



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

AUGLAIZE COUNTY FINANCIAL CONDITION

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REPORT OF INDEPENDENT ACCOUNTANTS

Auglaize County
201 South Willipie Street, Suite G-11
Wapakoneta, Ohio 45895

To the Board of County Commissioners:

We have audited the accompanying general-purpose financial statements of Auglaize County, (the County) as of and for the year ended December 31, 2000. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of Auglaize Industries, Inc., which represent 81 percent and 67 percent, respectively, of the assets and revenues of the component unit column. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Auglaize Industries, Inc., is based 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Auglaize County, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types and component units for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2001, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the County, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

June 22, 2001

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AUGLAIZE COUNTY FINANCIAL CONDITION

**COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS,
AND DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets				
Equity in pooled cash and cash equivalents	\$2,973,128	\$5,648,589	\$3,398,557	\$5,663,585
Cash and cash equivalents in segregated accounts				
Receivables:				
Real and other taxes:				
Property taxes	1,647,158	2,237,091	98,831	
Sales taxes	442,798		295,182	147,599
Accounts (net of allowance)	8,907	60,482	2,424	576
Special assessments			3,460,959	
Accrued interest	83,648			
Due from other funds	1,150	83,723		
Due from other governments	289,099	387,082		
Intergovernmental	91,000			
Prepayments	132,058	23,860		
Materials and supplies inventory	41,211	210,194		
Property, plant and equipment (net of accumulated depreciation where applicable)				
Other Debits				
Amount available in debt service fund for retirement of general long-term obligations				
Amount available in debt service fund for retirement of special assessments bonds				
Amount to be provided from general government resources				
Amount to be provided from special assessments				
Total assets and other debits	<u>5,710,157</u>	<u>8,651,021</u>	<u>7,255,953</u>	<u>5,811,760</u>
LIABILITIES, EQUITY, AND OTHER CREDITS				
Liabilities				
Accounts payable	84,846	321,828		24,580
Accrued wages	118,257	123,934		
Compensated absences payable	47,526	80,822		
Claims Payable				
Contracts payable		22,087		
Due to other funds	4,535	86,408		957
Due to other governments	196,887	476,633		
Deferred revenue	1,622,883	2,204,601	3,558,333	
Undistributed monies				
Leases payable				
Notes payable				
Bonds payable:				
General obligation				
Special assessment				
Total liabilities	<u>2,074,934</u>	<u>3,316,313</u>	<u>3,558,333</u>	<u>25,537</u>
Fund Equity and Other Credits				
Investment in general fixed assets				
Contributed capital				
Retained earnings				
Fund balances:				
Reserved for taxes	24,275	32,490	1,457	
Reserved for special assessment			4,922	
Reserved for encumbrances	89,328	372,907		24,907
Reserved for supplies inventory	41,211	210,194		
Unreserved fund balance	3,480,409	4,719,117	3,691,241	5,761,316
Total fund equity and other credits	<u>3,635,223</u>	<u>5,334,708</u>	<u>3,697,620</u>	<u>5,786,223</u>
Total liabilities, equity and other credits	<u>\$5,710,157</u>	<u>\$8,651,021</u>	<u>\$7,255,953</u>	<u>\$5,811,760</u>

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

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)		Total (Memorandum Only)
Enterprise	Internal Service	Trust And Agency	General Fixed Assets	General Long-Term Obligations	Primary Government	Component Units	Reporting Entity
\$675,338	\$375,624 299	\$3,029,848 656,479			\$21,764,669 656,778	\$530,673	\$22,295,342 656,778
		39,647,204			43,630,284		43,630,284
420,660	842	391 819,280			885,579 494,282	29,698	885,579 523,980
	9,291				4,280,239		4,280,239
25,867	533				83,648		83,648
31,250					94,164		94,164
4,695					702,581		702,581
28,345					122,250		122,250
					160,613	1,000	161,613
					279,750	14,855	294,605
4,661,155	646		\$21,474,548		26,136,349	633,521	26,769,870
				\$3,515,148	3,515,148		3,515,148
				176,093	176,093		176,093
				2,081,461	2,081,461		2,081,461
				2,313,769	2,313,769		2,313,769
<u>5,847,310</u>	<u>387,235</u>	<u>44,153,202</u>	<u>21,474,548</u>	<u>8,086,471</u>	<u>107,377,657</u>	<u>1,209,747</u>	<u>108,587,404</u>
72,292	16,584				520,130	27,653	547,783
79,785	2,589				324,565	1,046	325,611
129,271	912			586,609	845,140	2,550	847,690
	42,992				42,992	0	42,992
					22,087	0	22,087
2,264					94,164	0	94,164
128,969	2,767	43,371,689			44,176,945	4,065	44,181,010
		656,479			7,385,817	26,845	7,412,662
					656,479	0	656,479
					0	29,610	29,610
92,853				514,862	607,715	258,913	866,628
				5,010,000	5,010,000		5,010,000
				1,975,000	1,975,000		1,975,000
<u>505,434</u>	<u>65,844</u>	<u>44,028,168</u>		<u>8,086,471</u>	<u>61,661,034</u>	<u>350,682</u>	<u>62,011,716</u>
5,369,867 (27,991)	321,391		21,474,548		21,474,548		21,474,548
					5,369,867	71,565	5,441,432
					293,400	787,500	1,080,900
					58,222		58,222
					4,922		4,922
					487,142		487,142
					251,405		251,405
		125,034			17,777,117		17,777,117
<u>5,341,876</u>	<u>321,391</u>	<u>125,034</u>	<u>21,474,548</u>		<u>45,716,623</u>	<u>859,065</u>	<u>46,575,688</u>
<u>\$5,847,310</u>	<u>\$387,235</u>	<u>\$44,153,202</u>	<u>\$21,474,548</u>	<u>\$8,086,471</u>	<u>\$107,377,657</u>	<u>\$1,209,747</u>	<u>\$108,587,404</u>

AUGLAIZE COUNTY FINANCIAL CONDITION
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Fiduciary	Total
	General	Special	Debt	Capital	Expendable	
	Fund	Revenue	Service	Projects	Trust	(Memorandum
						Only)
Revenues:						
Property taxes	\$1,814,673	\$2,525,416	\$113,642			\$4,453,731
Sales tax	2,910,714	60,000	1,873,663	\$970,237		5,814,614
Permissive tax		475,861				475,861
Charges for services	804,736	1,028,260				1,832,996
Licenses and permits	4,718					4,718
Fines and forfeitures	353,965	76,745				430,710
Intergovernmental	1,348,210	7,544,621		570,409		9,463,240
Special assessments		56,132	366,288	114,684		537,104
Investment Income	1,213,845	50,034	2,733	98,045	\$2,152	1,366,809
Other	159,513	420,306	86,364	285	44,708	711,176
Total Revenues	8,610,374	12,237,375	2,442,690	1,753,660	46,860	25,090,959
Expenditures:						
General government:						
Legislative & executive	1,849,988	355,640				2,205,628
Judicial	1,251,420	217,045				1,468,465
Public Safety	3,270,003	356,253			7,931	3,634,187
Public Works	157,287	3,807,174				3,964,461
Health	32,502	3,785,012			10,901	3,828,415
Human Services	331,995	3,761,642			22,934	4,116,571
Other expense	743,680	141,058				884,738
Capital Outlay				1,221,745		1,221,745
Debt Service:						
Principal retirement			892,598			892,598
Interest & fiscal charges			450,457			450,457
Total Expenditures	7,636,875	12,423,824	1,343,055	1,221,745	41,766	22,667,265
Excess of revenues over (under) expenditures	973,499	(186,449)	1,099,635	531,915	5,094	2,423,694
Other financial sources (uses)						
Proceeds from sale of fixed asset	1,185	18,613				19,798
Proceeds from note				169,756		169,756
Operating transfers in	26,040	35,749				61,789
Operating transfers out		(45,000)	(749)		(16,040)	(61,789)
Other financing sources	207,808	537,857		12,924		758,589
Other financing uses	(475,813)	(204,521)	(2,845)		(111)	(683,290)
Total other financing sources (uses)	(240,780)	342,698	(3,594)	182,680	(16,151)	264,853
Excess of revenues and other financing sources over (under) expenditures and other uses	732,719	156,249	1,096,041	714,595	(11,057)	2,688,547
Fund balances (deficits) at Beginning of year	2,885,231	5,253,097	2,601,579	5,071,628	136,091	15,947,626
Increase in reserve for inventory	17,273	(74,638)				(57,365)
Fund balances at year end	\$3,635,223	\$5,334,708	\$3,697,620	\$5,786,223	\$125,034	\$18,578,808

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

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AUGLAIZE COUNTY FINANCIAL CONDITION

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND CASH BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types					
	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property taxes	\$1,708,000	\$1,821,242	\$113,242	\$2,546,500	\$2,526,671	(\$19,829)
Permissive sales tax	2,872,226	2,913,329	41,103	460,000	536,838	76,838
Charges for services	872,300	852,894	(19,406)	942,500	1,056,526	114,026
Licenses and permits	5,070	4,718	(352)			
Fines and forfeitures	410,000	352,241	(57,759)	78,200	78,500	300
Intergovernmental	1,215,249	1,286,710	71,461	8,534,660	7,614,022	(920,638)
Special assessments				80,000	58,575	(21,425)
Investment income	600,000	1,116,747	516,747	33,300	47,216	13,916
Other	40,000	161,710	121,710	345,691	408,490	62,799
Total Revenues	7,722,845	8,509,591	786,746	13,020,851	12,326,838	(694,013)
Expenditures:						
General Government						
Legislative and executive	2,744,187	2,051,899	692,288	598,119	447,328	150,791
Judicial	1,403,235	1,254,386	148,849	335,221	220,718	114,503
Public Safety	3,495,214	3,347,131	148,083	655,551	395,114	260,437
Public Works	250,787	158,514	92,273	4,726,572	3,901,061	825,511
Health	91,678	65,802	25,876	3,978,528	3,568,164	410,364
Human Services	391,466	341,805	49,661	4,589,433	3,869,761	719,672
Other (miscellaneous)	839,097	768,098	70,999	670,919	137,373	533,546
Capital outlay						
Debt service:						
Principal retirement						
Interest						
Total Expenditures	9,215,664	7,987,635	1,228,029	15,554,343	12,539,519	3,014,824
Excess of revenues over (under) expenditures	(1,492,819)	521,956	2,014,775	(2,533,492)	(212,681)	2,320,811
Other financing sources (uses):						
Proceeds of bonds and notes					18,613	18,613
Operating transfers in		26,737	26,737	250,000	205,000	(45,000)
Operating transfers out	(115,081)		115,081	(46,639)	(46,639)	
Other Sources	386,308	362,759	(23,549)	496,214	308,536	(187,678)
Gain on sale of fixed assets	500	1,185	685			
Other uses	(566,175)	(481,488)	84,687	(400,882)	(216,554)	184,328
Total other financing sources and uses	(294,448)	(90,807)	203,641	298,693	268,956	(29,737)
Excess of revenues and other sources over (under) expenditures and other uses	(1,787,267)	431,149	2,218,416	(2,234,799)	56,275	2,291,074
Fund balance at beginning of year	1,846,454	1,846,454		4,426,835	4,426,835	
Prior year encumbrances	349,295	349,295		481,587	481,587	
Fund balance at end of year	\$408,482	\$2,626,898	\$2,218,416	\$2,673,623	\$4,964,697	\$2,291,074

