2,031,396</u>	<u>1,744,583</u>	<u>1,744,583</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Human services . . . . .	2,206,189	2,206,189	1,912,579	293,610
Excess of expenditures over revenues . . . . .	<u>(174,793)</u>	<u>(461,606)</u>	<u>(167,996)</u>	<u>293,610</u>
<b>Other financing sources :</b>				
Transfers in. . . . .	91,242	55,679	55,679	-
Total other financing sources . . . . .	<u>91,242</u>	<u>55,679</u>	<u>55,679</u>	<u>-</u>
Net change in fund balance. . . . .	(83,551)	(405,927)	(112,317)	293,610
<b>Fund balance at beginning of year . . . . .</b>	469,300	469,300	469,300	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>97,814</u>	<u>97,814</u>	<u>97,814</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 483,563</u>	<u>\$ 161,187</u>	<u>\$ 454,797</u>	<u>\$ 293,610</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 COUNTY HOME  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property and other taxes . . . . .	\$ 800,000	\$ 701,979	\$ 701,979	\$ -
Charges for services . . . . .	925,000	1,017,044	1,017,044	-
Intergovernmental . . . . .	90,000	101,433	101,433	-
Contributions and donations . . . . .	-	1,000	1,000	-
Other . . . . .	1,000	7,258	7,258	-
<b>Total revenues . . . . .</b>	<u>1,816,000</u>	<u>1,828,714</u>	<u>1,828,714</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Human services . . . . .	1,732,881	1,861,243	1,766,429	94,814
Net change in fund balance. . . . .	83,119	(32,529)	62,285	94,814
<b>Fund balance at beginning of year . . . . .</b>	70,574	70,574	70,574	-
<b>Prior year encumbrances appropriated . . . . .</b>	21,158	21,158	21,158	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 174,851</u>	<u>\$ 59,203</u>	<u>\$ 154,017</u>	<u>\$ 94,814</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY, OHIO**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2013

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Atwood Lodge Properties</b>	<b>Landfill</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 584,388	\$ 215,710	\$ 128,499	\$ 928,597
Cash in segregated accounts . . . . .	54,833	-	-	54,833
Receivables (net of allowance for uncollectibles):				
Accounts. . . . .	54,513	-	-	54,513
Total current assets . . . . .	<u>693,734</u>	<u>215,710</u>	<u>128,499</u>	<u>1,037,943</u>
Noncurrent assets:				
Restricted assets:				
Equity in pooled cash and cash equivalents . . .	28,970	-	-	28,970
Capital assets:				
Land . . . . .	7,500	1,524,800	-	1,532,300
Depreciable capital assets, net. . . . .	5,616,548	11,177,543	-	16,794,091
Total capital assets, net. . . . .	<u>5,624,048</u>	<u>12,702,343</u>	<u>-</u>	<u>18,326,391</u>
Total noncurrent assets . . . . .	<u>5,653,018</u>	<u>12,702,343</u>	<u>-</u>	<u>18,355,361</u>
Total assets . . . . .	<u>6,346,752</u>	<u>12,918,053</u>	<u>128,499</u>	<u>19,393,304</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable. . . . .	18,702	-	2,427	21,129
Accrued wages and benefits payable . . . . .	11,237	-	-	11,237
Due to other governments . . . . .	6,709	33	-	6,742
Accrued interest payable . . . . .	33,211	-	-	33,211
Compensated absences payable - current. . . .	6,486	-	-	6,486
Revenue bonds payable - current. . . . .	71,500	-	-	71,500
Total current liabilities . . . . .	<u>147,845</u>	<u>33</u>	<u>2,427</u>	<u>150,305</u>
Long-term liabilities:				
Compensated absences payable . . . . .	8,124	-	-	8,124
Revenue bonds payable . . . . .	2,785,500	-	-	2,785,500
Estimated accrued liability for landfill closure and post closure costs . . . . .	-	-	4,702,499	4,702,499
Total long-term liabilities . . . . .	<u>2,793,624</u>	<u>-</u>	<u>4,702,499</u>	<u>7,496,123</u>
Total liabilities . . . . .	<u>2,941,469</u>	<u>33</u>	<u>4,704,926</u>	<u>7,646,428</u>
<b>Net position:</b>				
Net investment in capital assets. . . . .	2,767,048	12,702,343	-	15,469,391
Restricted . . . . .	28,970	-	-	28,970
Unrestricted (deficit) . . . . .	609,265	215,677	(4,576,427)	(3,751,485)
Total net position (deficit) . . . . .	<u>\$ 3,405,283</u>	<u>\$ 12,918,020</u>	<u>\$ (4,576,427)</u>	<u>\$ 11,746,876</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Atwood Lodge Properties</b>	<b>Landfill</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 756,471	\$ -	\$ -	\$ 756,471
Other . . . . .	12,938	12,475	-	25,413
Total operating revenues. . . . .	<u>769,409</u>	<u>12,475</u>	<u>-</u>	<u>781,884</u>
<b>Operating expenses:</b>				
Personal services . . . . .	319,135	2,783	-	321,918
Contract services. . . . .	154,260	267,366	27,428	449,054
Materials and supplies. . . . .	95,373	80,742	-	176,115
Depreciation. . . . .	243,900	830,358	-	1,074,258
Landfill closure and post-closure costs . . .	-	-	69,495	69,495
Other . . . . .	-	19,272	-	19,272
Total operating expenses. . . . .	<u>812,668</u>	<u>1,200,521</u>	<u>96,923</u>	<u>2,110,112</u>
Operating income (loss) . . . . .	<u>(43,259)</u>	<u>(1,188,046)</u>	<u>(96,923)</u>	<u>(1,328,228)</u>
<b>Nonoperating revenues (expenses):</b>				
Interest and fiscal charges . . . . .	(131,249)	-	-	(131,249)
Interest income. . . . .	659	-	-	659
Intergovernmental . . . . .	-	-	120,000	120,000
Total nonoperating revenues (expenses). . . .	<u>(130,590)</u>	<u>-</u>	<u>120,000</u>	<u>(10,590)</u>
Income (loss) before transfer in . . . . .	(173,849)	(1,188,046)	23,077	(1,338,818)
Transfer in . . . . .	<u>-</u>	<u>-</u>	<u>28,790</u>	<u>28,790</u>
Change in net position . . . . .	(173,849)	(1,188,046)	51,867	(1,310,028)
<b>Net position (deficit) at beginning of year . . .</b>	<u>3,579,132</u>	<u>14,106,066</u>	<u>(4,628,294)</u>	<u>13,056,904</u>
<b>Net position (deficit) at end of year . . . . .</b>	<u>\$ 3,405,283</u>	<u>\$ 12,918,020</u>	<u>\$ (4,576,427)</u>	<u>\$ 11,746,876</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Atwood Lodge Properties</b>	<b>Landfill</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>				
Cash received from sales/charges for services . . . . .	\$ 759,742	\$ -	\$ -	\$ 759,742
Cash received from other operations . . . . .	12,938	12,475	-	25,413
Cash payments for personal services . . . . .	(316,206)	(2,750)	-	(318,956)
Cash payments for contractual services . . . . .	(155,531)	(271,013)	(26,029)	(452,573)
Cash payments for materials and supplies . . . . .	(89,662)	(80,742)	-	(170,404)
Cash payments for other expenses . . . . .	-	(19,272)	-	(19,272)
Net cash provided by (used in) operating activities . . . . .	<u>211,281</u>	<u>(361,302)</u>	<u>(26,029)</u>	<u>(176,050)</u>
<b>Cash flows from noncapital financing activities:</b>				
Cash received from grants . . . . .	-	-	120,000	120,000
Cash received from transfers in . . . . .	-	-	28,790	28,790
Net cash provided by noncapital financing activities . . . . .	<u>-</u>	<u>-</u>	<u>148,790</u>	<u>148,790</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets . . . . .	(29,270)	(450,371)	-	(479,641)
Principal payments on revenue bonds . . . . .	(68,600)	-	-	(68,600)
Interest and fiscal charges . . . . .	(131,879)	-	-	(131,879)
Net cash used in capital and related financing activities . . . . .	<u>(229,749)</u>	<u>(450,371)</u>	<u>-</u>	<u>(680,120)</u>
<b>Cash flows from investing activities:</b>				
Interest received . . . . .	659	-	-	659
Net cash provided by investing activities . . . . .	<u>659</u>	<u>-</u>	<u>-</u>	<u>659</u>
Net increase (decrease) in cash and cash equivalents . . . . .	(17,809)	(811,673)	122,761	(706,721)
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>686,000</b>	<b>1,027,383</b>	<b>5,738</b>	<b>1,719,121</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b><u>\$ 668,191</u></b>	<b><u>\$ 215,710</u></b>	<b><u>\$ 128,499</u></b>	<b><u>\$ 1,012,400</u></b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss) . . . . .	\$ (43,259)	\$ (1,188,046)	\$ (96,923)	\$ (1,328,228)
Adjustments:				
Depreciation . . . . .	243,900	830,358	-	1,074,258
Changes in assets and liabilities:				
Decrease in accounts receivable . . . . .	3,271	-	-	3,271
Increase in landfill closure and post-closure care liability . . . . .	-	-	69,495	69,495
Increase (Decrease) in accounts payable . . . . .	4,440	(3,647)	1,399	2,192
Increase in accrued wages and benefits . . . . .	2,736	-	-	2,736
Increase in due to other governments . . . . .	2,154	33	-	2,187
(Decrease) in compensated absences payable . . . . .	(1,961)	-	-	(1,961)
Net cash provided by (used in) operating activities . . . . .	<u>\$ 211,281</u>	<u>\$ (361,302)</u>	<u>\$ (26,029)</u>	<u>\$ (176,050)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CARROLL COUNTY, OHIO**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
DECEMBER 31, 2013**

