



Mary Taylor, CPA  
Auditor of State



**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Financial Condition  
Auglaize County  
209 South Blackhoof Street  
Wapakoneta, Ohio 45895

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Auglaize County (the County), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Auglaize County, as of December 31, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, Motor Vehicle Gas Tax Fund, Jobs & Family Services Fund, and MRDD Fund, 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 24, 2009, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The federal awards receipts and expenditure schedule is 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 basic financial statements. We subjected the federal awards receipts and expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

June 24, 2009

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)**

As management of Auglaize County (the County), we offer readers of the County's financial statement this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2008.

**Financial Highlights**

The assets of the County exceed liabilities at December 31, 2008 by \$68,474,048. Of this amount \$24,989,943 may be used to meet ongoing obligations. As of December 31, 2008, the County's governmental funds reported net assets of \$64,075,955, an increase of \$844,788, after restating the December 31, 2007 net assets (see Note 3) in comparison with the prior year. At the end of the current fiscal year the unreserved fund balance for the general fund was \$4,247,929 which is available for spending at the County's discretion. The County's outstanding debt, not considering any additions, decreased by \$313,911 in governmental activities and decreased \$5,000 in business type activities. In the general fund actual revenues were 3.1 percent lower than budgeted and expenditures were 14.3 percent less than the budgeted amount.

**Overview Of The Financial Statements**

The County's basic financial statements are comprised of three parts: 1) government-wide financial statements, 2) fund financial statements including budgetary statements for major special revenue funds, and 3) notes to the financial statements.

**Government-wide Financial Statements** - These statements are intended to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all County assets and liabilities with the difference between the two reported as net assets.

The statement of activities distinguish functions of the County that are mainly supported by taxes and intergovernmental revenues (governmental) from functions that are intended to recover a significant portion of their costs through user fees and charges (business-type). Governmental activities include general government (legislative, executive and judicial), public safety, public works, health, human services, and other.

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

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

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

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(Continued)**

The county maintains 436 governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Motor Vehicle and Gasoline Tax (MVGTT) Fund, Jobs and Family Services Fund, Mental Retardation and Developmental Disabilities (MRDD) Fund, Permanent Improvement Fund, all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. The County adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the general fund and each major special revenue fund to demonstrate compliance with the budget.

**Proprietary Funds** – The County maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its sewer operations and County Home. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its health insurance, 125 plan, and various rotary funds. Because this service benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Financial Statements-** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 29-69.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$68,474,048 as of December 31, 2008.

**Table 1  
Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Assets</b>						
Current and Other Assets	\$35,545,257	\$35,315,676	\$1,441,369	\$1,263,273	\$36,986,626	\$36,578,949
Capital Assets, Net	40,097,650	41,451,435	3,758,955	3,867,743	43,856,605	45,319,178
<b>Total Assets</b>	<b>75,642,907</b>	<b>76,767,111</b>	<b>5,200,324</b>	<b>5,131,016</b>	<b>80,843,231</b>	<b>81,898,127</b>
<b>Liabilities</b>						
Current and Other Liabilities	7,168,663	7,946,122	493,976	344,825	7,662,639	8,290,947
Long-Term Liabilities	4,398,289	5,723,352	308,255	369,056	4,706,544	6,092,408
<b>Total Liabilities</b>	<b>11,566,952</b>	<b>13,669,474</b>	<b>802,231</b>	<b>713,881</b>	<b>12,369,183</b>	<b>14,383,355</b>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	39,747,650	41,071,435	3,736,455	3,840,243	43,484,105	44,911,677
Restricted	20,417,284	19,840,479			20,417,284	19,840,479
Unrestricted	3,911,021	2,185,723	661,638	576,892	4,572,659	2,762,616
<b>Total Net Assets</b>	<b>\$64,075,955</b>	<b>\$63,097,637</b>	<b>\$4,398,093</b>	<b>\$4,417,135</b>	<b>\$68,474,048</b>	<b>\$67,514,772</b>



**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(Continued)**

The largest portion of the County's net assets 63.5 percent reflects its investment in capital assets (land, buildings, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

As of December 31, 2008, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Analysis of the County's Operation** – The following table provides a summary of the County's operations for 2008. The County's financial position improved for both governmental-type and business-type activities. The more significant changes are as follows:

**Table 2  
Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
<b>Program Revenues:</b>						
Charges for Services	\$ 7,338,225	\$ 6,834,517	\$5,745,991	\$5,588,501	\$13,084,216	\$12,423,018
Operating Grants	8,367,750	8,916,076			8,367,750	8,916,076
Capital Grants/Contributions	841,668	1,452,044		220,599	841,668	1,672,643
<b>General Revenues:</b>						
Property Taxes	5,454,016	6,072,760			5,454,016	6,072,760
Sales Tax	8,375,052	7,675,384			8,375,052	7,675,384
Intergovernmental	1,062,198	919,648			1,062,198	919,648
Gain/Loss on Sale of Assets	(281,833)	(51,296)			(281,833)	(51,296)
Miscellaneous	234,200	365,438	80,943	48,450	315,143	413,888
Interest	635,630	1,180,091			635,630	1,180,091
<b>Total Revenues</b>	<b>32,026,906</b>	<b>33,364,662</b>	<b>5,826,934</b>	<b>5,857,550</b>	<b>37,853,840</b>	<b>39,222,212</b>
<b>Program Expenses</b>						
General Government	6,520,458	6,832,765			6,520,458	6,832,765
Public Safety	5,442,374	5,152,069			5,442,374	5,152,069
Public Works	6,323,977	5,558,490			6,323,977	5,558,490
Health	6,371,949	7,568,690			6,371,949	7,568,690
Human Services	4,672,228	4,863,374			4,672,228	4,863,374
Other	1,751,054	2,020,627			1,751,054	2,020,627
Interest & Fiscal Charges	100,078	104,945			100,078	104,945
Sewer			449,266	401,989	449,266	401,989
Auglaize Acres			5,396,710	5,615,488	5,396,710	5,615,488
<b>Total Expenses</b>	<b>31,182,118</b>	<b>32,100,960</b>	<b>5,845,976</b>	<b>6,017,477</b>	<b>37,028,094</b>	<b>38,118,437</b>
Changes in Net Assets	844,788	1,263,702	(19,042)	(159,927)	825,746	1,103,775
Net Assets January 1 (restated – see Note 3)	63,231,167	61,833,935	4,417,135	4,577,062	67,648,302	66,410,997
<b>Net Assets December 31</b>	<b>\$64,075,955</b>	<b>\$63,097,637</b>	<b>\$4,398,093</b>	<b>\$4,417,135</b>	<b>\$68,474,048</b>	<b>\$67,514,772</b>

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(Continued)**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for governmental activities for 2008 and 2007. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. This table also shows the cost of services for business type activities along with the related charges for services to offset the costs or providing the services.

**Table 3  
Total Costs versus Net Costs  
Governmental Type Activities**

	2008		2007	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Current:</b>				
<b>General Government:</b>				
Legislative and Executive	\$ 4,570,383	\$ 2,883,351	\$ 4,928,230	\$ 3,262,395
Judicial	1,950,075	664,189	1,904,535	618,879
Public Safety	5,442,374	4,641,995	5,152,069	4,425,847
Public Works	6,323,977	299,247	5,558,490	(407,309)
Health	6,371,949	3,620,481	7,568,690	4,753,937
Human Services	4,672,228	676,580	4,863,374	121,802
Other	1,751,054	1,748,554	2,020,627	2,017,827
Interest and Fiscal Charges	100,078	100,078	104,945	104,945
Total Expenses	<u>\$31,182,118</u>	<u>\$14,634,475</u>	<u>\$32,100,960</u>	<u>\$14,898,323</u>
<b>Business Type Activities</b>				
	2008		2007	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Auglaize Acres	\$5,396,710	(\$11,650)	\$5,615,488	\$184,068
Water and Sewer	449,266	111,635	401,989	24,309
Total Expenses	<u>\$5,845,976</u>	<u>\$99,985</u>	<u>\$6,017,477</u>	<u>\$208,377</u>

**Financial Analysis of the Government's Funds** - As noted earlier, Auglaize County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, Auglaize County's governmental funds reported total fund balances of \$23,554,824. Of this \$4,247,929 constitutes unreserved fund balance of the general fund, which is available for spending at the County's discretion. A portion of the fund balances are reserved to indicate that they are not available for new spending because they have already been committed in the amount of \$951,443 to liquidate encumbrances of the prior period. The remainder of the fund balances includes \$298,271 for debt service payments and \$7,187,460 for usage by the County's permanent improvement fund.