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

Governmental Fund Types						Fiduciary Fund Type		
Debt Service Funds			Capital Projects Funds			Expendable Trust Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$115,000	\$113,707	(\$1,293)						
1,600,000	1,875,012	275,012	\$957,048	\$971,108	\$14,060			
			572,200	570,409	(1,791)			
342,300	366,288	23,988	250,000	114,109	(135,891)			
	2,628	2,628		83,617	83,617		\$2,143	\$2,143
83,000	88,788	5,788		286	286	\$52,000	44,669	(7,331)
2,140,300	2,446,423	306,123	1,779,248	1,739,529	(39,719)	52,000	46,812	(5,188)
						19,015	10,154	8,861
						98,214	10,901	87,313
						30,001	22,934	7,067
			2,582,882	1,347,665	1,235,217			
892,631	892,598	33						
450,465	450,457	8						
1,343,096	1,343,055	41	2,582,882	1,347,665	1,235,217	147,230	43,989	103,241
797,204	1,103,368	306,164	(803,634)	391,864	1,195,498	(95,230)	2,823	98,053
				169,756	169,756			
(61,374)	(749)	60,625		15,042	15,042	(16,040)	(16,040)	
(7,595)	(2,345)	5,250				(26,631)	(112)	26,519
(68,969)	(3,094)	65,875	0	184,798	184,798	(42,671)	(16,152)	26,519
728,235	1,100,274	372,039	(803,634)	576,662	1,380,296	(137,901)	(13,329)	124,572
2,297,722	2,297,722		4,633,068	4,633,068		133,063	133,063	
			399,934	399,934		4,838	4,838	
\$3,025,957	\$3,397,996	\$372,039	\$4,229,368	\$5,609,664	\$1,380,296	\$0	\$124,572	\$124,572

AUGLAIZE COUNTY FINANCIAL CONDITION

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Types		Total Primary Government	Airport Authority	Total
	Enterprise Funds	Internal Service	(Memorandum Only)		(Memorandum Only)
Operating Revenues:					
Charges for services	\$4,772,005	\$2,283,027	\$7,055,032	\$165,291	\$7,220,323
Intergovernmental				22,500	22,500
Other operating revenue	18,689		18,689	1,675	20,364
Total operating revenues	4,790,694	2,283,027	7,073,721	189,466	7,263,187
Operating Expenses:					
Personal services	3,514,288	84,173	3,598,461		3,598,461
Contract services	552,067	2,309,320	2,861,387	87,296	2,948,683
Materials and supplies	523,058	39,395	562,453	83,194	645,647
Depreciation	174,420	104	174,524	34,861	209,385
Other operating expenses	11,325	138	11,463	7,679	19,142
Total operating expenses	4,775,158	2,433,130	7,208,288	213,030	7,421,318
Operating (loss)	15,536	(150,103)	(134,567)	(23,564)	(158,131)
Non-operating expenses					
Proceeds from sale of fixed assets	(236)		(236)		(236)
Other non-operating income	55,861	585	56,446	12,873	69,319
Other non-operating expense	(2,500)	(731)	(3,231)	(35,147)	(38,378)
Interest Income				3,067	3,067
Total non-operating revenue (expenses)	53,125	(146)	52,979	(19,207)	33,772
Net Income (loss)	68,661	(150,249)	(81,588)	(42,771)	(124,359)
Depreciation on fixed assets acquired by contributed capital	30,371		30,371	2,611	32,982
Retained earnings/fund balances at January 1	(127,023)	471,640	344,617	185,553	530,170
Retained earnings/fund balances at December 31	(27,991)	321,391	293,400	145,393	438,793
Contributed capital at January 1	5,336,497		5,336,497	15,363	5,351,860
Contributions/donated fixed assets	63,741		63,741		63,741
Depreciation on fixed assets acquired by contributed capital	(30,371)		(30,371)	(2,611)	(32,982)
Contributed capital at December 31	5,369,867		5,369,867	12,752	5,382,619
Total fund equity at December 31	<u>\$5,341,876</u>	<u>\$321,391</u>	<u>\$5,663,267</u>	<u>\$158,145</u>	<u>\$5,821,412</u>

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

AUGLAIZE COUNTY FINANCIAL CONDITION

**STATEMENT OF INCOME, REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
DISCRETELY PRESENTED COMPONENT UNIT - AUGLAIZE INDUSTRIES, INC.
FOR THE YEAR ENDED DECEMBER 31, 2000**

Operating revenue:	
Charges for services	\$ 366,827
Vocational revenue	<u>25,175</u>
Total revenue	<u>392,002</u>
Cost of sales:	
Labor and employment taxes	244,145
Subcontracts	9,061
Repair and maintenance	<u>25,616</u>
Total cost of sales	<u>278,822</u>
Operating expenses:	
Community employment wages	61,009
Insurance	7,095
Depreciation	12,837
Professional fees	10,865
Membership dues	1,872
Administrative expenses	<u>45,510</u>
Total operating expenses	<u>139,188</u>
(Loss) from operations	<u>(26,008)</u>
Non-operating revenues (expenses):	
Miscellaneous revenue	13,735
Rental income	34,210
Rental expenses	(45,007)
Investment income	1,237
Donations	13,253
Employee program revenue	35,579
Employee program expense	(36,378)
Unrestricted support	140,436
Expenditure of unrestricted support	<u>(140,436)</u>
Total non-operating revenues (expenses)	<u>16,629</u>
Net income (loss)	(9,379)
Retained Earnings- January 1, 2000	<u>651,486</u>
Retained Earnings - December 31, 2000	<u>642,107</u>
Contributed capital received from:	
Grants	42,256
Depreciation on fixed asset asset acquired by contributed capital	(5,660)
Contributed Capital - January 1, 2000	<u>22,217</u>
Contributed Capital - December 31, 2000	<u>58,813</u>
Total Fund Equity - December 31, 2000	<u>\$ 700,920</u>

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

AUGLAIZE COUNTY FINANCIAL CONDITION

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Types		Total Primary Government	Component	Total
	Enterprise Funds	Internal Service	(Memorandum Only)	Units	(Memorandum Only)
Operating Activities:					
Cash received from customers	\$4,790,694	\$52,000	\$4,842,694	\$566,496	\$5,409,190
Quasi-external transactions		2,212,027	2,212,027		2,212,027
Cash paid to suppliers and employees	(4,558,762)	(2,371,970)	(6,930,732)	(582,557)	(7,513,289)
Other operating revenue		19,000	19,000	22,500	41,500
Net cash provided by operating activities	231,932	(88,943)	142,989	6,439	149,428
Capital and related financing activities:					
Acquisition of capital assets	(35,057)		(35,057)	(74,889)	(109,946)
Sale of equipment					
Contributed Capital				42,256	42,256
Debt Service:					
Principal retirement	(25,235)		(25,235)	(27,209)	(52,444)
Net cash used for capital and related financing activities	(60,292)		(60,292)	(59,842)	(120,134)
Noncapital Financing Activities:					
Non-operating revenue	55,861	585	56,446	39,063	95,509
Non-operating disbursements	(2,500)	(731)	(3,231)	(35,148)	(38,379)
Net cash provided by noncapital financing activities	53,361	(146)	53,215	3,915	57,130
Investing Activities:					
Interest on cash equivalents				46,592	46,592
Net rental income				(999)	(999)
Net redemption of certificates of deposit				20,235	20,235
Net purchases of investments				(37,699)	(37,699)
Net cash provided by investing activities				28,129	28,129
Net increase (decrease) in cash and cash equivalents	225,001	(89,089)	135,912	(21,359)	114,553
Cash and cash equivalents at beginning of year	450,337	465,012	915,349	143,133	1,058,482
Cash and cash equivalents at end of year	675,338	375,923	1,051,261	121,774	1,173,035
Reconciliation of operating income (loss) to Net cash provided by operating activities					
Operating income (loss)	15,536	(150,103)	(134,567)	(49,572)	(184,139)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	174,420	104	174,524	47,698	222,222
Changes in assets and liabilities:					
Supplies inventory	1,898		1,898	(2,900)	(1,002)
Accounts receivable	42,379	(593)	41,786	7,768	49,554
Due from other government	(25,867)	(533)	(26,400)	0	(26,400)
Intergovernmental	2,500		2,500	0	2,500
Due from other funds		13,050	13,050	0	13,050
Prepays	5,248		5,248	0	5,248
Claims and judgements payable		30,079	30,079	0	30,079
Accounts payable	11,373	15,826	27,199	5,247	32,446
Accrued wages and benefits	1,804	1,133	2,937	(1,044)	1,893
Compensated absences payable	2,445	700	3,145	0	3,145
Due to other governments	28,046	1,394	29,440	(16,118)	13,322
Due to other funds	(27,850)		(27,850)	0	(27,850)
Deferred revenue			0	15,360	15,360
Net cash provided by operating activities	\$231,932	(\$88,943)	\$142,989	\$6,439	\$149,428

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

AUGLAIZE COUNTY FINANCIAL CONDITION

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

1. DESCRIPTION OF THE ENTITY

Auglaize County (The County), was formed by an act of the Legislature on February 14, 1848. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Probate/Juvenile and Domestic Relations Court Judge, and a Municipal County Court Judge.

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

A. Reporting Entity

The County's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, effective for financial statements for periods beginning after December 15, 1992. The general purpose financial statements (GPFS) include all funds, account groups, agencies, boards, commissions, and other component units for which Auglaize County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 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 GPFS to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of 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.

Certain funds are legally separate from the County, however, their activity is so intertwined with that of the County that they are reported as part of the County. The following funds have been included or blended into the County's GPFS:

Auglaize County Children's Services Board (CSB)

The County Commissioners approve the budget for the CSB and are substantially involved in its operation. The operations of the CSB are accounted for as a separate special revenue fund.

The Auglaize County Board of Mental Retardation and Development Disabilities/MRDD

The Board is appointed by the Probate Judge and the County Commissioners. The Commissioners serve as the appropriating authority for the Board and are "accountable" for its activities. The operations of MRDD are accounted for as a separate special revenue fund.

Discretely Presented Component Units

The component units columns in the GPFS include the financial data of the County's other component units. They are reported in a separate column to emphasize that they are legally separate from the County. See Note 23 for additional information on these discretely presented component units.

Auglaize County Airport Authority

The Commissioners are substantially involved in the operations of the Airport Authority. The operations of the Airport Authority are accounted for using proprietary fund accounting.

AUGLAIZE COUNTY FINANCIAL CONDITION

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000 (Continued)

1. DESCRIPTION OF THE ENTITY (Continued)

Auglaize Industries, Inc.

This is a legally separate, not-for profit corporation, served by a self-appointing board of trustees. Auglaize Industries, Inc., under a contractual agreement with the Auglaize County Board of Mental Retardation and Developmental Disabilities, provides sheltered employment for mentally retarded or handicapped adults in Auglaize County. Based on the significant services and resource provided by the County to Auglaize Industries, Inc. and their sole purpose of providing assistance to the retarded and handicapped adults of Auglaize County, Auglaize Industries, Inc. is reflected as a component unit of Auglaize County.

Potential Component Units Reported as Agency Funds

In the case of the separate agencies, boards, and commissions listed below the County serves as fiscal agent, but is not accountable as defined in GASB Statement No. 14; accordingly, the activity of the following districts and agencies have been included in the financial statements as agency funds:

- Auglaize County Combined General Health District
- Auglaize County Soil and Water Conservation District
- Auglaize County Regional Planning Commission
- Auglaize County Local Emergency Planning Commission
- Auglaize County Emergency Management Agency Cooperative
- Auglaize County Law Library
- Auglaize County Family and Children First Council

Excluded Potential Component Units

The County is not accountable, as defined in GASB Statement No. 14, for the following entities and is not involved with their activities in any substantial capacity; accordingly their activities have been excluded from the County's GPFS.