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . .	\$ 4,302,099
Cash in segregated accounts . . . . .	199,721
Receivables:	
Property and other taxes. . . . .	21,976,909
Accounts . . . . .	150,322
Special assessments . . . . .	180,010
Intergovernmental. . . . .	1,293,301
Total assets . . . . .	<u>\$ 28,102,362</u>
<b>Liabilities:</b>	
Accounts payable . . . . .	\$ 1,325
Accrued wages and benefits . . . . .	11,393
Due to other governments . . . . .	746,427
Deposits held and due to others . . . . .	27,343,217
Total liabilities . . . . .	<u>\$ 28,102,362</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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## CARROLL COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

#### NOTE 1 - DESCRIPTION OF THE COUNTY

Carroll County, Ohio (the "County"), was created in 1812. The County is governed by a board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body, and the chief administrators of public services for the County. Other officials elected by the voters of the County that manage various segments of the County's operations are: the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Probate Court Judge and a County Municipal Court Judge.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The most significant of the County's accounting policies are described below:

##### A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The basic financial statements include all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14, GASB Statement No. 39 and GASB Statement No. 61 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's Board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

Based on the foregoing criteria, the financial activities of the following PCU's have been reflected in the accompanying basic financial statements as:

##### *BLENDED COMPONENT UNITS*

Emergency Management Agency (EMA) - The financial activities of the EMA will be blended into the County's financial statements. The County Commissioners appoint a majority of the Board members and finance the operations of the EMA. The operations of the EMA are accounted for in the general fund. Capital assets and long-term obligations associated with the EMA are reflected in the statement of net position.

## CARROLL COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Carroll County Economic Development Council (Council) - The Council's Board is comprised of the Carroll County Commissioners which appoint an Advisory Committee to oversee the operations of the Council. The Council is not legally separate from the County and, therefore, its financial activities are blended with that of the County. The operations of the Council are accounted for as a separate nonmajor governmental fund.

Local Emergency Planning Commission (LEPC) - The LEPC consists of an eleven to fifteen member Board. The Board, which oversees the operations of the LEPC, is recommended by the County Commissioners and appointed by the State Emergency Response Commission (SERC). The members consist of County officials, a fire enforcement representative and representatives from County agencies, Red Cross, emergency medical services, a legal representative and a township trustee.

The LEPC receives its funding strictly through grant money received from the SERC to be used for the purpose of developing, preparing, reviewing, exercising or revising chemical emergency response and preparedness plans and awareness and education programs in the County. The approval of the County Commissioners is required for most major expenditures to be made. The operations of the LEPC are accounted for as a separate nonmajor governmental fund. Capital assets and long-term obligations associated with these operations are reflected in the statement of net position.

#### *DISCRETELY PRESENTED COMPONENT UNIT*

Carroll Hills Industries, Inc. (Industries) - The Industries is a legally separate, nonprofit corporation, served by a self-appointing board of trustees. The Industries, under a contractual agreement with the Carroll County Board of Developmental Disabilities (County Board DD), provides sheltered employment for adults with developmental disabilities in the County. The Carroll County Board of DD provides the Industries with certain personnel, salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of the Industries. Based on the significant services and resources provided by the County to the Industries and the Industries sole purpose of providing assistance to developmentally disabled adults of the County, the Industries is reflected as a component unit of the County. It is reported separately to emphasize that it is legally separate from the County. Separately issued financial statements can be obtained from the Carroll Hills Industries, Inc., Carrollton, Ohio.

#### *RELATED ORGANIZATIONS*

Carroll County Public Library (Library) - The Library is statutorily created as a separate and distinct political subdivision of the State. Four trustees of the Library are appointed by the County Commissioners and three trustees are appointed by the Judge of Common Pleas court. The Board of Library trustees is a body politic and corporate, capable of suing and being sued, contracting, acquiring, holding, possessing, and disposing of real and personal property, and of exercising such other powers and privileges as are conferred upon them by law. The Library Board approves their own budget and then sends a copy to the County budget commission. The County serves as the taxing authority for the Library, but the Library is not considered part of the County. The trustees adopt their own appropriations, hire and fire their own staff, authorize Library expenditures and do not rely on the County to finance deficits.

## CARROLL COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Carroll County Airport Authority (Authority) - The Authority is a separate legal entity from the County. The County appoints a voting majority of the Authority's Board, but is not "accountable" for its operations. The Authority is not fiscally dependent upon the County nor is there a financial benefit/burden relationship.

#### *EXCLUDED POTENTIAL COMPONENT UNITS*

As counties are structured in Ohio, the County Auditor and County Treasurer, respectively, serve as fiscal officer and custodian of funds for various agencies, boards, and commissions. As fiscal officer, the County Auditor certifies the availability of cash and appropriations prior to the processing of payments and purchases. As the custodian of all public funds, the County Treasurer invests public monies held on deposit in the County Treasury.

In the case of the separate agencies, boards, and commissions listed below the County serves as fiscal agent and custodian, but is not accountable; therefore the operations of the following PCU's have been excluded from the County's basic financial statements, but the funds held on behalf of these PCU's in the County Treasury are included in the agency funds.

*Carroll County Board of Health*  
*Soil and Water Conservation District*  
*Carroll County Regional Planning Commission*

Information in the notes to the basic financial statements is applicable to the primary government. When information is provided relative to the component unit, it is specifically identified.

#### *JOINTLY GOVERNED ORGANIZATION*

County Risk Sharing Authority, Inc. (CORSA) - CORSA is jointly governed by sixty-one counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the 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. No county may have more than one representative on the Board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

## CARROLL COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

##### *JOINT VENTURES WITHOUT EQUITY INTEREST*

Multi-County Juvenile Attention System (Attention System) - The Attention System, a six county operation, provides services to Carroll, Columbiana, Holmes, Stark, Tuscarawas and Wayne Counties. The Attention System consists of four group homes, four detention facilities, one treatment center and one shelter care facility. The Board of Trustees consists of three members from each County, with the exception of Stark County which has four members. Two members from each county are appointed by a Judge from that county (three from Stark County), and one member from each county is a County Commissioner. A Superintendent of the Attention System is appointed by the Board of Trustees. State grant monies are applied for from the Ohio Department of Youth Services and received by the Board of Trustees. Other revenues consist of County contributions based on prior year's usage and County population, and donations from organizations.

Policies are outlined by State guidelines, as well as the Board of Trustees of the Attention System.

The County cannot significantly influence operations, the Board has sole budgetary authority, the Board controls surpluses and deficits and the County is not legally or morally obligated for any debt. In 2013, the County contributed \$145,452 to the Attention System. Complete financial statements for the Attention System can be obtained from Melissa Clark, Director of Administrative Services of Multi-County Juvenile Attention System, 815 Faircrest St. S.W., Canton, Ohio 44706.