The general fund is the chief operating fund of the county. At the end of the current fiscal year, the unreserved balance was \$4,247,929 while the total fund balance was \$4,978,370.

The other major governmental funds of the County are Motor Vehicle and Gasoline Tax (MVGT), Job and Family Services (JFS), Mental Retardation and Developmental Disabilities (MRDD) and Permanent Improvement.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(Continued)**

The MVGT fund balance increased by \$122,274 to \$1,566,684. The increase is due to a decrease in expenditures. The JFS fund balance increased by \$97,263 to \$486,540. The increase is due to a decrease in expenditures. The MRDD fund balance decreased by \$40,770 to \$2,992,801. The decrease is due to a decrease in revenue. The Permanent Improvement fund balance decreased by \$121,348 to \$6,554,247. The decrease is due to a decrease in revenue.

**Enterprise Funds** - The County's enterprise funds had a decrease in net assets. These funds comprise the County's business type activities.

The county home (Auglaize Acres) net assets increased by \$91,608 to \$380,738. In 2003 the facility became a Certified Long-term Care Facility. The various sewer fund net assets decreased by \$110,650 to \$4,017,355.

**General Fund Budgeting Highlights**

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

For the General Fund, actual budget basis revenues and other financing sources were \$421,785 below final budget estimates of \$13,457,059. Investment income revenue was \$393,665 less than estimated and was the primary factor contributing this to this decrease in actual over budgeted revenues.

Total actual expenditures and other financing uses were \$2,339,095 less than the final budgeted expenditures. Actual General Government and Public Safety expenditures were \$1,972,509 less than budgeted expenditures and was the primary factors contributing to the decrease in actual versus budgeted expenditures.

**Capital Assets And Debt Administration**

**Table 4  
Capital Assets at Year-End  
Net of Accumulated Depreciation**

	<b>Governmental Activities</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Land & Improvements	\$ 4,580,233	\$ 4,925,169	\$ 56,298	\$ 56,298	\$ 4,636,531	\$ 4,981,466
Infrastructure	20,108,146	20,353,799	3,483,800	3,577,226	23,591,946	23,931,025
Buildings/Improvements	11,747,001	12,435,804	158,866	180,155	11,905,867	12,615,960
Construction in Progress	564,537	522,369			564,537	522,369
Equipment, Furniture /Fixtures	3,097,733	3,214,294	59,991	54,064	3,157,724	3,268,358
<b>Total</b>	<b>\$40,097,650</b>	<b>\$41,451,435</b>	<b>\$3,758,955</b>	<b>\$3,867,743</b>	<b>\$43,856,605</b>	<b>\$45,319,178</b>

**Table 5  
Outstanding Debt at Year-End  
Governmental Activities**

	<b>2008</b>	<b>2007</b>
General Obligation Bonds		
Human Services	\$ 350,000	\$ 380,000
Special Assessment Bonds	830,000	1,005,000
Ohio Public Works Loan	76,718	81,831
Special Assessment Notes	647,283	522,050
<b>Total</b>	<b>\$1,904,001</b>	<b>\$1,988,881</b>

Thirty four percent of the debt is in the form of ditch notes which are issued primarily for drainage improvement.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(UNAUDITED)  
(Continued)**

**Economic Factors And Next Year's Budgets And Rates**

The budget centers on a stable economic climate. The county unemployment rate is 11.3 %, 2% higher than the state rate of 9.3 percent (January, 2009). The state legislature has indicated uncertainty regarding local government, local government revenue assistance and state funded grant programs which may require more local financial support.

Business-type activities should remain relatively unchanged for 2009.

Ditch note debt incurred since January 1, 2009 is \$87,485.