- Auglaize County Public District Library
- Auglaize County Agricultural Society
- Auglaize County Cooperative Extension Services
- Auglaize County Historical Society
- Auglaize County Council on Aging
- Auglaize County Child Abuse and Neglect Advisory Board
- Auglaize County Humane Society

The County is associated with the following risk pools, jointly governed organizations and joint ventures which are described in Notes 19 through 21.

- Midwest Risk Pool Management Agency, Inc.
- Midwest Employee Benefit Consortium
- County Commissioner Association of Ohio Workers' Compensation Group Rating Plan
- Auglaize County Regional Planning Commission
- Workforce Improvement Act Youth Council Consortium of Auglaize, Hardin and Mercer Counties
- West Central Ohio Network
- Auglaize and Mercer Counties Convention and Visitors' Bureau
- Auglaize County Emergency Management Cooperative
- Grand Lake Task Force
- Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties

AUGLAIZE COUNTY FINANCIAL CONDITION

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and practices of Auglaize County conform to generally accepted accounting principles (GAAP) as applicable to governmental units, as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The County also applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989, to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the County's accounting policies are described below. The information provided in the notes to the financial statements relates generally to the primary government. Information related to the component units is specifically identified.

A. Basis of Presentation - Fund Accounting

The County uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

A fund is defined as a fiscal and accounting entity with a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes the following fund types and account groups are used by the County.

1. Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

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

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Funds

These funds are used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest and related costs and special assessment long-term debt principal, interest and related costs.

Capital Projects Funds

These funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

2. Proprietary Fund Types:

Proprietary funds are used to account for the County's ongoing activities which are financed and operated in a manner similar to private sector enterprises. The following are the proprietary fund types utilized by the County:

Enterprise Funds

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

Internal Service Funds

These funds are used for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

3. Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the County's fiduciary fund types:

Trust and Agency Funds

These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are purely custodial (assets equal liabilities) and thus, do not involve measurement of results of operations.

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Account Groups:

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

General Fixed Assets Account Group

The general fixed assets account group is used to account for all fixed assets of the County, other than those fixed assets accounted for in the proprietary funds.

General Long-Term Obligations Account Group

The general long-term obligations account group is used to account for all long-term obligations of the County, except for those accounted for in the proprietary funds.

B. Measurement Focus And Basis of Accounting

1. Primary Government

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

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

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

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which the County has defined as a "reasonable" period of time after year end, or sixty (60) days).

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: earnings on investments, sales tax (see Note 7), federal and state grants and entitlements, charges for current services, and fines and forfeitures. Major revenue sources not susceptible to accrual include licenses and permits which are not considered measurable until received.

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Special assessments (principal and interest) are recorded as deferred revenue because they do not meet the availability criteria.

Property taxes measurable as of December 31, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2001 operations, have also been recorded as deferred revenue.

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

The proprietary funds are reported using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

2. Discretely Presented Component Units

Auglaize Industries uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

The Auglaize County Airport Authority uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis (cash basis) of accounting.

All funds, other than agency funds are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund, function, and object level within each department. Advances-in and advances-out are not required to be budgeted since they do not represent a cashflow resource. Budgetary modifications may only be made by resolution of the County Commissioners.

AUGLAIZE COUNTY FINANCIAL CONDITION

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Tax Budget:

A budget of estimated revenues and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The express purpose of this budget is to reflect the need for existing (or increased) tax rates.

2. Estimated Resources:

The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the estimated beginning of year fund balance and projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount of available resources as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs either to be increased or decreased.

The amounts reported on the Combined Statement of Revenues, Expenditures and Changes in Fund Cash Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds reflect the amounts in the final amended official certificate of estimated resources during 2000.

3. Appropriations:

A temporary appropriation resolution to control expenditures may be passed on or around 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 during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during 2000. The budget amounts reported in the "Combined Statement of Revenues, Expenditures and Changes in Fund Cash Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds represent the final appropriation amounts, including all amendments and modifications.

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Budgeted Level of Expenditures:

Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation resolution without authority from the County Commissioners. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Appropriations are made to the fund, department and object level (i.e. General Fund - Commissioners - salaries, supplies, equipment, contract repairs, travel expenses, maintenance, other expenses, etc.)

5. Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances in the governmental fund types.

6. Lapsing of Appropriations:

Unencumbered appropriations lapse at year end, revert back to the respective fund from which they were appropriated, and become subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not reappropriated.

D. Cash And Cash Equivalents

To improve cash management, cash received by the County is pooled, except for cash held in segregated accounts. Monies for all funds, including proprietary funds are included in this pool. Individual fund integrity is maintained through the County's records. Each fund type's share of the pool is presented on the balance sheet as "Equity in Pooled Cash and Cash Equivalents."

During 2000, investments were limited to money markets, treasury notes, federal agency securities and STAROhio.

Except for money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

The County has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2000.

AUGLAIZE COUNTY FINANCIAL CONDITION

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Following Ohio statutes, the County is required to credit all investment earnings to the General Fund, unless otherwise expressly required by law to allocate to other funds. Interest is distributed to the general fund, the motor vehicle gasoline tax special revenue fund, various capital project funds, Auglaize School Workshop bonds retirement fund, Treasurer's prepay agency fund and Auglaize School and Group Home expendable trust fund. Total investment revenue earned during 2000 was \$1,366,809.

Cash and cash equivalents that are held separately within departments of the County, or in outside accounts in the name of various elected officials or departments are recorded on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts."

For purposes of the combined statement of cash flows and for the presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased are considered to be cash and cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Inventory of Supplies

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

F. Prepays And Deferrals

Payments made to vendors for services that will benefit periods beyond December 31, 2000, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

G. Interfund Assets And Liabilities

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short term interfund loans or the short-term portion of advances are classified as "interfund receivables/payables."

Long-term interfund loans are reported as "advances to" or "advances from" other funds and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

H. Fixed Assets And Depreciation

The fixed asset values were initially determined at December 31, 1990, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. Donated fixed assets are capitalized at fair market value on the date donated.

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost. The cost of interest on debt issued for construction in progress is not capitalized.

1. General Fixed Assets Account Group

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

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

2. Enterprise Funds

Property, plant, and equipment reflected in the enterprise funds are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation is provided on a straight-line basis over the following estimated useful lives:

Description	Estimated Life
Sewer and Water Treatment Plants and Lines	50 year
Buildings	30 years
Furniture and Fixtures	10-20 years
Machinery and Equipment	7-15 years
Licensed Vehicles	6 years

3. Auglaize Industries

Buildings, equipment and improvements are stated at cost except for donated assets which are stated at fair market value at date of receipt. Leasehold improvements are depreciated ratably over the estimated useful life. Depreciation of fixed assets is on a declining balance basis over the estimated useful lives of the respective assets, as follows:

Description	Estimated Life
Furniture and Fixtures	5-7 years
Transportation Equipment	5-10 years
Computers	5 years
Buildings (Residential Properties)	25-40 years
Leasehold Improvements	15-31.5 years

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Auglaize Airport Authority

The fixed asset values were initially determined at December 31, 1994, using the consumer pricing index to estimate historical costs. Donated fixed assets are capitalized at fair market value on the date donated. Depreciation is provided on a straight line basis over the following estimated useful lives:

Description	Estimated Life
Furniture and Fixtures	20 years
Machinery and Equipment	7-15 years
Licensed Vehicles	6 years

I. Compensated Absences

The County follows the provisions of Governmental Accounting Standards Board Statement No. 16 "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will probably be paid as termination benefits. This item is discussed further in Note 15 to the General Purpose Financial Statements.

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

J. Intergovernmental Revenues

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

K. Long-term Debt

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment. For other long-term debt, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group (See Note 17). Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

AUGLAIZE COUNTY FINANCIAL CONDITION

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under Ohio law, a debt retirement fund must be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the allocation of the debt liability among the capital projects and enterprise funds, and the general long-term obligations account group, with principal and interest payments on matured general obligation long-term debt being reported in the debt service fund.

L. Contributed Capital

Contributed capital represents resources provided from other funds, other governments, and private sources provided to the enterprise funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to either unreserved retained earnings or contributed capital at year end.

M. Reserves of Fund Equity

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

N. Interfund Transactions

During the course of normal operations the County has numerous transactions occur between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers.

Nonrecurring and nonroutine transfers of equity between funds, capital contributions to the Enterprise fund, the subsequent return of all or part of such contributions, and the transfer of residual balances of discontinued funds or projects to the General fund, Capital Projects funds, or Debt Service funds (when financed with debt proceeds) are classified as residual equity transfers.

Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures and expenses in the fund that is reimbursed.

Quasi-external transactions are accounted for as revenues and expenditures or expenses.

O. Use of Estimates

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

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "(Total Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

When the title of a statement indicate that component units are included, two total columns are presented. The first is captioned "Primary Government" to indicate that only those activities that comprise the County's legal entity have been included. The second is captioned "Reporting Entity" and includes the activity and operations of the County's legally separate discretely presented component units (see Note 1) and primary government. The total column on statements which do not include component units have no additional captions.

3. CONVERSION OF OPERATIONS FROM BUDGET BASIS TO GAAP BASIS

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

3. CONVERSION OF OPERATIONS FROM BUDGET BASIS TO GAAP BASIS (Continued)

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	\$431,149	\$56,275	\$1,100,274	\$576,662	\$(13,329)
Net adjustment for revenue accruals	100,783	(89,463)	(3,733)	14,131	48
Net adjustment for expenditure accruals	350,760	115,695		125,920	2,223
Net adjustment for other financing sources accruals	(155,648)	65,708		(2,118)	
Net adjustment for other financing uses	<u>5,675</u>	<u>8,034</u>	<u>(500)</u>	<u> </u>	<u>1</u>
GAAP Basis	<u>\$732,719</u>	<u>\$156,249</u>	<u>\$1,096,041</u>	<u>\$714,595</u>	<u>\$(11,057)</u>

4. ACCOUNTABILITY

The following funds had a deficit fund balance as of December 31, 2000. This presentation represents deficit fund balances at a minimum.

Special Revenue Funds:	Deficit Fund Balance:
Jail Diversion	\$(1,712)
1999 Home	(10,895)
1999 Community Housing Improvement Program	(22,968)
DARE	(205)
2000 Community Development Block Grant	(25,000)
Enterprise Funds:	
Auglaize Acres Donations	(16,368)
Internal Service Funds:	
Police Rotary	(1,763)
Airport Rotary	(654)
Insurance Fund	(111,160)
2000 Flex Spending	(11,026)
Gas Rotary	(5,075)

The deficits in the Special Revenue, Internal Service and Enterprise Funds are caused by the application of generally accepted accounting principles to these funds. The General Fund provides transfers to cover deficit balances, however, this is done as cash is needed rather than as accruals occur.

AUGLAIZE COUNTY FINANCIAL CONDITION

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000 (Continued)

5. DEPOSITS AND INVESTMENTS

A. Primary Government

The County maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents."

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes debentures, or any other obligation 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. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit, or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and

AUGLAIZE COUNTY FINANCIAL CONDITION

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000 (Continued)

5. DEPOSITS AND INVESTMENTS (Continued)

10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

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.

Protection of the County's cash and investments is provided by the Federal Deposit Insurance Corporation (FDIC), federal government backed securities (United States Treasury), and qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

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

At year-end, the County had \$179,782 in undeposited cash on hand which is included on the balance sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents and Cash and Cash Equivalents in Segregated Accounts". This amount is uninsured and uncollateralized.