Carroll/Columbiana/Harrison Solid Waste Management District (Solid Waste District) - The Solid Waste District is a three county district. The twenty-one-member committee consists of the County Health Commissioner, or his appointee; the chairman of the County Commissioners, or his appointee; a member of the County Trustees Association; the Mayor of the largest municipality, or his appointee; two members of the public at large; and a representative of the generators of waste or an appointee, from each of the three counties.

The plan for the Solid Waste District has been in effect for approximately five years. The committee has thus far been financed through a portion of the tipping/disposal fees from the landfills, as well as from grant monies. Complete financial statements for the Solid Waste District can be obtained from their office located at 618B Canton Road N.W., Carrollton, Ohio 44615.

Alcohol, Drug Addiction and Mental Health Services Board of Carroll and Tuscarawas Counties (ADAMH Board) - The ADAMH Board is a two County non-profit corporation whose general purpose is to provide leadership in planning for and supporting community-based alcohol, drug addiction and mental health services in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming, while respecting, protecting and advocating for the rights of persons as consumers of alcohol, drug addiction and mental health services. The Board of Trustees of the ADAMH Board consists of eighteen members. Four members are appointed by the Director of the Ohio Department of Mental Health and four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services. The remaining members are appointed by the County Commissioners of Carroll and Tuscarawas Counties in the same proportion as each County's population bears to the total population of the two counties combined.

Tuscarawas County acts as the fiscal agent for the ADAMH Board. The Board receives tax revenue from Tuscarawas County and receives federal and State funding grant monies which are applied for and received by the Board of Trustees.

## CARROLL COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The County cannot significantly influence operations of the ADAMH Board. The Board has sole budgetary authority and controls surpluses and deficits and the County is not legally or morally obligated for the Board's debt. The ADAMH Board will not be included as part of Carroll County. Due to the ongoing financial relationship of the County to the ADAMH Board, it will be disclosed as a joint venture without equity interest in the County's financial statements. Complete financial statements from the ADAMH Board can be obtained from their office located at P.O. Box 6217, 1260 Monroe Street N.W., Suite 27N, New Philadelphia, Ohio 44663.

#### **B. Basis of Presentation**

***Government-wide Financial Statements*** - The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net position 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 for the single business-type activity of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. The policy of the County is to not allocate indirect expenses to functions in the statement of activities. 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. 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 business segment or governmental function 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. Fiduciary funds are reported by type.

#### **C. Fund Accounting**

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

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***Governmental Funds*** - Governmental funds are those through which most governmental functions typically 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 purposes 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, deferred outflows of resources, liabilities and deferred inflows of resources is reported as fund balance. The following are the County's major governmental funds:

*General fund* - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Motor vehicle and gas tax fund* - This fund accounts for and reports monies received by the County for State gasoline tax and vehicle registration fees that are restricted for County road and bridge maintenance, construction and improvements.

*County Board of Developmental Disabilities (County Board of DD) fund* - This fund accounts for and reports financial resources received from countywide property tax levy and federal and State grants that are restricted for use in the operation of a school and the costs of administering a workshop for the developmentally disabled.

*Public assistance fund* - This fund accounts for and reports various federal and State grants restricted for use in providing public assistance to general relief recipients, paying their providers for medical assistance, and for certain public social services.

*County home fund* - This fund accounts for and reports financial resources received from a countywide tax levy, Medicare and charges for services that are restricted to providing room, board and care of the indigent elderly population of the County.

Other governmental funds of the County are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

***Proprietary Funds*** - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The County's only proprietary funds are enterprise funds which are used to account for any activity for which a fee is charged to external users for goods or services. The County has presented the following major enterprise funds:

*Sewer* - This fund accounts for sanitary sewer services provided to individual and commercial users in the majority of the unincorporated areas of Carroll County. The costs of providing these services are financed primarily through user charges. The sanitary sewer district has its own facilities and rate structure.

*Atwood Lodge Properties* - This fund accounts for the maintenance and monitoring operations of the Atwood Lodge and associated Golf Course.

*Landfill* - This fund accounts for the maintenance and monitoring functions of the sanitary landfill.

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***Fiduciary Funds*** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The County's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's agency funds account for assets held by the County for political subdivisions in 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.

**D. Measurement Focus**

***Government-wide Financial Statements*** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities and deferred inflows of resources associated with the operation of the County are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

***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 deferred outflows of resources and current liabilities and deferred inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on 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 statements and the financial statements for governmental funds.

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

**E. 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 and agency funds also 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 inflows and deferred outflows, 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, are recorded on the full accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that 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 sixty days of year end.

CARROLL COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On a full accrual basis, revenue from sales taxes is recognized in the year in which the sales are made (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). 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 a modified accrual basis, revenue from all other nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax, interest, federal and State grants and subsidies, State-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

*Deferred Inflows of Resources and Deferred Outflows of Resources* - A deferred inflow of resources is an acquisition of net position by the County that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the County that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance 2014 operations, have been recorded as deferred inflows of resources on both the government-wide and fund financial statements. Sales taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2013, are recorded as deferred inflows of resources on the governmental fund financial statements. On the governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows of resources.

*Expense/Expenditures* - On the full accrual basis of accounting, 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.

**F. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.



**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the County Commissioners.

Budgetary information for Carroll Hill Industries (a discretely presented component unit of the County) is not reported because it is not included in the entity for which the “appropriated budget” is adopted and separate budgetary financial records are not maintained.

**Tax Budget** - A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The purpose of the Tax Budget is to reflect the need for existing (or increased) tax rates.

**Estimated Resources** - The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. The amounts set forth in the budgetary statements represent estimates from the original and final amended certificate issued during 2013.

**Appropriations** - A temporary appropriation resolution to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual Appropriation Resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The County legally adopted several supplemental appropriations during the year. The original budget and all budgetary amendments and supplemental appropriations necessary during 2013 are included in the final budget amounts in the budget-to-actual comparisons.

**Lapsing of Appropriations** - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

**G. Cash and Investments**

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County’s records. Each fund’s interest in the pool is presented as “equity in pooled cash and cash equivalents” on the basic financial statements.

Investments in nonparticipating interest-earning investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

## CARROLL COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2013 amounted to \$20,812 which includes \$15,907 assigned from other County funds.

The County has segregated bank accounts for monies held separate from the County's central bank account. These interest bearing depository accounts are presented on the financial statements as "cash in segregated accounts" since they are not required to be deposited into the County treasury.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the County's investment account at year end is provided in Note 4.

#### **H. Materials and Supplies Inventory**

On government-wide and fund financial statements, purchased inventories are presented at cost. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption.

#### **I. Capital Assets**

Governmental capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of Net Position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of Net Position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains its capitalization threshold at \$1,000. The County's infrastructure consists of roads, bridges, culverts and sanitary sewers. 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.

All reported 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 replacements.

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	10 - 40 years	N/A
Buildings and improvements	5 - 40 years	40 years
Furniture and equipment	5 - 100 years	5 - 20 years
Infrastructure	4 - 60 years	50 years
Vehicles	5 - 30 years	N/A

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The County’s policy is to not capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line method over the estimated useful life of the asset.

**J. Compensated Absences**

Compensated absences of the County consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the County and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is based on the sick leave accumulated at December 31, 2013, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the “vesting” method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2013, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

County employees earn vacation at varying rates ranging from two to five weeks per year. Sick leave is accumulated at the rate of 4.6 hours per 80 hours worked. Vacation and sick leave are accumulated on an hours worked basis. Vacation pay is vested after one year and sick pay upon eligibility for retirement. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee.

The entire compensated absences liability is reported on the government-wide financial statements.

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**K. Prepayments**

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepayments 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.

On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though they are a component of net current assets.

**L. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in 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, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and loans are recognized as a liability in the fund financial statements when due.

**M. Interfund Transactions**

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

During the normal course of operations, the County has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the County are treated similarly when involving other funds of the County.

Outstanding advances between funds are reported as “interfund loans receivable/payable” and “due from/to other funds”. These amounts are eliminated in the statement of net position, except for any residual balances outstanding between the governmental activities and business-type activities, which are reported in the government-wide financial statements as “internal balances”. The County had no “internal balances” at December 31, 2013.

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**N. 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 the governmental funds. The classifications are as follows:

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

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Commissioners (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. 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 fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted nor 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 policies of the Board of Commissioners.