**Request For Information**

This financial report is designed to provide our citizens, customers, investors and creditors with general overview of the County's finances. If you have questions about this report or wish to obtain the separately issued financial statements of the County's component units contact the Auglaize County Auditor's Office by calling 419-739-6705 or writing the County Auditor at PO Box 34, Wapakoneta Ohio 45895.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS  
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 2008**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Airport Authority</u>	<u>Auglaize Industries</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$19,128,009	\$664,083	\$19,792,092		
Cash and Cash Equivalents in Segregated Accounts				\$33,737	\$502,912
Cash and Cash Equivalents With Fiscal Agent	1,022,702		1,022,702		
Materials and Supplies Inventory	532,522	36,361	568,883	30,770	
Accrued Interest Receivable	307,334		307,334		
Accounts Receivable	105,349	1,178,356	1,283,705	4,371	24,512
Internal Balances	455,427	(455,427)			
Due from Other Governments	3,772,751		3,772,751		
Prepaid Items	160,472	6,746	167,218		1,000
Sales Taxes Receivable	1,710,400		1,710,400		
Property Taxes Receivable	5,854,201		5,854,201		
Notes Receivable	942,088	11,250	953,338		
Special Assessments Receivable	1,554,002		1,554,002		
Non Depreciable Assets	2,491,942	56,298	2,548,240		
Depreciable Capital Assets, Net	<u>37,605,708</u>	<u>3,702,657</u>	<u>41,308,365</u>	<u>54,790</u>	<u>38,985</u>
Total Assets	<u>75,642,907</u>	<u>5,200,324</u>	<u>80,843,231</u>	<u>123,668</u>	<u>567,409</u>
<b>Liabilities</b>					
Accounts Payable	388,377	254,464	642,841	4,033	3,703
Contracts Payable	72,902		72,902		
Accrued Wages	711,191	155,168	866,359		
Due to Other Governments	279,646	40,129	319,775	285	2,952
Due to Clients		44,215	44,215		
Accrued Interest Payable	13,185		13,185		
Deferred Revenue	5,703,362		5,703,362	14,029	
Long-Term Liabilities:					
Due Within One Year	1,828,779	137,384	1,966,163		1,425
Due In More Than One Year	<u>2,569,510</u>	<u>170,871</u>	<u>2,740,381</u>		<u>14,038</u>
Total Liabilities	<u>11,566,952</u>	<u>802,231</u>	<u>12,369,183</u>	<u>18,347</u>	<u>22,118</u>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	39,747,650	3,736,455	43,484,105	54,790	38,985
Restricted for:					
Capital Projects	7,187,460		7,187,460		
Debt Service	507,402		507,402		
Other Purposes	12,722,422		12,722,422	537	
Unrestricted (Deficit)	<u>3,911,021</u>	<u>661,638</u>	<u>4,572,659</u>	<u>49,994</u>	<u>506,306</u>
Total Net Assets	<u>\$64,075,955</u>	<u>\$4,398,093</u>	<u>\$68,474,048</u>	<u>\$105,321</u>	<u>\$545,291</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF ACTIVITIES  
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants, Contributions and Interest</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
<b>Current:</b>				
General Government:				
Legislative and Executive	\$4,570,383	\$1,178,052	\$508,980	
Judicial	1,950,075	1,208,465	77,421	
Public Safety	5,442,374	419,850	363,779	16,750
Public Works	6,323,977	3,712,082	1,735,025	577,623
Health	6,371,949	664,359	1,887,109	200,000
Human Services	4,672,228	152,917	3,795,436	47,295
Other	1,751,054	2,500		
Interest and Fiscal Charges	100,078			
Total Governmental Activities	<u>31,182,118</u>	<u>7,338,225</u>	<u>8,367,750</u>	<u>841,668</u>
<b>Business-Type Activities:</b>				
Auglaize Acres	5,396,710	5,408,360		
Sewer	449,266	337,631		
Total Business-Type Activities	<u>5,845,976</u>	<u>5,745,991</u>		
Total - Primary Government	<u>37,028,094</u>	<u>13,084,216</u>	<u>8,367,750</u>	<u>841,668</u>
<b>Component Units</b>				
Airport Authority	247,751	244,607		
Auglaize Industries	314,097	242,031		
Total Component Units	<u>\$561,848</u>	<u>\$486,638</u>		

**General Revenues**

Property Taxes Levied for:

    General Purposes

    Other Purposes

Sales Tax Levied for:

    General Purposes

    Other Purposes

Intergovernmental

Loss/Gain on Sale of Capital Asset

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year (Restated - See Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements.