Deposits - At year-end, the carrying amount of the County's deposits was \$14,395,748 and the bank balance was \$15,046,586. Of the bank balance, \$1,207,061 was covered by federal depository insurance; \$300,000 was covered by collateral held in joint custody with the public depository and the County; and \$13,539,525 was uninsured and uncollateralized as defined by the Governmental Accounting Standards Board because the collateral pledged by the financial institution or their trust departments or agents was not in the County's name. Although the collateral was held by pledging financial institutions' trust department in the County's name and all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the County to a successful claim by the FDIC.

The pledging bank has an investment and securities pool used to collateralize all public deposits. This pool had a market value at December 31, 2000, in excess of 110 percent of the public funds on deposit. Statutory provisions require that collateral pledged for deposits be held in trust by an institution other than the pledging bank or in collateral pools pledged to cover government deposits held by an institution.

Investments - Statutory provisions require that the County Treasurer hold all securities acquired by the County or deposit them with a qualified trustee pursuant to Section 135.37 of the Ohio Revised Code.

GASB Statement 3 *Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements* requires that governments disclose the carrying amounts and market value of investments classified by risk.

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

Category 1 includes investments that are insured or registered and the securities are held by the County. Category 2 includes uninsured and unregistered investments for which the securities are held in the counterparty's trust department or agent in the County's name. Category 3 includes uncollateralized investments (this includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name). STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Market/ Carrying Value	Category 3
STAR Ohio	\$1,632,000	\$0
Funds Invested by Fifth Third Trust - US		
FHLB	1,814,060	1,814,060
FNMA	1,150,882	1,150,882
FHLMC	842,336	842,336
Federal Farm CR BKS CONS	353,290	353,290
FHLB CONS DISC	1,394,252	1,394,252
Money Market, US Treasury Obligation Fund	<u>659,097</u>	<u>659,097</u>
Total Investments	<u>\$7,845,917</u>	<u>\$6,213,917</u>

The classification of cash and cash equivalents and investments on the general purpose financial statements is based on criteria set forth in GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Cash and cash equivalents are defined to include investments with original maturities of three months or less and funds included within the County's cash management pool.

A reconciliation between the classifications of pooled cash and cash equivalents and investments on the combined Balance Sheet and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$ 22,421,447	\$ 0
Cash on Hand	(179,782)	
FHLB	(1,814,060)	1,814,060
FNMA	(1,150,882)	1,150,882
FHLMC	(842,336)	842,336
Federal Farm CR BKS CONS	(353,290)	353,290
FHLB CONS DISC	(1,394,252)	1,394,252
STAR Ohio	(1,632,000)	1,632,000
U.S. Treasury Security Money Market Fund	<u>(659,097)</u>	<u>659,097</u>
GASB Statement No. 3	<u>\$ 14,395,748</u>	<u>\$7,845,917</u>

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

B. Component Units

Auglaize County Airport Authority - All moneys and funds acquired by the Airport Authority under Ohio Rev. Code Sections 4582.22 and 4582.59 are held by it in trust and are not part of other public funds. These funds, except as otherwise provided in any resolution authorizing revenue bonds or in any trust agreement securing the same, or except when invested pursuant to Ohio Rev. Code Section 4582.54 are kept in depositories selected by the Airport Authority in the manner provided the Ohio Rev. Code Chapter 135. The deposits are secured as provided in that chapter.

At year end, the carrying amount of the Auglaize County Airport Authority deposits were \$87,157 and the bank balances were \$87,057. \$87,057 was covered by federal depository insurance. The balance of cash on hand at year end was \$100. The Auglaize County Airport Authority did not have any investments at year end.

Auglaize Industries, Inc. - At year end, the carrying amount of Auglaize Industries, Inc. deposits was \$34,317 and the bank balance was \$43,801. Of this amount, \$43,801 was covered by federal depository insurance. The balance of cash on hand at year end was \$200. The investment securities are carried at fair market value. Of these securities, United States Government and Agency Obligations due after ten years have a fair value of \$76,757; Equity Securities, Mutual Funds have a fair value of \$296,494; and Federally Insured Certificate of Deposit have a fair value of \$35,648 with a cost of \$35,648. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit corporations.

Auglaize County has adopted GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and For External Investment Pools."

	2000	Auglaize Industries
Fair Value at End of Year	\$ 7,845,917	\$ 373,251
Net Proceeds (Cost) of Investments	(255,647)	(37,699)
Value at beginning of year	<u>(7,534,723)</u>	<u>(377,840)</u>
Change in Fair Value of Investments	<u>\$ 55,547</u>	<u>\$ (42,288)</u>

Investment income consists of the following components:

Interest and dividends	\$1,311,262	\$ 43,525
Change in fair value of investments	<u>55,547</u>	<u>(42,288)</u>
Total Investment Income	<u>\$1,366,809</u>	<u>\$ 1,237</u>

6. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility property) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Tax Commissioner at 35 percent of appraised market value. All property is required to be revalued every six years. The last triennial update was completed in tax year 1999 (calendar year 2000). Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 14.

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

6. PROPERTY TAXES (Continued)

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year.

Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due October 20. Single-county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by October 20.

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. Certain public utility tangible personal property currently is assessed at one hundred percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected. The County records receipt of these taxes in various funds.

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2000. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2000 operations. The receivable and the portion of the tax levies prepaid by year end into the undivided general tax agency fund are therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 2000, was \$7.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

Real Property:	
Agricultural/Residential	\$482,961,970
Commercial/Industrial/Mineral	108,461,490
Public Utility Real	319,360
Tangible Personal Property:	
General	143,893,211
Public Utility	<u>35,679,100</u>
Total Assessed Value	<u>\$771,315,131</u>

7. PERMISSIVE SALES AND USE TAX

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.

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

7. PERMISSIVE SALES AND USE TAX (Continued)

The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the permissive sales tax are to be credited to the General Fund (75 percent) and to the Permanent Improvement Fund (25 percent). Amounts that have been collected by the State and are to be received in the available period have been accrued as revenue. This sales and use tax revenue for 2000 amounted to \$3,880,951. The General and Permanent Improvement Funds were credited with \$2,910,714 and \$970,237, respectively.

Additionally, on June 1, 1996, a voter approved one-half percent sales tax went into effect for 10 years. This tax is used to finance the construction, and maintenance and operation of a law enforcement facility. Sales and use tax revenue for 2000 amounted to \$1,933,663. The Special Revenue and Debt Service Funds were credited with \$60,000 and \$1,873,663, respectively. Effective January 1, 2001, the proceeds from this one-half percent sales tax are to be credited 75 percent to the Jail Operation and Maintenance Fund and 25 percent to the Jail Debt Service Fund.

8. INTERFUND TRANSACTIONS

As of December 31, 2000, interfund receivables and payables that resulted from various interfund transactions were as follows:

A. Due From/to Other Funds

Due To:	Due From:	Amount:
General	Auglaize Acres	\$ 121
General	Ditch Construction	957
General	MRDD	72
Motor Vehicle	Ditch Maintenance	64,819
Motor Vehicle	General	569
Motor Vehicle	Solid Waste Management	697
Human Services	Child Support Enforcement Agency	17,637
Flexible Spending	General	3,645
Flexible Spending	Motor Vehicle	1,048
Flexible Spending	Human Services	1,134
Flexible Spending	Solid Waste Management	450
Flexible Spending	Auglaize Acres	2,143
Flexible Spending	Child Support Enforcement Agency	551
Gas Rotary	General	<u>321</u>
Total		<u><u>\$94,164</u></u>

B. Operating Transfers

Fund	Transfer In	Transfer Out
General	26,040	\$
Dog and Kernel		10,000
Children's Service		35,000
Ditch Maintenance	749	
Human Service	35,000	
Unclaimed Funds		16,040
Note Retirement		<u>749</u>
Totals	<u><u>\$61,789</u></u>	<u><u>\$61,789</u></u>

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

8. INTERFUND TRANSACTIONS (Continued)

C. Advances

Advances	Advances In	Advances Out
Solid Waste Management	\$5,638	\$
Recycling Grant		<u>5,638</u>
Total	<u>\$5,638</u>	<u>\$5,638</u>

9. RECEIVABLES

Receivables at December 31, 2000, consist of taxes, accounts (billings for user charged services), special assessments, interfund, interest, due from other funds, and due from other government receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

A summary of the principal items of due from other government receivables follows:

General Fund	Amount
Personal Property Exemption	\$7,308
Bureau of Workers Comp Premium Refund	37,451
Acting Judge Salary Reimbursement	522
Advertisement for State Issues	1,418
Sheriff's Salary Reimbursement	1,511
Local Government	191,162
Revenue Assistance	32,618
Inheritance tax	24
Sanitary Engineer	2,584
Public Defender Reimbursement	<u>14,501</u>
Total General Fund	<u>289,099</u>
Special Revenue Funds	
Motor Vehicle License Tax	65,640
Permissive Motor Vehicle License Tax	31,011
Gasoline Tax - Excise	232,830
Children's Services - State Funding	16,082
Bureau of Workers Compensation Premium Refund	37,185
Personal Property Exemption	<u>4,334</u>
Total Special Revenue Funds	<u>387,082</u>
Enterprise Funds	
Bureau of Workers Compensation Premium Refund	<u>25,867</u>
Internal Service Funds	
Bureau of Workers Compensation Premium Refund	<u>533</u>
Total Due From Other Governments	<u>\$702,581</u>

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

9. RECEIVABLES (Continued)

A summary of the principal items of accounts receivables follows:

General Fund	Amount
Juvenile Rehabilitation Reimbursement	\$ 334
Other Fees	1,500
Reimbursements	1,075
Juvenile Court Fees	1,866
Pay for Stay - Jail	987
Juvenile Fines	3,119
Toll Calls	<u>26</u>
Total General Fund	<u>8,907</u>
Special Revenue Funds	
AOK Program Fees	50
Community Alternative Fees	6,146
Grand Lake Task Force - Fines	360
Solid Waste Management Reimbursement	120
Children Services Reimbursement	268
Child Support Enforcement Agency Fees	8,383
Motor Vehicle Reimbursement	2,673
Solid Waste Generation Fee	28,504
Recycling Sales	7,444
Indigent Driver Alcohol Treatment Fines	363
Human Services Refunds	5,732
Engineer Sales	<u>439</u>
Total Special Revenue Funds	<u>60,482</u>
Debt Service Funds	
Solid Waste Receipts	<u>2,424</u>
Capital Projects Funds	
Brewer Ditch Construction Reimbursement	<u>576</u>
Enterprise Funds	
Oakwood Hills Sewer Charge for Service	2,443
Auglaize Acres Room and Board	670,513
Auglaize Acres Other Receipts	2,238
South Grand Lake Sewer Charge for Service	16,784
Villa Nova Sewer Charge for Service	1,948
Sharlon Sewer Charge for Service	776
Beverly Hills Sewer Charge for Service	2,064
Sherwood Forest Sewer Charge for Service	1,623
Pleasantview Sewer Charge for Service	3,056
Arrowhead Estates Sewer Charge for Service	1,473
East Lake Park Sewer Charge for Service	5,388
Forest Lane Sewer Charge for Service	1,373
Sandy Beach Sewer Charge for Service	<u>11,241</u>
Total Enterprise Funds	<u>720,920</u>
Less Allowable for Doubtful Account (Auglaize Acres Room & Board)	<u>(300,260)</u>
Total Enterprise Funds - Net of Allowance	<u>420,660</u>
Internal Service Funds	
COBRA Insurance Reimbursements	<u>842</u>
Agency Funds	
Other fees	<u>391</u>
Total Accounts Receivable	<u><u>\$494,282</u></u>