*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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The County applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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 could be used.

**O. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the County, these revenues are charges for services for the sewer operations and other revenues related to the Atwood Lodge Properties fund and Landfill fund. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

## CARROLL COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

##### **P. Restricted Assets**

Certain cash and cash equivalents are classified as restricted cash on the financial statements because their use is limited by debt covenants. Restricted cash balances have been reported also as restricted net position since they are not available for general operating use.

##### **Q. Contributions of Capital**

Contributions of capital in governmental fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. During fiscal year 2013, the County received a capital contribution of capital assets in the form of road improvements. These contributed capital assets are reported as a capital contribution on the basic financial statements.

##### **R. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net position restricted for other purposes consists primarily of programs to enhance the security of persons and property and the community environment.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

##### **S. Estimates**

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

##### **T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County Commissioners and that are either unusual in nature or infrequent in occurrence. During 2013, no such events took place for the County.

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2013, the County has implemented GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*" and GASB Statement No. 66, "*Technical Corrections-2012*".

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the County.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the County.

**B. Deficit Fund Balances/Net Position**

The following funds had deficit fund balances/net position as of December 31, 2013:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Bullet proof vest grant	\$ 552
Broadband grant	12,300
EMA	25,290
VOCA	9,139
 <u>Major enterprise fund</u>	
Landfill	4,576,427

These funds complied with State law, which does not permit a cash basis deficit at year end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities. The deficit net position in the Landfill enterprise fund resulted from the reporting of a \$4,702,499 liability for estimated closure and post closure care costs.

## CARROLL COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

#### NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the County into two categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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



**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash in Segregated Accounts**

At year-end, the County had \$332,465 cash and cash equivalents deposited separate from the County's internal investment pool. This amount is included in the amount of "Deposits with Financial Institutions" below.

**B. Deposits with Financial Institutions**

At December 31, 2013, the carrying amount of all County deposits was \$18,638,226. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2013, \$17,850,234 of the County's bank balance of \$19,019,113 was exposed to custodial risk as discussed below, while \$1,168,879 was covered by the FDIC.

Custodial credit risk 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. As permitted by Ohio Revised Code, the County's deposits are collateralized by a pool of eligible securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System in the name of the depository bank and pledged as a pool of collateral against all public deposits held by the depository. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all the 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.

**C. Investments**

At December 31, 2013, the County had no investments.

**D. Reconciliation of Deposits and Investments to the Statement of Net Position**

The following is a reconciliation of deposits and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2013:

<u>Deposits and investments per note</u>	
Carrying amount of deposits	<u>\$ 18,638,226</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 13,124,006
Business-type activities	1,012,400
Agency funds	<u>4,501,820</u>
Total	<u>\$ 18,638,226</u>

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund transfers for the year ended December 31, 2013, consisted of the following, as reported on the fund financial statements:

<u>Transfers from General fund to:</u>		
Public Assistance fund		\$ 55,679
Landfill fund		28,790
Nonmajor governmental funds		400,927
<u>Transfers from Nonmajor governmental funds to:</u>		
Motor Vehicle and Gas Tax fund		<u>35,636</u>
Total		<u>\$ 521,032</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Transfers between governmental funds are eliminated for reporting on the statement of activities.

- B. Interfund loans consisted of the following at December 31, 2013, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 88,854</u>

The interfund loan balances result from resources provided by the receivable fund to the payable fund to provide cash flow resources until anticipated revenues are received. Interfund loans payable/receivable between governmental funds are eliminated on the government-wide financial statements.

- C. Due from/to other funds consisted of the following at December 31, 2013, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Public assistance fund	Nonmajor governmental fund	<u>\$ 5,381</u>

Amounts due from/to other funds represent amounts owed between funds for goods or services provided. The balances resulted from the time lag between the dates that payments between the funds are made. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the County its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2013 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2013 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is considered a deferred inflow of resources.

The full tax rate for all County operations for the year ended December 31, 2013 was \$11.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2013 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$ 446,480,740
Commercial/Industrial/Mineral	63,489,250
Public Utility Personal Property	<u>51,753,220</u>
Total Assessed Value	<u>\$ 561,723,210</u>

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 7 - PERMISSIVE SALES AND USE TAX**

In 1985, the County Commissioners by resolution imposed a one percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. 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 to the Office of Budget and Management 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 the month of collection. In 2006, this tax was approved as a permanent tax by the voters of the County.

Proceeds of the sales and use tax are credited to the general fund. A receivable is recognized on the fund statements at year end for amounts that will be received from sales which occurred during 2013 and amounts that are measurable and available at year end are accrued as revenue. Sales and use tax revenue for 2013 amounted to \$3,398,388 in the general fund.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2013, consisted of accounts (billings for user charged services, including unbilled utility services); sales taxes; accrued interest; amounts due from other governments including grants, entitlements, shared revenues, and property taxes. All receivables are considered collectible in full and within one year, except for property taxes which, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Sales taxes	\$ 891,294
Property and other taxes	4,990,130
Accounts	106,475
Due from other governments	2,987,577
Accrued interest	4,409

**Business-type activities:**

Accounts	54,513
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Receivables recorded on the County's financial statements are recorded to the extent the amounts are determined material and substantiated, not only by supporting documentation, but also by a reasonable systematic method of determining their existence, completeness, valuation and collectability. Using these criteria, the County has elected to not record child support arrearages in the agency funds. These amounts, while potentially significant, are not considered measurable and, because collections are often significantly in arrears, the County is unable to determine a reasonable value.

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 9 - CAPITAL ASSETS**

Governmental activities capital asset activity for the year ended December 31, 2013 follows:

<b><u>Governmental activities:</u></b>	<u>Balance</u>			<u>Balance</u>
	<u>12/31/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/13</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,281,910	\$ -	\$ -	\$ 1,281,910
Construction in progress	188,297	147,285	(188,297)	147,285
Total capital assets, not being depreciated	<u>1,470,207</u>	<u>147,285</u>	<u>(188,297)</u>	<u>1,429,195</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	221,088	10,840	(1,193)	230,735
Building and improvements	15,214,551	80,749	(63,337)	15,231,963
Furniture and equipment	5,281,499	179,773	(76,296)	5,384,976
Vehicles	4,772,718	244,328	(248,000)	4,769,046
Infrastructure	27,728,268	19,579,550	-	47,307,818
Total capital assets, being depreciated	<u>53,218,124</u>	<u>20,095,240</u>	<u>(388,826)</u>	<u>72,924,538</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(214,561)	(1,831)	150	(216,242)
Building and improvements	(11,689,064)	(175,321)	63,337	(11,801,048)
Furniture and equipment	(3,784,839)	(310,643)	71,716	(4,023,766)
Vehicles	(3,704,688)	(160,055)	232,165	(3,632,578)
Infrastructure	(24,040,628)	(805,265)	-	(24,845,893)
Total accumulated depreciation	<u>(43,433,780)</u>	<u>(1,453,115)</u>	<u>367,368</u>	<u>(44,519,527)</u>
Total capital assets, being depreciated net	<u>9,784,344</u>	<u>18,642,125</u>	<u>(21,458)</u>	<u>28,405,011</u>
Governmental activities capital assets, net	<u>\$ 11,254,551</u>	<u>\$ 18,789,410</u>	<u>\$ (209,755)</u>	<u>\$ 29,834,206</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

<b><u>Governmental activities:</u></b>	
Legislative and executive	\$ 175,953
Judicial	26,858
Public safety	174,968
Public works	919,227
Health	128,539
Human services	27,234
Economic development	<u>336</u>
Total depreciation expense - governmental activities	<u>\$ 1,453,115</u>

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Business-type activities capital asset activity for the year ended December 31, 2013 follows:

<b><u>Business-type activities:</u></b>	<u>Balance</u> 12/31/12	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 12/31/13
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,532,300	\$ -	\$ -	\$ 1,532,300
Total capital assets, not being depreciated	<u>1,532,300</u>	<u>-</u>	<u>-</u>	<u>1,532,300</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	66,225	196,146	-	262,371
Buildings and improvements	10,909,194	39,732	-	10,948,926
Machinery and equipment	2,259,007	214,493	-	2,473,500
Sewer lines	<u>9,997,708</u>	<u>29,270</u>	<u>-</u>	<u>10,026,978</u>
Total capital assets, being depreciated	<u>23,232,134</u>	<u>479,641</u>	<u>-</u>	<u>23,711,775</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(3,311)	(16,430)	-	(19,741)
Buildings and improvements	(627,821)	(534,324)	-	(1,162,145)
Machinery and equipment	(863,874)	(323,550)	-	(1,187,424)
Sewer lines	<u>(4,348,420)</u>	<u>(199,954)</u>	<u>-</u>	<u>(4,548,374)</u>
Total accumulated depreciation	<u>(5,843,426)</u>	<u>(1,074,258)</u>	<u>-</u>	<u>(6,917,684)</u>
Total capital assets, being depreciated net	<u>17,388,708</u>	<u>(594,617)</u>	<u>-</u>	<u>16,794,091</u>
Business-type activities capital assets, net	<u>\$ 18,921,008</u>	<u>\$ (594,617)</u>	<u>\$ -</u>	<u>\$ 18,326,391</u>

Depreciation expense was charged to enterprise funds as follows:

<b><u>Business-type activities:</u></b>	
Sewer	\$ 243,900
Atwood Lodge Properties	<u>830,358</u>
Total depreciation expense - business-type activities	<u>\$ 1,074,258</u>

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE**

The County has entered into capitalized leases obligations for the acquisition of equipment, including a new lease during 2013 for copiers. These leases meet the criteria of a capital lease, which defines a capital lease as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Governmental activities capital assets consisting of equipment have been capitalized in the amount of \$476,909. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in 2013 totaled \$61,212 in the general fund, \$1,063 in the motor vehicle and gas tax fund and \$1,282 in nonmajor governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2013:

Year <u>Ending December 31,</u>	<u>Amount</u>
2014	\$ 55,394
2015	26,180
2016	21,540
2017	15,330
2018	<u>1,662</u>
Total minimum lease payment	120,106
Less: amount representing interest	<u>(13,764)</u>
Present value of minimum lease payments	<u>\$ 106,342</u>

**NOTE 11 - COMPENSATED ABSENCES**

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the statement of net position. Vacation and sick leave earned by proprietary funds type employees is expensed when earned.

Upon termination of County service, fully vested employees are entitled to a percentage of their accumulated sick leave based on their years of service not to exceed 30 days and all accumulated vacation. At December 31, 2013, benefits for vacation leave for governmental fund type employees totaled \$719,692 and benefits for sick leave totaled \$256,094. For proprietary fund types, benefits for vacation leave totaled \$6,486 and benefits for sick leave totaled \$8,124.

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 12 - LONG-TERM OBLIGATIONS**

**A. Governmental Activities Long-Term Obligations**

The following activity occurred in the County's governmental long-term obligations during 2013:

<b>Governmental activities:</b>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 12/31/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/13</u>	<u>Amount Due in One Year</u>
<u>General obligation bonds:</u>							
County Building 4.25%	10/15/2009	10/1/2039	\$ 378,600	\$ -	\$ (7,800)	\$ 370,800	\$ 8,000
Total general obligation bonds			<u>378,600</u>	<u>-</u>	<u>(7,800)</u>	<u>370,800</u>	<u>8,000</u>
<u>Loans:</u>							
OWDA #5250	7/30/2009	N/A	<u>68,176</u>	<u>-</u>	<u>-</u>	<u>68,176</u>	<u>-</u>
Total loans			<u>68,176</u>	<u>-</u>	<u>-</u>	<u>68,176</u>	<u>-</u>
<u>Other long-term obligations:</u>							
Capital leases			75,413	94,486	(63,557)	106,342	48,165
Compensated absences			1,027,221	110,768	(162,203)	975,786	27,057
Other loans payable			6,510	-	(3,308)	3,202	3,202
Judgments payable			<u>15,000</u>	<u>-</u>	<u>(5,000)</u>	<u>10,000</u>	<u>5,000</u>
Total other long-term obligations			<u>1,124,144</u>	<u>205,254</u>	<u>(234,068)</u>	<u>1,095,330</u>	<u>83,424</u>
Total governmental activities			<u>\$ 1,570,920</u>	<u>\$ 205,254</u>	<u>\$ (241,868)</u>	<u>\$ 1,534,306</u>	<u>\$ 91,424</u>

*General Obligation Bonds:* The general obligation bonds are supported by the full faith and credit of the County. The bonds were issued to provide resources for building renovations and improvements including energy conservation measures. These bonds are being retired through rental charges and other County operating sources. The County Building bond is being retired from the general fund.

*OWDA Loans Payable:* The County has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund construction of upgrading personal septic systems throughout the County. The amounts due to the OWDA are payable solely from the general permanent improvement fund (a nonmajor governmental fund). The loan agreement functions similar to a line-of-credit agreement. At December 31, 2013, the County has outstanding borrowings of \$68,176. The loan was not closed out as of December 31, 2013 and future debt service principal and interest requirements for the loan are not available.

*Capital Leases:* Capital lease obligations represent leases entered into for the acquisition of capital assets. The capital lease obligations will be paid from the fund that maintains custody of the related asset. See Note 10 for further detail.



**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 12 - LONG TERM OBLIGATIONS - (Continued)**

*Compensated Absences:* Sick leave and vacation benefits are presented net of actual increases and decreases because of the practicality of determining these values. The benefits will be paid from the fund from which the person is paid, which, for the County, is primarily the general fund, the public assistance fund, the motor vehicle and gas tax fund, the County Board of DD fund and the bureau support administration fund (a nonmajor governmental fund).

*Other Loans Payable:* Other loans payable represent loans entered into by the County to purchase capital asset items including a new vehicle and a new security system. Principal and interest on these loans are being paid from the general fund.

*Judgments Payable:* On January 26, 2006, the County entered into a repayment agreement to fulfill all settlement requirements in connection with the bankruptcy judgment of Norris Equipment. The judgement payable is being paid from the general fund. See Note 17.

*Future Debt Service Requirements:* The following is a summary of the County's future annual debt service principal and interest requirements for governmental long-term obligations:

Year Ending December 31,	General Obligation Bonds			Other Loans Payable		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 8,000	\$ 15,759	\$ 23,759	\$ 3,202	\$ 276	\$ 3,478
2015	8,500	15,419	23,919	-	-	-
2016	8,700	15,058	23,758	-	-	-
2017	9,200	14,688	23,888	-	-	-
2018	9,500	14,297	23,797	-	-	-
2019 - 2023	54,200	65,050	119,250	-	-	-
2024 - 2028	66,600	52,521	119,121	-	-	-
2029 - 2033	82,100	37,107	119,207	-	-	-
2034 - 2038	101,100	18,106	119,206	-	-	-
2039	22,900	973	23,873	-	-	-
Total	<u>\$ 370,800</u>	<u>\$ 248,978</u>	<u>\$ 619,778</u>	<u>\$ 3,202</u>	<u>\$ 276</u>	<u>\$ 3,478</u>

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 12 - LONG TERM OBLIGATIONS - (Continued)**

**B. Business-Type Activities Long-Term Obligations**

The following activity occurred in the County's business-type long-term obligations during 2013:

<b>Business-type activities:</b>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 12/31/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/13</u>	<u>Amount Due in One Year</u>
<u>Revenue bonds</u>							
Brown Township/Malvern Sewerline Improvements - 5.0%	02/07/79	02/07/19	\$ 134,700	\$ -	\$ (20,100)	\$ 114,600	\$ 21,000
Brown Township/Malvern Sewerline Improvements - 4.5%	10/01/01	10/01/41	2,612,100	-	(45,600)	2,566,500	47,500
United States Department of Agriculture, Rural Development - 4.25%	12/01/03	12/01/43	<u>178,800</u>	-	<u>(2,900)</u>	<u>175,900</u>	<u>3,000</u>
Total revenue bonds			<u>2,925,600</u>	-	<u>(68,600)</u>	<u>2,857,000</u>	<u>71,500</u>
<u>Other long-term obligations:</u>							
Compensated absences payable			16,571	6,822	(8,783)	14,610	6,486
Estimated liability for landfill closure and postclosure costs			<u>4,633,004</u>	<u>69,495</u>	-	<u>4,702,499</u>	-
Total other long-term obligations			<u>4,649,575</u>	<u>76,317</u>	<u>(8,783)</u>	<u>4,717,109</u>	<u>6,486</u>
Total business-type activities			<u>\$ 7,575,175</u>	<u>\$ 76,317</u>	<u>\$ (77,383)</u>	<u>\$ 7,574,109</u>	<u>\$ 77,986</u>

Revenue Bonds

The 1979, 2001 and 2003 revenue bonds were issued to provide resources for improvements to the Brown Township/Malvern sewerlines. Annual principal and interest payments on the bonds are expected to require 94.69 percent of net revenues. The total principal remaining to be paid on revenue bonds is \$2,857,000. Principal and interest paid for the current year and total customer net revenues was \$200,479 and \$200,641, respectively. These bonds will be retired through revenues derived from sewer operations in the sewer fund.