**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008**

	<u>General</u>	<u>MVGT</u>	<u>Job and Family Srvc</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,312,950	\$696,880	\$527,729
Cash and Cash Equivalents With Fiscal Agent			
Due from other Governments	687,807	2,226,748	147,839
Materials and Supplies Inventory	63,651	441,149	21,567
Accrued Interest Receivable	83,171	1,204	
Accounts Receivable	60,544	4,830	
Due from other Funds	1,113,884		81,398
Prepaid Items	65,286	16,245	58,114
Sales Taxes Receivable	1,710,400		
Property Taxes Receivable	2,065,756		
Note Receivable	9,600		
Special Assessments Receivable			
Total Assets	<u>8,173,049</u>	<u>3,387,056</u>	<u>836,647</u>
<b>Liabilities</b>			
Accounts Payable	150,307	17,740	58,394
Contracts Payable			
Accrued Wages	349,693	95,879	71,664
Intergovernmental Payable	103,923	22,917	36,532
Due to Other Funds	3,111	1,347	72,430
Deferred Revenue	2,587,645	1,682,489	111,087
Total Liabilities	<u>3,194,679</u>	<u>1,820,372</u>	<u>350,107</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	70,962	16,467	131,978
Reserved for Notes Receivable			
Reserved for Interfund Receivable (Long-Term)	659,479		
Unreserved:			
Undesignated, Reported in:			
General Fund	4,247,929		
Special Revenue Funds		1,550,217	354,562
Debt Service Funds			
Capital Projects Funds			
Total Fund Balances	<u>4,978,370</u>	<u>1,566,684</u>	<u>486,540</u>
Total Liabilities and Fund Balances	<u>\$8,173,049</u>	<u>\$3,387,056</u>	<u>\$836,647</u>

*See accompanying notes to the basic financial statements.*



<u>MRDD</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$2,183,648	\$6,555,347	\$6,734,084	\$19,010,638
1,022,702			1,022,702
354,971		355,386	3,772,751
6,155			532,522
198		222,761	307,334
620		39,355	105,349
		75,686	1,270,968
7,058		13,769	160,472
			1,710,400
3,788,445			5,854,201
		932,488	942,088
		1,554,002	1,554,002
<u>7,363,797</u>	<u>6,555,347</u>	<u>9,927,531</u>	<u>36,243,427</u>
33,064		108,365	367,870
39,296	1,100	32,506	72,902
136,462		53,257	706,955
18,657		96,337	278,366
101		746,739	823,728
4,143,416		1,914,145	10,438,782
<u>4,370,996</u>	<u>1,100</u>	<u>2,951,349</u>	<u>12,688,603</u>
63,467		668,569	951,443
		932,488	932,488
			659,479
			4,247,929
2,929,334		4,443,641	9,277,754
		298,271	298,271
	6,554,247	633,213	7,187,460
<u>2,992,801</u>	<u>6,554,247</u>	<u>6,976,182</u>	<u>23,554,824</u>
<u>\$7,363,797</u>	<u>\$6,555,347</u>	<u>\$9,927,531</u>	<u>\$36,243,427</u>

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2008**

**Total Governmental Funds Balances** \$23,554,824

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 40,097,650

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

Grants	\$1,911,714	
Property Tax	150,839	
Sales Tax	221,818	
Special Assessments	1,554,002	
Interest	222,315	
Charges for Services - licenses	674,733	
Total	4,735,421	4,735,421

Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	(350,000)	
Special Assessment Bonds	(830,000)	
Special Assessment Notes	(647,283)	
Compensated Absences	(1,723,242)	
Ohio Public Works Loan	(76,718)	
Claims Payable	(766,745)	
Accrued Interest Payable	(13,185)	
Total	(4,407,173)	(4,407,173)

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.

95,233

**Net Assets of Governmental Activities** \$64,075,955

*See accompanying notes to the basic financial statements.*

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**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>MVGT</u>	<u>Job and Family Srvc</u>
<b>Revenues</b>			
Property Taxes	\$1,803,757		
Sales Tax	7,520,107	\$515,456	
Interest	605,894	16,534	
Licenses and Permits	2,534		
Fines and Forfeitures	530,223	51,101	
Intergovernmental	1,623,323	3,958,162	\$2,628,589
Charges for Services	1,426,214	294,194	
Special Assessments			
Other	110,159	27,835	131,121
Total Revenues	<u>13,622,211</u>	<u>4,863,282</u>	<u>2,759,710</u>
<b>Expenditures</b>			
<b>Current:</b>			
<b>General Government:</b>			
Legislative and Executive	4,296,475		
Judicial	1,628,214		
Public Safety	4,808,071		
Public Works	381,713	4,777,375	
Health	97,350		
Human Services	423,654		2,662,648
Other	1,649,553		
Capital Outlay			
<b>Debt Service:</b>			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	<u>13,285,030</u>	<u>4,777,375</u>	<u>2,662,648</u>
Excess of Revenues Over/(Under) Expenditu	<u>337,181</u>	<u>85,907</u>	<u>97,062</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Fixed Assets	1,273	36,367	201
Other Financing Sources	11,460		
Proceeds from Notes			
Advances In			
Advances Out			
Transfers In	32,814		
Transfers Out			
Total Other Financing Sources (Uses)	<u>45,547</u>	<u>36,367</u>	<u>201</u>
Net Change in Fund Balances	382,728	122,274	97,263
(Restated - See Note 3)	<u>4,595,642</u>	<u>1,444,410</u>	<u>389,277</u>
Fund Balances (Deficits) End of Year	<u>\$4,978,370</u>	<u>\$1,566,684</u>	<u>\$486,540</u>