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

10. FIXED ASSETS

A summary of the proprietary fund property, plant, and equipment at December 31, 2000 follows:

	<u>Balance January 1, 2000</u>	<u>Prior Period Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2000</u>
Primary Government					
Land and Land Improvements	\$ 57,858	\$	\$	\$	\$ 57,858
Building and Improvements	868,815				868,815
Water and Sewer	5,735,566				5,735,566
Equipment, Furniture and Vehicles	<u>401,812</u>	<u>31,298</u>	<u>68,056</u>	<u>(2,470)</u>	<u>498,696</u>
Total Primary Government	<u>7,064,051</u>	<u>31,298</u>	<u>68,056</u>	<u>(2,470)</u>	<u>7,160,935</u>
Accumulated Depreciation					
Land and Land Improvements	1,921		295		2,216
Building and Improvements	748,594		31,487		780,081
Water and Sewer	1,321,458		114,711		1,436,169
Equipment, Furniture and Vehicles	<u>254,317</u>		<u>28,030</u>	<u>(1,679)</u>	<u>280,668</u>
Total Primary Government	<u>2,326,290</u>		<u>174,523</u>	<u>(1,679)</u>	<u>2,499,134</u>
Net Assets Primary Government	<u>\$4,737,761</u>	<u>31,298</u>	<u>\$106,467</u>	<u>\$ (791)</u>	<u>\$4,661,801</u>
Component Units					
Airport Authority	\$342,297	\$	\$ 13,150	\$	\$ 355,447
Auglaize Industry-Land	60,092		22,565		82,657
Auglaize Industry-Building	269,456		128,000		397,456
Auglaize Industry -Equipment	<u>195,132</u>		<u>6,174</u>	<u>(29,183)</u>	<u>172,123</u>
Total Component Units	<u>866,977</u>		<u>169,889</u>	<u>(29,183)</u>	<u>1,007,683</u>
Accumulated Depreciation					
Airport Authority - Equipment	197,690		34,861		232,551
Auglaize Industry-Building	6,960		11,163		18,123
Auglaize Industry-Equipment	<u>135,390</u>		<u>17,281</u>	<u>(29,183)</u>	<u>123,488</u>
Total Component Units	<u>340,040</u>		<u>63,305</u>	<u>(29,183)</u>	<u>374,162</u>
Net Assets Component Units	<u>\$526,937</u>	<u>\$</u>	<u>\$106,584</u>	<u>\$ 0</u>	<u>\$633,521</u>

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

	<u>Balance January 1, 2000</u>	<u>Prior Period Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2000</u>
Primary Government					
Land	\$ 2,004,791	\$	\$ 9,436	\$	\$ 2,014,227
Building	10,846,828		923,484		11,770,312
Sewer	131,131				131,131
Equipment, Furniture and Vehicles	7,033,707	(11,171)	700,691	(189,160)	7,534,067
Construction in Progress	<u>408,733</u>			<u>(383,922)</u>	<u>24,811</u>
Total Primary Government	<u>\$20,425,190</u>	<u>\$(11,171)</u>	<u>\$1,633,611</u>	<u>\$(573,082)</u>	<u>\$21,474,548</u>

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

11. CONTRIBUTED CAPITAL

The County's 2000 activity related to contributed capital is summarized below:

A. Primary Government

Contributed Capital at January 1, 2000	\$5,336,497
Contributions from Other Funds, Net	63,741
Depreciation on Fixed Assets Acquired By Contributed Capital	<u>(30,371)</u>
Total Primary Government Contributed Capital at December 31, 2000	<u>\$5,369,867</u>

B. Component Unit

Contributed Capital at January 1, 2000	\$ 37,580
Contribution from External Sources	42,256
Depreciation on Fixed Assets Acquired By Contributed Capital	<u>(8,271)</u>
Total Component Unit Contributed Capital at December 31, 2000	<u>\$ 71,565</u>

Total Contributed Capital at December 31, 2000	<u><u>\$5,441,432</u></u>
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12. RISK MANAGEMENT

A. Transference of Risk: Liability, Property, Crime

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The County participates in the Midwest Risk Pool Management Agency, Inc. which is a public entity risk pool, (see Note 19) for general liability, automobile liability, public officials liability and property and crime insurance.

Coverage provided by the pool are as follows:

Property

Maximum per occurrence	\$184,634,770
Subject to following sublimits	
Flood*	36,000,000
Earthquake*	36,000,000
Demolition & Increased Cost of Construction	2,000,000
Extra Expense	1,250,000
Rental Income	1,000,000
Computer Equipment & Media	2,250,000
Computer Extra Expense	1,000,000
Property in Transit	1,000,000
Valuable Papers	1,000,000
Account Receivable	1,000,000
Mobile Equipment	9,450,000
Fine Arts	150,000
Automatic Builders' Risk	2,000,000
Automatic Newly Acquired Property	2,000,000

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

12. RISK MANAGEMENT (Continued)

Crime	
Employee Dishonesty & Faithful Performance	250,000
Money and Securities (Inside and Outside)	250,000
Forgery and Alteration	250,000
Boiler & Machinery	30,000,000
Liability	
Maximum per occurrence	5,000,000
Subject to following sublimits	
General, Law, Auto	5,000,000
Ohio Stop Gap*	5,000,000
Employee Benefits*	5,000,000
Public Official Errors and Omissions*	5,000,000
Sexual Harassment*	1,000,000
Limits include the pool self-insured retentions	
*Limit is annual aggregate	

Each member pays the first \$500 (deductible) on any property, physical damage to County automobiles, and crime loss involving county property. The pool pays (self insured retention) the next:

Property, Auto, Physical Damage, Crime	\$ 50,000	per occurrence
Liability	100,000	per occurrence
Combined loss maximum	100,000	per occurrence
Maximum per year all claims combined	420,000	annual stop loss

The Pool purchases excess commercial insurance to pay for claims excess of above member deductibles and pool self-insurance retentions. This insurance provides following insurance limits:

Property & Auto Physical Damage	\$184,634,770
Crime	250,000
Liability	5,000,000

Amount of any claim or loss in excess of these amounts would be the responsible of the County that incurred the claim or loss.

Member contributions to the Pool are adjusted annually and are calculated to annually produce a sufficient sum of money to pay Pool expenses including estimated Pool self-insured losses and claims adjustment expense. Under the terms of Pool membership, should the annual member contributions not be sufficient to fully fund Pool expenses including ultimate losses, the Board of Trustees can require supplementary contributions. Supplementary contributions, if required, would be based on the Members' pre-determined percentage share of Pool costs for that year. Supplementary contributions can be accessed during the entire life of the Association and any later period when claims or expenses need to be paid which are attributable to any membership year during which the event or claim occurred.

AUGLAIZE COUNTY FINANCIAL CONDITION

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000 (Continued)

12. RISK MANAGEMENT (Continued)

Provisions for claim reserves and loss adjustment expenses are based on information reported by members and are calculated by the association's claim administrator and independent actuary. These amounts represent an estimate of reported, unpaid claims, plus provisions for claims incurred and not reported. The association's management believes that the estimate of the liability for claim reserves is reasonable in the circumstances; however, actual incurred losses and loss adjustment expenses may not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of losses and related loss adjustment expenses may vary from the estimated amount included in the accompanying financial statements. Should the provision for claims reserves not be sufficient, supplemental contributions, as discussed above, will be accessed.

B. Transference of Risk: Employee Health Insurance

The County is part of the Midwest Employee Benefit Consortium (MEBC) for its employee health insurance, and retains no risk for this plan (see Note 19). Member contributions are calculated to annually produce a sufficient sum of money within the self-insurance pool adequate to fund administrative expenses of the Association and to create adequate reserves for claims and unallocated loss adjustment expenses.

Under the terms of membership, should annual member contributions not be sufficient to fund ultimate losses, establish adequate reserves and cover administrative expenses, the Board of Trustees can require supplementary contributions. Supplementary contributions can be assessed during the entire life of the Association and any later period when claims or expenses need to be paid which are attributable to any membership year during which the event or claim occurred.

Provisions for claims reserves and loss adjustment expenses are based on information reported by members and are calculated by the association's claims administrator. These amounts represent an estimate of reported, unpaid claims, plus a provision for claims incurred and not reported. The Association's management believes that the estimate of liability for claim reserves is reasonable in the circumstances; however, actual incurred losses and loss adjustment expenses may not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of losses and related loss adjustment expenses may vary from the estimated amounts included in the accompanying financial statements. Should the provision for claims reserves not be sufficient, supplemental contributions, as discussed above, will be assessed.

C. Transference of Risk: Workers Compensation Insurance

For 2000, the County participated in the County/Commissioners Association of Ohio Workers' Compensation Group Rating Plan ("the Plan"), an insurance purchasing pool (See Note 19). The plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than the individual rate.

In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, annually the Plan's executive committee calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from, or pays rate equalization rebates to the various participants. Participation in the plan is limited to counties that can meet the Plans' selection criteria.

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

12. RISK MANAGEMENT (Continued)

The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

D. Retention of Risk: Flexible Spending, Employee Drug Card and Reimbursed Health Claims

In addition to the basic Health Care Benefit Plan, the County has established a "Flexible Spending Account" to supplement the services provided under the Basic Health Care Benefit Plan and the County self-funds an employee prescription drug card administered through National Medical Health Card Systems, Inc.

1. Each year the County deposits into the "flexible spending account" the amount of \$150 for a single coverage plan and \$300 for a family coverage plan. These funds may be used, as the employee determines, to cover health care expenses which are not covered under the County's basic health care program or to provide additional coverage for items which are part of the County's basic health care coverage. This plan is administered by Lindig Benefit Consultants.
2. The County's Basic Health Care Program has an agreement with National Medical Health Card Systems Inc. to provide prescription drugs to the County's Basic Health Care Plan members. Under this program, the employee pays a deductible for each prescription filled and the County pays the balance.
3. The County reimburses Medicare for any past payments for services to Auglaize County employees that should have been covered by the Auglaize County Group Health plan but were originally paid by Medicare.

The liability for unpaid claims of National Medical Health Card and Medicare reimbursements at period end was \$42,992.

Changes in the plans' claims liability during 2000 were:

	<u>Beginning of Year Liability</u>	<u>New Claims</u>	<u>Liability Claims Payments</u>	<u>Liability Balance at Year End</u>
2000	\$ <u>12,913</u>	\$ <u>389,665</u>	\$ <u>(359,586)</u>	\$ <u>42,992</u>
1999	\$ <u>13,881</u>	\$ <u>292,031</u>	\$ <u>(292,999)</u>	\$ <u>12,913</u>

Settled claims have not exceeded coverage in any of the past three years.

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

13. RETIREMENT PLANS

A. Public Employees Retirement System (PERS):

All Auglaize County employees, who are not certified teachers, participate in the Public Employees Retirement System of Ohio ("PERS"), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations; law enforcement employees contribute 9 percent. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. For plan members, other than those engaged in law enforcement, the County was required to contribute 6.54 percent of covered salary for 2000, a reduction from 9.35 percent for 1999. The County contribution for law enforcement employees for 2000 was 11.4 percent, down from 12.5 percent for 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The County's contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$651,672, \$920,799, and \$922,026, respectively, for regular employees and \$96,631, \$99,952, and \$98,357, respectively, for law enforcement employees. The full amount has been contributed for 1999 and 1998, and 84 percent has been contributed for 2000. The unpaid contribution for 2000 is recorded as a liability in the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System (STRS)

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

Plan members are required to contribute 9.3 percent of their annual covered salary to fund pension obligations and the County is required to contribute 6 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's required contributions to STRS for the years ended December 31, 2000, 1999, and 1998 were \$13,035, \$13,735, and \$13,049, respectively; 90% has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998. The unpaid contribution for 2000 is recorded as a liability in the respective funds.