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 12 - LONG TERM OBLIGATIONS - (Continued)**

*Estimated Landfill Closure and Postclosure Costs* - See Note 18 to the financial statements for detail.

*Future Debt Service Requirements:* The following is a summary of the County's future annual debt service principal and interest requirements for enterprise fund obligations:

Year Ending December 31,	Revenue Bonds		
	Principal	Interest	Total
2014	\$ 71,500	\$ 128,698	\$ 200,198
2015	74,800	125,383	200,183
2016	78,100	121,915	200,015
2017	81,500	118,294	199,794
2018	85,100	114,516	199,616
2019 - 2023	344,200	523,330	867,530
2024 - 2028	428,600	438,890	867,490
2029 - 2033	533,900	333,735	867,635
2034 - 2038	664,800	202,769	867,569
2039 - 2043	494,500	47,000	541,500
Total	<u>\$ 2,857,000</u>	<u>\$ 2,154,530</u>	<u>\$ 5,011,530</u>

**C. Legal Debt Margin**

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was \$12,172,280 at December 31, 2013 and the unvoted legal debt margin was \$5,246,432 at December 31, 2013.

## CARROLL COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

#### NOTE 13 - RISK MANAGEMENT

##### A. General Insurance

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters.

The County is a member of County Risk Sharing Authority, Inc. (CORSA) which is a shared risk pool of sixty-one counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the 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. No county may have more than one representative on the Board at any one 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.

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

There were no significant reductions in insurance coverage from the prior year in any category of risk. Settled claims have not exceeded this insurance coverage in any of the past three years.

##### B. Health Care Insurance

The County has elected to provide health care insurance to employees through a fully-insured program. The County has switched insurance companies and now purchases commercial health care insurance from the County Employee Benefits Consortium of Ohio (CEBCO). The entire risk of loss transfers to the commercial insurance carrier. During 2013, the County offered a fully funded plan. The County's portion of the monthly premium under the health plan is \$378.04 for single, \$1,134.16 for family, \$832.82 for employee and spouse and \$679.36 for employee and children coverage. The County no longer offers the high deductible health plan.

## CARROLL COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

#### NOTE 14 - 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 Pension 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% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the 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 which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013 member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2013 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 12.00% and 12.60%, respectively. The County's contribution rate for 2013 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.10% of covered payroll.

The County's contribution rate for pension benefits for members in the Traditional Plan for 2013 was 13.00%. The County's contribution rate for pension benefits for members in the Combined Plan was 13.00%. For those plan members in law enforcement and public safety pension contributions were 17.10%. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$1,389,699, \$1,042,335, and \$1,014,539, respectively; 95.33% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 pension liability has been reported as due to other governments/pension obligation payable on the basic financial statements. Contributions to the member-directed plan for 2013 were \$14,433 made by the County and \$10,309 made by the plan members.

**CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 14 - PENSION PLANS - (Continued)**

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

Plan Description - The County participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan 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. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For 2013, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2013, 2012 and 2011 were \$41,529, \$37,302 and \$43,879, respectively; 100 percent has been contributed for 2013, 2012 and 2011.

## CARROLL COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

#### NOTE 15 - POSTRETIREMENT BENEFIT PLANS

##### A. Ohio Public Employees Retirement

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB 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 healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013 local government employers contributed 14.00% of covered payroll (18.10% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2013 was 1.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2013 was 1.00%.

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 their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$104,318, \$411,660, and \$401,270, respectively; 95.33% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 post-employment health care benefits liability has been reported as due to other governments/pension obligation payable on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 15 - POSTEMPLOYMENT BENEFIT PLANS - (Continued)**

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

Plan Description - The County contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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 the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org), under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the 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 Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2013, 2012 and 2011 were \$3,195, \$2,869 and \$3,375, respectively; 100 percent has been contributed for 2013, 2012 and 2011.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and major 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:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).



**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

**Net Change in Fund Balance**

	<u>General fund</u>	<u>Motor Vehicle and Gas Tax fund</u>	<u>County Board of DD fund</u>	<u>Public Assistance fund</u>	<u>County Home fund</u>
Budget basis	\$ 990,579	\$ 72,792	\$ (55,063)	\$ (112,317)	\$ 62,285
Net adjustment for revenue accruals	150,738	23,578	(294,932)	(13,933)	(2,088)
Net adjustment for expenditure accruals	(191,991)	(270,269)	194,583	(39,490)	(54,409)
Net adjustment for other sources/uses	28,650	-	-	-	-
Funds budgeted elsewhere	196,889	-	-	-	-
Add-back year-end encumbrances	<u>129,133</u>	<u>522,098</u>	<u>81,004</u>	<u>95,943</u>	<u>49,807</u>
GAAP basis	<u>\$ 1,303,998</u>	<u>\$ 348,199</u>	<u>\$ (74,408)</u>	<u>\$ (69,797)</u>	<u>\$ 55,595</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the unclaimed monies fund, trust fund, recorder's equipment fund, auditor's termination benefits fund and the title administration fund.

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The County receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2013.

**B. Litigation**

On October 31, 1996, the State of Ohio filed a complaint against Carroll County for preliminary and permanent injunctive relief, civil penalties and damages from the alleged failure to properly close the Carroll County Landfill. The outcome of this lawsuit is not presently determinable and it is the opinion of the County's counsel that the range of any potential loss cannot be reasonably estimated. In accordance with FASB Accounting Standards Codification 450, "Contingencies", no liability has been reported in the financial statements.

**CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 17 - CONTINGENCIES - (Continued)**

On October 5, 1995, Norris Enterprises, Inc., Norris Equipment and Fabricating, Inc., and the Carroll County Community Improvement Corporation jointly entered into a \$900,000 promissory note with the Citizens Banking Company. On December 4, 1995, Carroll County entered into an Unconditional Limited Suretyship Agreement whereby, in the event of default by the original debtors, the County may be called upon to repay the outstanding debt obligation to a maximum of \$450,000. In November 1999, Norris Enterprises, Inc. and Norris Equipment and Fabricating, Inc. filed for bankruptcy protection under Chapter 11 of the Federal Bankruptcy Code (11 U.S.C.).

On January 26, 2006, a repayment agreement was reached between the County and Sky Bank in regards to the \$450,000 loan outstanding. The agreement requires the County to pay \$50,000 to Sky Bank in \$5,000 annual installments for ten years. This amount is considered a full settlement of all obligations of the County. At December 31, 2013, a liability of \$10,000 has been recorded on the government wide financial statements (See Note 12).

**NOTE 18 - LANDFILL CLOSURE AND POSTCLOSURE COSTS**

State and federal laws and regulations require that the County perform certain maintenance and monitoring functions at the closed landfill site for thirty years after closure. The landfill was closed in 1993. The Village of Carrollton shares in the estimated liability disclosed. The Village and the County have pending negotiations regarding the Village's share of the liability. The estimated liability for the landfill is \$3,096,525 for closure costs and \$1,536,479 for post closure costs. The estimated liability for landfill closure and postclosure care has a balance of \$4,702,499 (this figure includes \$69,495 of inflation) as of December 31, 2013. The estimated cost of landfill closure and postclosure care expenses is based on the amount that would be paid if all materials and services required to monitor and maintain the closed landfill were acquired as of December 31, 2013. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. As of the date of this report, the County does not have a comprehensive plan for retiring this liability and is considering its options.

**NOTE 19 - RELATED PARTY TRANSACTION**

The Industries, a discretely presented component unit of the County, received contributions from the County for certain personnel salaries. The contributions are reflected as operating revenues in the Industries financial statements. For the year ended December 31, 2013, the contributions were \$453,585.