See accompanying notes to the basic financial statements.

<b>MRDD</b>	<b>Permanent Improvement</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$3,567,101			\$5,370,858
		\$339,489	8,375,052
2,718		56,170	681,316
			2,534
		50,985	632,309
1,458,699		2,652,466	12,321,239
		1,718,745	3,439,153
		822,845	822,845
1,922		365,546	636,583
<u>5,030,440</u>		<u>6,006,246</u>	<u>32,281,889</u>
		403,043	4,699,518
		306,231	1,934,445
		444,698	5,252,769
		486,560	5,645,648
4,271,210		1,933,268	6,301,828
		1,498,744	4,585,046
		104,763	1,754,316
	\$121,348	888,857	1,010,205
		313,910	313,910
		98,624	98,624
<u>4,271,210</u>	<u>121,348</u>	<u>6,478,698</u>	<u>31,596,309</u>
<u>759,230</u>	<u>(121,348)</u>	<u>(472,452)</u>	<u>685,580</u>
		1,228	39,069
			11,460
		229,031	229,031
		800,842	833,656
(800,000)		(842)	(800,842)
<u>(800,000)</u>		<u>1,030,259</u>	<u>312,374</u>
(40,770)	(121,348)	557,807	997,954
<u>3,033,571</u>	<u>6,675,595</u>	<u>6,418,375</u>	<u>22,556,870</u>
<u>\$2,992,801</u>	<u>\$6,554,247</u>	<u>\$6,976,182</u>	<u>\$23,554,824</u>

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**Net Change in Fund Balances - Total Governmental Funds** \$997,954

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

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

Construction in progress	\$42,168	
Depreciable capital assets	2,313,374	
Depreciation expense	<u>(3,460,331)</u>	(1,104,789)

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

Sale of capital assets	(39,069)	
Loss on sale of capital assets	<u>(281,833)</u>	(320,902)

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

Property Taxes	83,159	
Permissive Taxes	3,432	
Grants	(88,234)	
Special Assessments	26,952	
Interest	(45,686)	
Charges for Services - Licenses	<u>2,953</u>	(17,424)

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

313,910

Note proceeds are other financing sources in governmental funds, but the issuance increases long-term liabilities on the statement of net assets.

Notes payable		(229,031)
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Accrued Interest		(1,454)
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Some expenses reported in the statement of activities, such as compensated absences and claims payable do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(60,248)	
Claims payable	<u>1,300,000</u>	1,239,752

The internal service funds used by management to charge the costs of insurance and workers' compensation to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated

(33,228)