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

14. POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement 12, *"Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers"*. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care based on authority granted by State statute. The employer contribution rate for 2000 was 10.84 percent of covered payroll for employees not engaged in law enforcement; 4.3 percent was the portion that was used to fund health care. The employer contribution rate for law enforcement employees for 2000 was 15.7 percent; 4.3 percent was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 401,339. The County's actual contributions for 2000 which were used to fund postemployment benefits were \$428,469 for regular employees and \$36,449 for law enforcement employees. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805,500,000. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and 1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay- as-you-go funding basis.

B. State Teachers Retirement System (STRS)

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

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid for STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$9,932 during 2000.

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

14. POSTEMPLOYMENT BENEFITS (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund at June 30, 2000, was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and there were 99,011 eligible benefit recipients.

15. OTHER EMPLOYER BENEFITS

A. Compensated Absences

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County. Accumulated, unused sick leave is paid, up to a maximum of 30 days, depending on length of service to employees who retire. As of December 31, 2000, the liability for compensated absences was \$845,140 for the entire County.

For governmental funds, the current portion of unpaid compensated absences is that amount expected to be paid using available expendable resources, and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. Unpaid compensated absences of \$47,526 and \$80,822, were reported as an accrued liability in the general and special revenue funds, respectively. The balance of the liability for governmental funds is reported in the general long-term obligations account group in the amount of \$586,609. Accruals for unpaid compensated absences of \$129,271 and \$912 are reported in the Enterprise Funds and the Internal Service Funds, respectively.

16. LEASES - LESSEE DISCLOSURE

The County has entered into several leases for vehicles, copying equipment, and office space. The leases entered into do not meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards 13, *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The following is a schedule of future minimum long-term operating lease payments as of December 31, 2000:

Year	General Fund	Special Revenue Fund	Total
2001	\$ 19,820	\$ 10	\$ 19,830
2002	16,020	10	16,030
2003	9,345	10	9,355
2004		10	10
2005		10	10
2006-2013		70	70
Total	\$ <u>45,185</u>	\$ <u>120</u>	\$ <u>45,305</u>

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

17. DEBT OBLIGATIONS

A. Long Term Debt

The County's long-term obligations at year end consist of the following:

	<u>Outstanding</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u>
	<u>12/31/99</u>			<u>12/31/00</u>
General Obligation Bonds:				
1986 - 7.125%				
Mental Retardation Facility	\$ 495,000	\$ 0	\$ (85,000)	\$ 410,000
1992 - 4% - 7.15%				
Human Services Building	545,000		(15,000)	530,000
1993 - 3.10% - 5.90%				
Recycling Building	105,000		(25,000)	80,000
1996 - 4.10% - 5.20%				
County Law Enforcement Center	<u>4,545,000</u>		<u>(555,000)</u>	<u>3,990,000</u>
Total General Obligation	<u>5,690,000</u>	<u>0</u>	<u>(680,000)</u>	<u>5,010,000</u>
Special Assessment Bonds:				
1992 - 4.9%-7%				
Southeast Sewer District	900,000		(50,000)	850,000
1993 - 3.1%-9%				
Sandy Beach Sewer District	<u>1,185,000</u>		<u>(60,000)</u>	<u>1,125,000</u>
Total Special Assessment	<u>2,085,000</u>	<u>0</u>	<u>(110,000)</u>	<u>1,975,000</u>
Special Assessment Notes:				
Kah Sewer	0	179,341	(8,967)	170,374
SpringerSimms Ditch	6.29%	1,484	(594)	890
Vonderhuevel Ditch	4.65%	6,337	(4,225)	2,112
Kilger Ditch	5.75%	25,396	(3,174)	22,222
Huenke Ditch	4.75%	12,994	(2,888)	10,106
Bush Ditch	4.75%	10,259	(2,280)	7,979
Allman Ditch	5.25%	7,934	(3,967)	3,967
Winner Ditch	5.25%	14,668	(7,334)	7,334
Knapke Ditch	5.45%	7,884	(7,884)	
Neely Ditch	5.75%	1,336	(1,336)	

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

17. DEBT OBLIGATIONS (Continued)

		<u>Outstanding</u> <u>12/31/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>12/31/00</u>
Heinz Ditch	5.93%	63,699		(7,962)	55,737
Rohrbaugh Severt Ditch	5.95%	2,879		(1,440)	1,439
Spencer-Gray Ditch	5.95%	3,692		(1,846)	1,846
Wallace Fork Ditch	5.76%	13,287		(4,429)	8,858
Bergman-Werner Ditch	5.95%	13,796		(4,598)	9,198
Elsass Ditch	6.75%	645		(645)	
Kuest Ditch	4.75%	7,212		(7,212)	
Rogers Ditch	4.89%	1,233		(1,233)	
Fledderjohann Ditch	5.10%	20,823		(5,206)	15,617
Imwalle Ditch	4.85%	7,466		(7,466)	
Prairie Creek Ditch	5.50%	21,753		(5,438)	16,315
Ruck Ditch	5.375%	10,569		(1,626)	8,943
Cisco Ditch	6.50%		17,882		17,882
Hauss Ditch	6.57%		16,241		16,241
Rapp Kill Ditch	6.75%		6,738	(421)	6,317
Berg Bauer Ditch	5.75%		66,918	(4,182)	62,736
Buck Ditch	6.75%		14,903	(931)	13,972
Kenmann Ditch	5.375%		10,607	(663)	9,944
Wiesenmayer Ditch	6.80%	13,285		(2,416)	10,869
Wissman #2 Ditch	6.85%		36,228	(2,264)	33,964
Total Special Assessment Notes		<u>\$ 447,972</u>	<u>\$ 169,517</u>	<u>\$ (102,627)</u>	<u>\$ 514,862</u>
Ohio Public Works Loan:					
Villa Nova Sanitary Interceptor		50,588	0	(20,235)	30,353
Hamilton Street Sanitary Sewer and Interceptor		<u>67,500</u>	<u>0</u>	<u>(5,000)</u>	<u>62,500</u>
Total Ohio Public Works Loans		<u>118,088</u>	<u>0</u>	<u>(25,235)</u>	<u>92,853</u>
Other General Long-Term Obligations:					
Compensated Absences - Governmental Funds		<u>629,553</u>	<u>0</u>	<u>(42,944)</u>	<u>586,609</u>
Total Long-Term Obligations		<u>\$8,970,613</u>	<u>\$169,517</u>	<u>\$(960,806)</u>	<u>\$8,179,324</u>

All general obligation bonds are supported by the full faith and credit of the County. All outstanding special assessment bonds consist of sewer construction projects which are payable from the proceeds of tax assessments levied against benefitted individual property owners.

The mental retardation facility bonds were issued pursuant to a voted tax levy for the purpose of acquiring land and developing a site for the construction, furnishing and equipping of a workshop facility and capital repairs to Auglaize School. The human services bonds were issued for the purpose of acquiring, renovating and improving a building for the use of County offices and will be paid from human services revenues. The recycling building bonds were issued for the purpose of constructing and equipping a recycling facility and will be paid from surcharges. The Corrections Center building bonds were issued for the purpose of constructing and equipping a corrections center which will be paid from a one-half percent (.5%) sales tax revenue.

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

17. DEBT OBLIGATIONS (Continued)

All of the special assessment bonds were backed by the full faith and credit of Auglaize County and are payable from special assessment and/or governmental revenues. The note liability is presented as a liability in the general long term obligations account group and will be paid from unvoted property tax or special assessments which are received by the County. In the event that property owners fail to make their special assessment payments, the County is responsible for providing the resources to meet the annual principal and interest payments.

All special assessment notes had been issued for the terms allowed by law. These notes are to be repaid through assessments against benefitted property owners. Proceeds from the notes were used for ditch construction and improvement. In the event that property owners fail to make their special assessment payments, the County is responsible for providing the resources to meet the annual principal and interest payments.

Pursuant to the Ohio Rev. Code 164.05 and Ohio Admin. Code 164-1-21, the County entered into an agreement with the Ohio Public Works Commission, on March 20, 1991, in respect to the Villa Nova Sanitary Interceptor Reconstruction project. Repayment of the note is to be made from the revenues generated by the utility.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

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 should not 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 should not 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 effects of the debt limitations described above at December 31, 2000, are an overall debt margin of \$20,772,070, and an unvoted debt margin of \$7,425,125

The following is a summary of the County's future annual debt service requirements, including interest, for long-term obligations:

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Special Assessment Bonds</u>	<u>Special Assessment Notes</u>	<u>OPWC Promissory Loan</u>	<u>Total Debt Obligations</u>
2001	\$ 984,155	\$ 238,378	\$ 113,505	\$ 25,235	\$ 1,361,273
2002	977,801	241,747	91,797	15,118	1,326,463
2003	969,350	239,380	69,766	5,000	1,283,496
2004	928,833	236,470	53,766	5,000	1,224,069
2005	933,063	238,140	47,799	5,000	1,224,002
2006-2010	1,061,610	1,199,075	122,667	25,000	2,408,352
2011-2015	272,332	487,765	44,835	12,500	817,432
2016-2020	105,367	0	35,868	0	141,235
Total	6,232,511	2,880,955	580,003	92,853	9,786,322
Less:					
Amount Representing Interest	(1,222,511)	(905,955)	(65,141)		(2,193,607)
Total Outstanding Principal	\$ <u>5,010,000</u>	\$ <u>1,975,000</u>	\$ <u>514,862</u>	\$ <u>92,853</u>	\$ <u>7,592,715</u>

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

17. DEBT OBLIGATIONS (Continued)

The County has also received two loan agreements from the Ohio Water and Sewer Rotary Commission in regard to the construction of two sewer districts. These loans provide funding assistance for that portion of the project for which collections of assessments from certain owners of undeveloped property located within an agricultural district are exempted pursuant to Ohio Rev. Code Section 929.03 subject to the performance of certain terms and conditions of repayment. As part of the agreement, upon change of the use of any parcel pursuant to Ohio Admin. Code Section 1525-1-06 would require repayment to the Ohio Water and Sewer Rotary Commission for the full amount of the assessment for the portion of the property for which the use has changed pursuant to Division C of Ohio Rev. Code Section 929.03. Therefore, until a change in use occurs, no liability has been recorded for these loans. A summary of the loan transactions for the year ended December 31, 2000 is as follows:

	<u>Outstanding 12/31/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/00</u>
Project Loans:				
Southeast Sewer District	\$ 1,174,012	\$ 0	\$ 50,000	\$ 1,124,012
Sandy Beach Sewer District	<u>154,786</u>	<u>0</u>	<u>60,000</u>	<u>94,786</u>
Total	\$ <u>1,328,798</u>	\$ <u>0</u>	\$ <u>110,000</u>	\$ <u>1,218,798</u>

B. Conduit Debt

The County has issued \$3,000,000 of industrial development bonds for the acquisition and construction of certain improvements and certain equipment on behalf of a third party. The county has no obligation for the debt beyond the resources provided by related loans with the third party.