**NOTE 20 - FEDERAL TRANSACTIONS**

The Carroll County Department of Human Services (Welfare Department) distributes federal food stamps to entitled recipients within the County. The receipt and issuance of these stamps have the characteristics of federal grants. However, the Welfare Department merely acts in an intermediary capacity. Therefore, the inventory value of the stamps is not reflected in the accompanying financial statements as the only economic interest related to the stamps rest with the ultimate recipient.

**CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 21 - CONDUIT DEBT OBLIGATION**

In year 2001, the County served as an issuer of Ohio Health Care Facilities Revenue Bonds in the amount of \$3,180,000. The proceeds will be used to acquire, construct, improve and equip hospital facilities for St. John's Villa. St. John's Villa will make the principal and interest payments on the bonds. The facilities revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the County. Neither is the full faith and credit or taxing power of the County pledged to make payment.

**NOTE 22 - OTHER COMMITMENTS**

The County utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the County's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 38,303
Motor vehicle and gas tax	271,257
County Board of DD	49,735
Public assistance	72,938
Nonmajor governmental funds	<u>1,134,804</u>
Total	<u>\$ 1,567,037</u>

**CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 23 - 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 resources in the 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 Gas Tax	County Board of DD	Public Assistance	County Home	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>							
Materials and supplies inventory	\$ 16,095	\$ 387,767	\$ -	\$ 1,626	\$ -	\$ 2,802	\$ 408,290
Prepays	67,227	-	-	1,776	-	1,158	70,161
Unclaimed monies	28,734	-	-	-	-	-	28,734
<b>Total nonspendable</b>	<b>112,056</b>	<b>387,767</b>	<b>-</b>	<b>3,402</b>	<b>-</b>	<b>3,960</b>	<b>507,185</b>
<b>Restricted:</b>							
Legislative and executive	-	-	-	-	-	671,212	671,212
Judicial	-	-	-	-	-	157,473	157,473
Public safety	-	-	-	-	-	454,848	454,848
Public works	-	3,525,786	-	-	-	46,455	3,572,241
Health	-	-	1,630,707	-	-	14,673	1,645,380
Human services	-	-	-	431,913	112,771	887,040	1,431,724
Economic development and assistance	-	-	-	-	-	100,242	100,242
Urban development and housing	-	-	-	-	-	28,114	28,114
Transportation	-	-	-	-	-	182,556	182,556
Other	-	-	-	-	-	36,742	36,742
Capital projects	-	-	-	-	-	96,417	96,417
<b>Total restricted</b>	<b>-</b>	<b>3,525,786</b>	<b>1,630,707</b>	<b>431,913</b>	<b>112,771</b>	<b>2,675,772</b>	<b>8,376,949</b>
<b>Committed:</b>							
Legislative and executive	47,335	-	-	-	-	-	47,335
Judicial	967	-	-	-	-	2,557	3,524
Public safety	1,347	-	-	-	-	436,871	438,218
Health	176	-	-	-	-	-	176
Other	-	-	-	-	-	4,691	4,691
Capital projects	-	-	-	-	-	148,870	148,870
<b>Total committed</b>	<b>49,825</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>592,989</b>	<b>642,814</b>
<b>Assigned:</b>							
Judicial	2,269	-	-	-	-	-	2,269
Public safety	6,017	-	-	-	-	-	6,017
Public works	245	-	-	-	-	-	245
Human services	3,443	-	-	-	-	-	3,443
Subsequent year appropriations	2,172,371	-	-	-	-	-	2,172,371
<b>Total assigned</b>	<b>2,184,345</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,184,345</b>
<b>Unassigned (deficit)</b>	<b>2,205,124</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(47,281)</b>	<b>2,157,843</b>
<b>Total fund balances</b>	<b>\$ 4,551,350</b>	<b>\$ 3,913,553</b>	<b>\$ 1,630,707</b>	<b>\$ 435,315</b>	<b>\$ 112,771</b>	<b>\$ 3,225,440</b>	<b>\$ 13,869,136</b>

**CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 24 - CARROLL HILLS INDUSTRIES, INC.**

**A. Summary of Significant Accounting Policies**

*Nature of Operations*

The organization is a sheltered workshop for mentally handicapped individuals and provides job and learning skills to its clients.

*Method of Accounting*

The organization prepares its financial statements on the accrual basis of accounting.

*Fund Accounting*

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the organization, the accounts of the organization are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified.

*Component Unit*

The organization is a component unit of another government, the Carroll County Board of Developmental Disabilities, a component unit of Carroll County.

*Accounts Receivable*

The organization uses the allowance method of accounting for doubtful accounts. All accounts were considered to be fully collectible at December 31, 2013 and 2012. Therefore, no allowance for doubtful accounts has been recorded in these financial statements.

*Property and Equipment*

Property and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation are eliminated from the accounts, and any resulting gain or loss is reflected in income. Depreciation for financial reporting purposes is based on the following policies:

<u>Description</u>	<u>Useful Lives</u>	<u>Method</u>
Buildings	39 years	Straight line
Furniture & Fixtures	5 - 7 years	Straight line
Vehicles & Equipment	5 years	Straight line
Parking Lot	15 years	Straight line

*Donations*

All donations received are considered to be available for unrestricted use unless specifically restricted by donor.

**CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 24 - CARROLL HILLS INDUSTRIES, INC. - (Continued)**

*Tax Status*

As a non-profit organization under Section 501 (c) (3) of the Internal Revenue Code, the organization is exempt from Federal and Ohio income taxes. Therefore, no provision has been made for Federal and Ohio income taxes in the accompanying financial statements.

*Cash Equivalents*

For the purposes of the statements of cash flows, the organization considers all highly liquid debt instruments purchased with a maturity date of three months or less to be equivalents.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Advertising Costs*

The organization expenses the production costs of advertising the first time the advertising takes place.

**B. Deposits with Off Balance Sheet Risk**

As of December 31, 2013 and 2012, the organization had bank balances of \$192,131 and \$127,980, respectively. Of these bank balances, \$192,131 and \$127,980 were covered by federal depository insurance and \$0 and \$0, respectively, were uncollateralized as of December 31, 2013 and 2012.

**C. Compensated Absences**

Employees of the organization do not receive paid vacation or sick time. Therefore, no accrual for compensated absences is reflected in these financial statements.

**D. Concentration of Credit Risk**

The accounts receivable balance of the organization consists of balances due from clients operating primarily in East Central Ohio.

**CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 24 - CARROLL HILLS INDUSTRIES, INC. - (Continued)**

**E. Risk Management**

The organization 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. The organization carries commercial insurance to cover all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**F. Related Party Transactions**

The organization had transactions during 2013 and 2012 with other component units of Carroll County. As of December 31, 2013 and 2012, the organization had accounts receivable from related party component units of \$5,524 and \$9,491, respectively.

**G. Donated Materials and Services**

The wages of certain staff personnel working at the organization are paid by the Carroll County Board of Developmental Disabilities. The total wages, \$427,587 and \$424,087 for 2013 and 2012, respectively, are reflected in the organization's financial statements as grant income and salary expense.

The building from which the organization conducts its operations is donated by the Carroll County Board of Developmental Disabilities rent free. No amounts have been recorded in the financial statements of reflect the value of this contribution.

**H. Contingencies**

The organization operates a passenger van that has been substantially funded by federal grant monies through the Ohio Department of Transportation (ODOT). Under terms of the agreement, the organization must reimburse 80% (original funding ratio) of any residual fair market value of the vehicle to ODOT upon disposal.

**CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 24 - CARROLL HILLS INDUSTRIES, INC. - (Continued)**

**I. Mortgage Payable**

The organization has the following mortgage payable at December 31:

	<u>2013</u>	<u>2012</u>
Mortgage payable, collateralized by commercial real estate, \$15,066 principal forgiven annually, with no interest, due in 2023.	\$ 150,656	\$ 165,721
Less: current portion	<u>(15,066)</u>	<u>(15,066)</u>
	<u>\$ 135,590</u>	<u>\$ 150,655</u>

Principal payments on the notes payable scheduled to be made are as follows for the years ending December 31:

2014	\$	15,066	
2015		15,066	
2016		15,066	
2017		15,066	
2018		15,066	
Thereafter		<u>75,326</u>	
		<u>\$ 150,656</u>	

**J. Unearned Revenue - DD Board**

The organization entered into an agreement with the Carroll County Board of Developmental Disabilities under which the Board provided grant funding of \$163,980 for construction of a commercial building used as a habilitation center for mentally handicapped individuals. The property was constructed subject at a total cost of \$438,074. Per the agreement, the Board will forgive 1/15<sup>th</sup> of the mortgage each year.