Change in Net Assets of Governmental Activities

\$844,788

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$1,842,500	\$1,842,500	\$1,827,958	(\$14,542)
Sales Tax	5,058,280	6,422,801	6,554,745	131,944
Charges for Services	1,473,450	1,473,450	1,437,891	(35,559)
License and Permits	2,890	2,890	2,534	(356)
Fines and Forfeitures	529,000	529,000	519,766	(9,234)
Intergovernmental	1,449,000	1,449,000	1,637,025	188,025
Investment Income	1,100,000	1,100,000	706,335	(393,665)
Other Operating Income	597,300	545,418	303,473	(241,945)
Total Revenues	<u>12,052,420</u>	<u>13,365,059</u>	<u>12,989,727</u>	<u>(375,332)</u>
<b>Expenditures</b>				
<b>Current:</b>				
General Government:				
Legislative and Executive	4,229,834	5,424,271	4,454,865	969,406
Judicial	2,042,054	2,016,641	1,621,124	395,517
Public Safety	5,414,847	5,433,523	4,825,937	607,586
Public Works	515,859	515,859	462,216	53,643
Health	108,640	108,806	102,033	6,773
Human Services	441,429	468,269	430,073	38,196
Other	1,812,000	1,824,000	1,636,451	187,549
Total Expenditures	<u>14,564,663</u>	<u>15,791,369</u>	<u>13,532,699</u>	<u>2,258,670</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,512,243)</u>	<u>(2,426,310)</u>	<u>(542,972)</u>	<u>1,883,338</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Fixed Assets	2,000	2,000	1,273	(727)
Other Financing Sources			11,460	11,460
Transfers In	90,000	90,000	32,814	(57,186)
Transfers Out	(292,000)	(80,425)		80,425
Advances In			150,000	150,000
Advances Out	(150,000)	(150,000)	(252,000)	(102,000)
Total Other Financing Sources (Uses)	<u>(350,000)</u>	<u>(138,425)</u>	<u>(56,453)</u>	<u>81,972</u>
Net Change in Fund Balance	(2,862,243)	(2,564,735)	(599,425)	1,965,310
Fund Balance Beginning of Year	2,382,061	2,382,061	2,382,061	
Prior Year Encumbrances Appropriated	<u>201,736</u>	<u>201,736</u>	<u>201,736</u>	
Fund Balance End of Year	<u>(\$278,446)</u>	<u>\$19,062</u>	<u>\$1,984,372</u>	<u>\$1,965,310</u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
MVGT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Sales Tax	\$505,000	\$505,000	\$512,838	\$7,838
Charges for Services	253,000	253,000	332,405	79,405
Fines and Forfeitures	44,000	44,000	50,155	6,155
Intergovernmental	3,860,000	3,860,000	3,990,124	130,124
Investment Income	22,000	22,000	17,434	(4,566)
Other Operating Income	34,500	34,500	44,768	10,268
Total Revenues	<u>4,718,500</u>	<u>4,718,500</u>	<u>4,947,724</u>	<u>229,224</u>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Public Works</b>				
Personal Services	2,507,188	2,502,839	2,400,061	102,778
Materials and Supplies	1,307,640	1,547,639	1,333,316	214,323
Charges and Services	1,692,901	1,468,966	1,398,701	70,265
Capital Outlay and Equipment	512,506	500,791	489,052	11,739
Other Operating Expense	10,000	10,000	8,237	1,763
Total Expenditures	<u>6,030,235</u>	<u>6,030,235</u>	<u>5,629,367</u>	<u>400,868</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,311,735)</u>	<u>(1,311,735)</u>	<u>(681,643)</u>	<u>630,092</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Fixed Assets			36,367	36,367
Total Other Financing Sources (Uses)			<u>36,367</u>	<u>36,367</u>
Net Change in Fund Balance	(1,311,735)	(1,311,735)	(645,276)	666,459
Fund Balance Beginning of Year	522,532	522,532	522,532	
Prior Year Encumbrances Appropriated	<u>789,203</u>	<u>789,203</u>	<u>789,203</u>	
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$666,459</u>	<u>\$666,459</u>