18. SIGNIFICANT CONTRACTUAL OBLIGATIONS

At December 31, 2000, the County had entered into several contracts, the most significant of which include the following:

	Amount
Poggemeyer Design	\$ 54,358
Cole, Layer and Trumble	91,520
Crawford Consulting Inc.	8,312
Maguire Associates	4,500
Lucas County Coroner	2,291
Sanderson, CMI	2,730
Homewise Renovations	22,150
DPF Roofing	2,770
T & T Contracting	8,850
Flag City Construction	2,162
Frost & Company	1,008
Furrow Bros Construction	29,435
Niswonger Chevrolet, Inc	28,840
D.L. Markley & Assoc. Inc	21,330
Barry Ankney Inc	237
Ohio Department of Natural Resources	25,000
DDTI	4,500
Hume Supply Inc	<u>22,087</u>
Total Commitments	<u>\$332,080</u>

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

18. SIGNIFICANT CONTRACTUAL OBLIGATIONS (Continued)

The commitments noted above have been partially encumbered by the County, and as such, are reflected within the financial statements in the capital project fund and special revenue fund types as a reserve for encumbrances, or as contracts payable.

19. PUBLIC ENTITY RISK POOLS

A. Midwest Risk Pool Management Agency, Inc.

Midwest Pool Risk Management Agency, Inc. is an Ohio not-for-profit corporation organized under Chapter 2744.08, of the Ohio Revised Code, for the purpose of enabling its member political subdivisions to obtain insurance coverage, provide methods for paying claims and provide a formalized jointly administered self-insurance pool.

Specifically, the pool provides coverage for automobile liability, general liability, crime and property (including automobile physical damage) and public officials liability. In addition to the self-insurance pool, the Association provides risk management services, loss prevention programs, and various other educational materials. The members of the Association include the following counties within the State of Ohio: Auglaize, Hancock, Mercer, Shelby, and Van Wert.

Member and supplemental contributions are recognized on an accrual basis and are recorded as revenue in the month earned.

For the current agreement dated August 1, 2000, the percentage of contributions by the members and their equity interests are:

		<u>Fixed Costs</u>	<u>Loss Revenues</u>
Mercer County	20.0%	\$ 99,862	\$ 61,770
Auglaize County	21.0%	\$ 101,656	\$ 62,880
Shelby County	22.0%	\$ 104,518	\$ 64,650
Hancock County	23.0%	\$ 111,938	\$ 69,240
Van Wert County	14.0%	\$ 67,027	\$ 41,460

The financial statements of Midwest Risk Pool Management Agency, Inc., can be obtained from Gary Adams, Van Wert County Commissioner, Treasurer of the Midwest Pool Risk Management Agency.

B. Midwest Employee Benefit Consortium

Midwest Employee Benefit Consortium (MEBC) is an Ohio not-for-profit corporation organized under Ohio Rev. Code Sections 304.171 and 9.833 for the public purpose of enabling its four member political subdivisions to obtain insurance coverage, provide methods for paying claims and provide a formalized jointly administered self-insurance pool. Specifically, this pool provides coverage for health benefits to employees of its members.

In addition to the self-insurance pool, the Association provides risk management services and established loss reduction and prevention procedures and programs. The members of the Association include the following counties within the State of Ohio: Auglaize, Hancock, Mercer, Van Wert, and Shelby. The financial statements of Midwest Employee Benefit Consortium can be obtained from the Auglaize County Board of Commissioners.

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

19. PUBLIC ENTITY RISK POOLS (Continued)

C. County Commissioner Association of Ohio Workers' Compensation Group Rating Plan

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

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

20. JOINTLY GOVERNED ORGANIZATIONS

A. Auglaize County Regional Planning Commission

The Auglaize Regional Planning Commission (the Commission) is a joint venture between the County, the municipalities, and the townships within the county. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty-seven members, any of which may hold any other public office.

The County is represented by three members, each of the two cities within the county is represented by two members, all participating villages within the county are represented by one member each, and participating townships within the county are represented by one member each.

Other members include a representative from all participating Board of Trustees; the Mayor or a Council member of each participating incorporated Village; two representatives from each of the Cities of Wapakoneta and St. Marys, one being the Mayor or his designee and one being appointed by City Council. The remaining members of the Commission shall be representatives from public utility, minority groups, business, industry, Ministerial Association, farm organizations, Chamber of Commerce and other representations as deemed necessary by the Commission.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute up to .05 cents per capita, according to the latest federal census, in any calendar year in which revenue is needed. There was no request for revenue issued for the calendar year ended December 31, 2000. The Regional Planning Commission has no outstanding debt as of December 31, 2000. The following audited cash financial data of the Regional Planning Commission is presented for the year ended December 31, 2000:

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

20. JOINTLY GOVERNED ORGANIZATIONS (Continued)

	Joint Venture	Auglaize County's 50 Percent
Total Non-Operating Revenues	\$ 1	\$
Total Operating Expenses	<u>(1,250)</u>	<u>(625)</u>
Net Income	(1,249)	(625)
Fund Balance, January 1, 2000	<u>5,818</u>	<u>2,909</u>
Fund Balance, December 31, 2000	\$ <u><u>4,569</u></u>	\$ <u><u>2,284</u></u>

B. Workforce Improvement Act Youth Council Consortium of Auglaize, Hardin and Mercer Counties

An intergovernmental agreement between Auglaize, Hardin and Mercer Counties was entered into pursuant to the provisions of the United States Congress' Workforce Improvement Act of 1998, and workforce legislation enacted by the State of Ohio. This consortium replaced the former Job Training Partnership Act program as of July 1, 2000.

A Council comprised of a Commissioner from each member County is responsible for all decisions related to the local workforce investment system, including, the development of and approval of the local plan and its content, the allocation of Workforce Improvement Act (WIA) funds or the development of partnership agreements for the Ohio Option Areas, establishing policy, authorizing WIA expenditures, establishing contracts, paying for services outside of the local area, or paying costs associated with monitoring, audit findings or sanctions.

Each member County shall be their own fiscal agent, and shall receive their share of the funds pursuant to the Ohio Option legislation.

Effective July 1, 2001, the intergovernmental agreement was not renewed, and Auglaize County has been re-designated as a single-county Ohio Option Area.

C. West Central Ohio Network

The West Central Ohio Network (West CON) is a regional council of government. West CON is comprised of the boards of Mental Retardation and Developmental Disabilities (MRDD) of several counties, including, Auglaize, Darke, Logan, Mercer, Miami, Shelby, Union, and Hardin. The Board of Directors is made up of the Superintendents from each of these MRDD Boards, and the degree of control exercised by any participating government is limited to its representation on the Board.

West CON is the administrator and fiscal agent of the Supported Living funds for each of these Boards of Mental Retardation and Developmental Disabilities. The following unaudited financial data, of the West Central Ohio Network - Auglaize County is presented on a cash basis for the year ended December 31, 2000.

	County Portion
Total Operating Revenues	\$ 271,681
Total Operating Expenses	<u>(299,998)</u>
Net Loss	(28,317)
Fund Balance, January 1, 2000	<u>161,814</u>
Fund Balance, December 31, 2000	\$ <u><u>133,497</u></u>

AUGLAIZE COUNTY FINANCIAL CONDITION

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000 (Continued)

20. JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Auglaize and Mercer Counties Convention and Visitors Bureau

The Bureau is a joint venture between Auglaize and Mercer Counties for the purpose of promoting tourism and attracting tourists and conventions to the two counties. Membership is open to any person, firm, partnership, association, corporation, foundation, trust or estate subscribing to the purpose of this organization.

The government of the Bureau, the general policies and control of its property is vested in a Board of Trustees. The Board shall be composed of the nineteen members comprised of the following: seven appointees from Auglaize County, seven from Mercer County, one Auglaize County Commissioner or designee, one Mercer County Commissioner or designee, three members representing the following: Celina/Mercer County Chamber of Commerce, St. Marys Area Chamber of Commerce and the Wapakoneta Area Chamber of Commerce.

The Board conducts business and sponsors projects to further the purpose of the Bureau. The Bureau is funded primarily from a 3 percent (effective 7/1/96) lodging tax imposed by both counties. Payment is due to the county by the last day of the following month. The 2000 revenue received by the Bureau was \$155,167. Of this amount \$135,996 came from the lodging tax. \$94,756 of the total 2000 revenue was received from Auglaize County.

E. Auglaize County Emergency Management Cooperative

The Auglaize County Emergency Management Cooperative is a joint venture between the County, the Municipalities, and the townships within the County, formed to perform services of coordinating the emergency management activities within the county of Auglaize and the political subdivisions therein. The Auglaize County Emergency Management Cooperative has established a County-Wide Advisory Group for emergency management composed of a representative from each political subdivision cooperative member under Section 5915.06 of the Ohio Revised Code.

The advisory group appoints an executive committee composed of at least seven of the following members: three township representatives, two village or city representatives, one county commissioner and one non-elected representative. The tenure of the members of the executive committee is three years. A coordinator is appointed by the Emergency Management Executive Committee to carry out the Auglaize County Emergency Management Cooperative Agreement under the advisement of the committee.

21. JOINT VENTURES

A. Grand Lake Task Force

Auglaize and Mercer Counties share territory of the Grand Lake State Park which encounter unique enforcement problems. The Grand Lake Task Force was established in regards to federal financial assistance received from the Department of Justice which requires a twenty-five percent local matching share. Additional revenues were received through asset seizures, fines, and village law enforcement agency contributions. The objective of the Grand Lake Task Force is to increase the number of criminal justice agencies working cooperatively to eliminate specifically targeted major narcotics trafficking conspiracies and the persons involved through investigations, arrests, prosecution, and convictions. Those participating in the project are Auglaize and Mercer County Sheriff's offices, Wapakoneta, St. Marys, Celina, Coldwater, Minster, and New Bremen Police offices, United States Investigative Agency Alcohol, Tobacco, and Firearms, Ohio Bureau of Criminal Investigation and Identification, and Auglaize and Mercer County Prosecutor's Offices.

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

21. JOINT VENTURES (Continued)

The Auglaize County Sheriff serves as the applicant who accepts the responsibility for the project's administrative and financial matters. The project requires a control group to be established of four members; one from a police department, one from a Sheriff's office, one from a prosecutor's office, and the Task Force Supervisor. This group allocates what funds are to be used for which investigations and to manage these resources and jointly manage project investigations.

The following financial data of the Grand Lake Task Force is presented on a cash basis for the year ended December 31, 2000:

	Joint Venture	Auglaize County's 12.5 Percent
Total Operating Revenues	\$ 62,545	\$ 7,818
Total Operating Expenses	(57,707)	(7,213)
Net Income	4,838	605
Fund Balance, January 1, 2000	144,241	18,030
Fund Balance, December 31, 2000	<u>\$149,079</u>	<u>\$ 18,635</u>

B. Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

The Mental Health and Recovery Services Board (MHRS) of Allen, Auglaize, and Hardin Counties, is a tri-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 consists of eighteen members. Four members are appointed by the Director of the Ohio Department of Mental Health, four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services and the remaining ten members are appointed by the County Commissioners of Allen, Auglaize, and Hardin counties in the same proportion as the County's population bears to the total population of the three counties combined. The degree of control exercised by any participating government is limited to its representation on the Board. The MHRS Board is a joint venture since continued participation by the County is necessary for the continued existence.

Allen County acts as the fiscal agent for the MHRS Board. The Board receives tax revenue from the three Counties and receives federal and state funding through grant monies which are applied for and received by the board of trustees.

The MHRS Board is accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on members in the future. 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.

In 2000, tax revenues generated by the levy in Auglaize County was \$275,156. Complete financial statements can be obtained from the MHRS Board, Allen County, Ohio.