**K. Accounting for Uncertainty in Income Tax Positions**

Effective January 1, 2009, generally accepted accounting principles require the Organization to evaluate the level of uncertainty related to whether tax positions taken will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the statement of income. The Organization believes that none of the tax positions taken would materially impact the financial statements and no such liabilities have been recorded.



**CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 24 - CARROLL HILLS INDUSTRIES, INC. - (Continued)**

In general, the Organization is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for tax years before 2010.

**L. Subsequent Events**

In evaluating events that may have a material impact on the financial statements, the Organization has considered activities through June 27, 2014, the date of the financial statements were available to be released.

CARROLL COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>PASSED THROUGH OHIO DEPARTMENT OF JOB AND FAMILY SERVICES</b>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1314-11-0017	\$ 166,369
<b>PASSED THROUGH OHIO DEPARTMENT OF EDUCATION</b>			
<i>Nutrition Cluster:</i>			
National School Lunch Program	10.555	2013	10,680
<b>Total U.S. Department of Agriculture</b>			<b>177,049</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH THE OHIO DEPARTMENT OF DEVELOPMENT OFFICE OF HOUSING AND COMMUNITY PARTNERSHIP</b>			
<i>Community Development Block Grants/State's Program Cluster:</i>			
FY 11 Formula Grant	14.228	B-F-11-1AJ-1	1,381
FY 12 Formula Grant	14.228	B-C-12-1AJ-1	89,047
FY 13 Formula Grant	14.228	B-F-13-1AJ-1	4,720
FY 12 Chip CDBG Grant	14.228	B-C-12-1AJ-1	9,529
Community Development Block Grants/State's Programs	14.228	n/a	17,209
<b>Total Community Development Block Grants</b>			<b>121,886</b>
Home Investment Partnerships Program	14.239	B-C-12-1AJ-2	108,625
Economic Development Institute - Special Project, Neighborhood Initiative and Miscellaneous Grant	14.251	B0859040061	5,673
<b>Total U.S. Department of Housing and Urban Development</b>			<b>236,184</b>
<b>U.S. DEPARTMENT OF JUSTICE PASSED THROUGH THE OFFICE OF CRIMINAL JUSTICE</b>			
Bullet Proof Vest Partnership Program	16.607	BA-3A00S-SM01	16,584
Crime Victim Assistance	16.575	2013 SAGE NE 087	43,154
Crime Victim Assistance	16.575	2014 SAGE NE 087	12,777
<b>Total Crime Victim Assistance</b>			<b>55,931</b>
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG)	16.803	2009-RA-LSS-2407	11,980
<b>Total U.S. Department of Justice</b>			<b>84,495</b>
<b>U.S. DEPARTMENT OF LABOR PASSED THROUGH THE OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES VIA AREA 16 WORKFORCE INVESTMENT BOARD</b>			
<i>WIA Cluster:</i>			
WIA Adult	17.258	n/a	69,602
WIA Youth Activities	17.259	n/a	26,310
WIA Dislocated Worker Formula Grants	17.278	n/a	74,220
<b>Total WIA Cluster</b>			<b>170,132</b>
<b>Total U.S. Department of Labor</b>			<b>170,132</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<b>PASSED THROUGH THE OHIO DEPARTMENT OF TRANSPORTATION</b>			
Formula Grants for Other Than Urbanized Areas	20.509	RPT 4010 020031	199,843
<b>PASSED THROUGH THE OHIO DEPARTMENT OF PUBLIC SAFETY</b>			
State and Community Highway Safety	20.600	HVEO 2013-10-00-00-00396-00	6,925
State and Community Highway Safety	20.600	HVEO 2014-10-00-00-00335-00	1,519
<b>Total State and Community Highway Safety</b>			<b>8,444</b>
<b>Total U.S. Department of Transportation</b>			<b>208,287</b>

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**CARROLL COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
<i>Special Education Cluster:</i>			
Special Education- Grants to States	84.027	2013	24,610
Special Education_Preschool Grants	84.173	2013	6,421
<b>Total Special Education Grant Cluster</b>			<u>31,031</u>
Special Education - Grants for Infants and Families	84.181	n/a	22,215
<b>Total U.S. Department of Education</b>			<u>53,246</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF JOBS AND FAMILY SERVICES</b>			
Promoting Safe and Stable Families	93.556	G-1314-11-0017	24,134
Temporary Assistance for Needy Families (TANF)	93.558	G-1314-11-0017	805,375
Child Support Enforcement	93.563	G-1314-11-0018	273,425
Child Care and Development Block Grant	93.575	G-1314-11-0017	30,018
Child Welfare Services - State Grants	93.645	G-1314-11-0017	44,084
Foster Care Title IV-E	93.658	G-1314-11-0017	95,385
Adoption Assistance	93.659	G-1314-11-0017	29,139
Social Services Block Grant	93.667	G-1314-11-0017	137,904
Social Services Block Grant	93.667	n/a	21,613
<b>Total Social Services Block Grant</b>			<u>159,517</u>
Chafee Foster Care Independence Program	93.674	G-1314-11-0017	13,036
Children's Health Insurance Program	93.767	n/a	1,079
Medical Assistance Program	93.778	G-1314-11-0017	170,296
Medical Assistance Program	93.778	n/a	106,927
<b>Total Medical Assistance Program</b>			<u>277,223</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>1,752,415</u>
<b>U.S. ELECTION ASSISTANCE COMMISSION PASSED THROUGH THE OHIO SECRETARY OF STATE</b>			
Help America Vote Act Requirements Payments	90.401	n/a	4,175
<b>Total U.S. Election Assistance Commission</b>			<u>4,175</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH THE OHIO EMERGENCY MANAGEMENT AGENCY</b>			
Emergency Food and Shelter National Board Program	97.024	n/a	1,503
Emergency Management Performance Grants	97.042	EMW-2013-EP-00004-S01	48,853
Homeland Security Grant Program	97.067	2010-SS-T0-0012	6,771
<b>Total U.S. Department of Homeland Security</b>			<u>57,127</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 2,743,110</u>

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) reports Carroll County, Ohio’s (the “County”) federal award program expenditures. The schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING REQUIREMENTS**

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**NOTE C – REVOLVING LOAN FUND**

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households. 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 this 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 this schedule. These loans are collateralized by mortgages on the property.

Activity in the Community Development Block Grant revolving loan fund during 2013 is as follows:

The ODOD converted RLF Funds to grants in the amount of \$17,209. ODOD released old revolving loan money to be used for the Rehabilitation of the County Nursing Home.

Cash balance on hand at January 1, 2013	\$ 33,496
2013 Interest earnings	26
2013 Grant disbursed	(17,209)
2013 Loans repaid	<u>1,232</u>
Cash balance on hand as of December 31, 2013	<u>\$ 17,545</u>
Delinquent amounts due as of December 31, 2013	\$ -

**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**

**INDEPENDENT AUDITORS' REPORT**

To the Board of County Commissioners  
Carroll County, Ohio:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Carroll County, Ohio (the "County") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 27, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

one east fourth street, ste. 1200  
cincinnati, oh 45202

www.cshco.com  
p. 513.241.3111  
f. 513.241.1212

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
June 27, 2014

**REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133****INDEPENDENT AUDITORS' REPORT**

To the Board of County Commissioners  
Carroll County, Ohio:

**Report on Compliance for the Major Federal Program**

We have audited Carroll County, Ohio's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2013. The County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on the Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

one east fourth street, ste. 1200  
cincinnati, oh 45202

www.cshco.com  
p. 513.241.3111  
f. 513.241.1212

## Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
June 27, 2014



**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued :	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

**Federal Awards**

Internal Control over major program:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major program:	unmodified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	none
Identification of major program:	
<i>CFDA 93.558 – Temporary Assistance for Needy Families (TANF)</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	yes

**Section II - Financial Statement Findings**

**None**

**Section III – Federal Award Findings and Questioned Costs**

**None**

**Section IV – Schedule of Prior Audit Findings**

**None**

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# Dave Yost • Auditor of State

## CARROLL COUNTY FINANCIAL CONDITION

### CARROLL 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  
JULY 22, 2014