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

22. SEGMENT INFORMATION FOR ENTERPRISE FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS

The County maintains fourteen enterprise funds which are intended to be self-supported through user fees charged for services provided to consumers for health care, sewer and water services. In addition, Auglaize County Airport Authority and Auglaize Industries are self supportive through sales/leases and services, respectively. Financial segment information for the year ended December 31, 2000, is as follows:

	<u>Auglaize Acres</u>	<u>Water and Sewer</u>	<u>Total Primary Government</u>	<u>Airport Authority</u>	<u>Auglaize Industries</u>	<u>Total Reporting Entity</u>
Operating Revenues	4,539,103	\$ 251,591	\$ 4,790,694	\$ 189,466	\$ 392,002	\$ 5,372,162
Operating Expenses Before Depreciation	4,434,846	165,892	4,600,738	178,169	405,173	5,184,080
Depreciation Expense	58,531	115,889	174,420	34,861	12,837	222,118
Operating Income (Loss)	45,726	(30,190)	15,536	(23,564)	(26,008)	(34,036)
Net Income (Loss)	98,615	(29,954)	68,661	(42,771)	(9,379)	16,511
Property and Equipment Additions	99,354		99,354	13,150	156,739	269,243
Deletions	2,470		2,470		29,183	31,653
Net Working Capital	396,719	376,855	773,574	35,159	449,208	1,257,941
Total Assets	1,096,258	4,751,052	5,847,310	227,092	982,655	7,057,057
Total Liabilities	398,180	107,254	505,434	68,947	281,735	856,116
Total Equity	698,078	4,643,798	5,341,876	158,145	700,920	6,200,941

23. DISCRETELY PRESENTED COMPONENT UNITS

The component units reported in the general purpose financial statements includes the financial data of those agencies and boards for which the County is not "accountable" as defined by GASB Statement 14 (see Note 1). They are reported in a separate column to emphasize that it is legally separate from the activities of the County. The discretely presented component units are the Auglaize County Airport Authority and Auglaize Industries, Inc.

The following pages present financial statements for each of the two discretely presented component units. Complete financial statements of the individual component units can be obtained from their respective administrative offices.

**BALANCE SHEET
COMPONENT UNITS
DECEMBER 31, 2000**

<u>ASSETS AND OTHER DEBITS</u>	<u>Airport Authority</u>	<u>Auglaize Industries</u>	<u>Totals</u>
Equity in Cash and Cash Equivalents	\$ 87,157	\$ 443,516	\$ 530,673
Accounts Receivables (net, of allowances for uncollectibles)	2,184	27,514	29,698
Materials and Supplies Inventory	14,855		14,855
Prepaid Items		1,000	1,000
Property, Plant and Equipment (net of accumulated depreciation)	<u>122,896</u>	<u>510,625</u>	<u>633,521</u>
TOTAL ASSETS	<u>227,092</u>	<u>982,655</u>	<u>1,209,747</u>

AUGLAIZE COUNTY FINANCIAL CONDITION

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000
(Continued)**

23. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

**BALANCE SHEET
COMPONENT UNITS
DECEMBER 31, 2000
(Continued)**

<u>ASSETS AND OTHER DEBITS</u>	<u>Airport Authority</u>	<u>Auglaize Industries</u>	<u>Totals</u>
<u>LIABILITIES</u>			
Accounts Payable	12,492	15,161	27,653
Accrued Wages and Benefits		1,046	1,046
Compensated Absences Payable		2,550	2,550
Due to Other Governments		4,065	4,065
Lease Payable	29,610		29,610
Mortgage Payable		258,913	258,913
Deferred Revenue (Hangar Rent)	<u>26,845</u>		<u>26,845</u>
TOTAL LIABILITIES	<u>68,947</u>	<u>281,735</u>	<u>350,682</u>
<u>FUND BALANCES AND OTHER CREDITS</u>			
Contributed Capital	\$12,752	\$58,813	\$71,565
Retained Earnings - Unrestricted	<u>145,393</u>	<u>642,107</u>	<u>787,500</u>
Total Fund Balance/Retained Earnings	<u>158,145</u>	<u>700,920</u>	<u>859,065</u>
TOTAL LIABILITIES, FUND BALANCE AND OTHER CREDITS	<u>\$227,092</u>	<u>\$982,655</u>	<u>\$1,209,747</u>

24. CONTINGENT LIABILITIES

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

According to the County Prosecuting Attorney, at this time the County is not presently involved in any pending, or threatened litigation, nor does it have any outstanding unasserted claims or assessments. There are no outstanding contractually assumed obligations which are expected to result in a claim or unfavorable outcome, and there have been no claims to date.

25. RELATED PARTY TRANSACTIONS

Auglaize Industries has entered into a contract with the Auglaize County Board of Mental Retardation and Development Disabilities (MRDD), whereby the MRDD has agreed to pay specified overhead expenses for the workshop. The additional income and related expenses are reported on the income statement as Unrestricted Support. The unaudited operating expenses paid by the MRDD on behalf of the Auglaize Industries amounted to \$140,436 for the year ended December 31, 2000.

AUGLAIZE COUNTY FINANCIAL CONDITION

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Direct Program</i>			
Board of Commissioners			
Home Investment Partnership Program (HOME)			
Community Housing Improvement Program	B-C-99-006-2	14.239	\$80,968
<i>Passed through Ohio Department of Development</i>			
Board of Commissioners			
Small Cities Community Development Block Grant			
Formula Grant	B-F-99-006-1	14.228	137,264
Formula Grant	B-F-98-006-1	14.228	73,009
Community Housing Improvement Program	B-C-99-006-1	14.228	65,261
Economic Development	B-E-99-006-1	14.228	131,557
Total Small Cities Community Development Block Grant			<u>407,091</u>
Total U.S. Department of Housing and Urban Development			488,059
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through Ohio Department of Education</i>			
Auglaize County Corrections Center			
National School Breakfast Program (B)	N/A	10.553	4,067
National School Lunch Program (B)	N/A	10.555	6,636
Total U.S. Department of Agriculture - Nutrition Cluster			<u>10,703</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
<i>Passed through Ohio Department of Youth Services</i>			
Auglaize County Youth Services			
AmeriCorps Grant	YCP-018-00	94.006	9,199
U.S. DEPARTMENT OF LABOR			
<i>Passed through Service Delivery Area Number 2 - Allen County</i>			
Board of Commissioners			
Job Training Partnership Act	P99-60-01-NI	17.250	13,214
U.S. DEPARTMENT OF JUSTICE			
<i>Passed through Office of Criminal Justice Services</i>			
Sheriff's Department			
Local Law Enforcement Block Grant Program	98LE-LEB-3113	16.592	3,348
Byrne Formula Grant (Grand Lake Task Force)	00-DG-AC17018	16.579	31,950
Juvenile Probation Office			
Byrne Formula Grant	99-DG-F02-7047	16.579	26,073
Total Byrne Formula Grant			<u>58,023</u>
Juvenile Accountability Incentive Block Grant (CAST)	99-JB-010-A068	16.523	2,096
Juvenile Accountability Incentive Block Grant (CAST)	98-JB-010-A068	16.523	10,516
Total Juvenile Accountability Incentive Block Grant			<u>12,612</u>
Total U.S. Department of Justice			73,983
U.S. DEPARTMENT OF HUMAN SERVICES			
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities</i>			
Auglaize County Board of Mental Retardation and Developmental Disabilities			
Medical Assistance Program (Medicaid: Title XIX)	N/A	93.778	156,443
Social Services Block Grant (Title XX)	N/A	93.667	32,140
Total U.S. Department of Human Service			<u>188,583</u>
Total Federal Financial Assistance			<u><u>\$783,741</u></u>

The notes to the Schedule of Federal Awards Expenditures are an integral part of this statement.

AUGLAIZE COUNTY FINANCIAL CONDITION

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

NOTE 1: GENERAL

The accompanying Schedule of Federal Award Expenditures (the Schedule) summarizes the activity of the County's federal award programs. The Schedule has been prepared on the cash basis of accounting, except for the expenditures of the assistance passed through the Ohio Bureau of Employment Services Job Training Partnership Programs are presented on an accrual basis.

NOTE 2: SUB-RECIPIENTS

The County passes-through certain Federal assistance from the Ohio Department of Development to other governments or not-for-profit agencies (sub-recipients). As described in Note 1, the government records expenditures of Federal awards to sub-recipients when paid in cash.

NOTE 3: MATCHING REQUIREMENTS

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

NOTE 4: OHIO DEPARTMENT OF HUMAN SERVICES

The Auglaize County Department of Human Services received federal financial assistance from the following programs (which are reported in the State Single Audit Report):

- Food Stamp Program (CFDA # 10.551)
- State Administrative Matching for Food Stamps (CFDA # 10.561)
- Temporary Assistance for Needy Families (CFDA # 93.558)
- Child Support Enforcement (CFDA # 93.563)
- Child Care Development Fund (CFDA # 93.596)
- Foster Care (CFDA # 93.658)
- Adoption Assistance (CFDA # 93.659)
- Social Services Block Grant (CFDA # 93.667)
- Medical Assistance Program (CFDA # 93.778)

NOTE 5: FEDERAL FOOD STAMP PROGRAM

The County's Department of Human Services distributes Federal food stamps, through contracting issuance centers, to entitled recipients within Auglaize County. The receipt and issuance of these stamps have the characteristics of federal "grants"; however, the Department of Human Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements as the only economic interest related to these stamps rests with the ultimate recipient. Federal food stamps activity for the year was as follows:

Balance at Beginning of Year	\$ 95,378
Amount Returned to Columbus by Vendor	(19,779)
Balance at End of Year	<u>\$ 75,599</u>

Note:

The majority of the above paper coupons will be destroyed or returned to Columbus by the end of 2001. A minimal supply is required to be kept on hand for recipients who need to cash out benefits because they will be visiting out of state or moving out of state. Eventually, Columbus will be responsible for cashing out benefits and the County will not have to maintain an inventory of paper coupons.

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STATE OF OHIO
OFFICE OF THE AUDITOR

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

Auglaize County
201 South Willipie Street, Suite G-11
Wapakoneta, Ohio 45895

To the Board of County Commissioners:

We have audited the financial statements of Auglaize County (the County) as of and for the year ended December 31, 2000, and have issued our report thereon dated June 22, 2001. We did not audit the financial statements of Auglaize Industries, Inc., which represent 81 percent and 67 percent, respectively, of the assets and revenues of the component unit column. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Auglaize Industries, Inc., is based 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.

Compliance

As part of obtaining reasonable assurance about whether County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the County in a separate letter dated June 22, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated June 22, 2001.

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

Jim Petro
Auditor of State

June 22, 2001



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

Auglaize County
201 South Willipie Street, Suite G-11
Wapakoneta, Ohio 45895

To the Board of County Commissioners:

Compliance

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

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

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

Internal Control Over Compliance

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

**Internal Control Over Compliance
(Continued)**

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

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

Jim Petro
Auditor of State

June 22, 2001

AUGLAIZE COUNTY FINANCIAL CONDITION

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant (Entitlement Grants) - CFDA #14.228
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

AUGLAIZE COUNTY FINANCIAL CONDITION

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-60206-001	Cash management regarding the 15 day rule for disbursing draw down funds	Yes	Auglaize County implemented procedures to correct non-compliance.
1999-60206-002	Subrecipient Monitoring	Yes	Auglaize County implemented procedures to correct non-compliance.
1999-60206-003	Supervisory Reviews and Approvals of Program Requirements.	Yes	Auglaize County implemented procedures to correct non-compliance.



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OFFICE OF THE AUDITOR

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AUGLAIZE COUNTY FINANCIAL CONDITION

AUGLAIZE 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 17, 2001