*See accompanying notes to the basic financial statements.*



**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
JOB AND FAMILY SERVICES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$2,908,465	\$2,908,465	\$2,972,237	\$63,772
Other Operating Income	511,000	670,434	128,150	(542,284)
Total Revenues	<u>3,419,465</u>	<u>3,578,899</u>	<u>3,100,387</u>	<u>(478,512)</u>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Human Services</b>				
Personal Services	1,875,033	2,004,468	1,466,262	538,206
Materials and Supplies	95,019	83,019	63,226	19,793
Charges and Services	1,442,270	1,570,444	1,259,323	311,121
Capital Outlay and Equipment	129,560	44,560	33,541	11,019
Other Operating Expense	120,255	119,080	83,570	35,510
Total Expenditures	<u>3,662,137</u>	<u>3,821,571</u>	<u>2,905,922</u>	<u>915,649</u>
Excess of Revenues Over (Under) Expenditures	<u>(242,672)</u>	<u>(242,672)</u>	<u>194,465</u>	<u>437,137</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Fixed Assets			200	200
Transfers In	100,000	100,000		(100,000)
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>200</u>	<u>(99,800)</u>
Net Change in Fund Balance	(142,672)	(142,672)	194,665	337,337
Fund Balance Beginning of Year	18,130	18,130	18,130	
Prior Year Encumbrances Appropriated	<u>124,541</u>	<u>124,541</u>	<u>124,541</u>	
Fund Balance End of Year	<u>(\$1)</u>	<u>(\$1)</u>	<u>\$337,336</u>	<u>\$337,337</u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
MRDD FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$3,911,037	\$3,911,037	\$3,629,192	(\$281,845)
Intergovernmental	1,134,084	1,134,084	1,458,046	323,962
Investment Income	10,000	3,708	2,866	(842)
Other Operating Income	5,000	5,000	1,302	(3,698)
Total Revenues	<u>5,060,121</u>	<u>5,053,829</u>	<u>5,091,406</u>	<u>37,577</u>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Health</b>				
Personal Services	3,067,852	2,999,036	2,858,060	140,976
Materials and Supplies	152,339	195,155	154,068	41,087
Charges and Services	1,718,488	1,744,488	1,579,072	165,416
Capital Outlay and Equipment	64,000	57,709	5,270	52,439
Total Expenditures	<u>5,002,679</u>	<u>4,996,388</u>	<u>4,596,470</u>	<u>399,918</u>
Excess of Revenues Over (Under) Expenditures	<u>57,442</u>	<u>57,441</u>	<u>494,936</u>	<u>437,495</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers Out		(800,000)	(800,000)	
Proceeds from Sale of Fixed Assets				
Total Other Financing Sources (Uses)		<u>(800,000)</u>	<u>(800,000)</u>	
Net Change in Fund Balance	57,442	(742,559)	(305,064)	437,495
Fund Balance Beginning of Year	2,166,239	2,166,239	2,166,239	
Prior Year Encumbrances Appropriated	<u>139,837</u>	<u>139,837</u>	<u>139,837</u>	
Fund Balance End of Year	<u>\$2,363,518</u>	<u>\$1,563,517</u>	<u>\$2,001,012</u>	<u>\$437,495</u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2008**

	<b>Business Type Activities Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Auglaize Acres</b>	<b>Sewers</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Assets</b>				
<b>Current Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$186,787	\$477,296	\$664,083	\$117,371
Cash and Cash Equivalents in Segregated Accounts				
Receivables:				
Accounts	1,104,579	73,777	1,178,356	
Notes		11,250	11,250	
Due From Other Funds				8,187
Materials and Supplies Inventory	36,361		36,361	
Prepaid Items	6,445	301	6,746	
Total Current Assets	<u>1,334,172</u>	<u>562,624</u>	<u>1,896,796</u>	<u>125,558</u>
<b>Noncurrent Assets:</b>				
<b>Capital Assets:</b>				
Land	4,200	52,098	56,298	
Depreciable Capital Assets, Net	218,857	3,483,800	3,702,657	
Total Noncurrent Assets	<u>223,057</u>	<u>3,535,898</u>	<u>3,758,955</u>	
Total Assets	<u>1,557,229</u>	<u>4,098,522</u>	<u>5,655,751</u>	<u>125,558</u>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable	232,504	21,960	254,464	20,507
Accrued Wages	155,168		155,168	4,236
Intergovernmental Payable	40,129		40,129	1,280
Due to Other Funds	418,867	36,560	455,427	
Due to Clients	44,068	147	44,215	
Claims Payable				
Notes Payable		5,000	5,000	
Compensated Absences Payable	132,384		132,384	3,323
Total Current Liabilities	<u>1,023,120</u>	<u>63,667</u>	<u>1,086,787</u>	<u>29,346</u>
<b>Long-Term Liabilities:</b>				
Compensated Absences Payable	153,371		153,371	979
Notes Payable		17,500	17,500	
Total Long-Term Liabilities	<u>153,371</u>	<u>17,500</u>	<u>170,871</u>	<u>979</u>
Total Liabilities	<u>1,176,491</u>	<u>81,167</u>	<u>1,257,658</u>	<u>30,325</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	223,057	3,513,398	3,736,455	
Unrestricted	157,681	503,957	661,638	95,233
Total Net Assets	<u>\$380,738</u>	<u>\$4,017,355</u>	<u>\$4,398,093</u>	<u>\$95,233</u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Business Type Activities Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Auglaize Acres</b>	<b>Sewers</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Operating Revenues</b>				
Charges for Services	\$5,408,360	\$337,631	\$5,745,991	\$4,351,089
Total Operating Revenues	<u>5,408,360</u>	<u>337,631</u>	<u>5,745,991</u>	<u>4,351,089</u>
<b>Operating Expenses</b>				
Personal Services	3,972,317		3,972,317	113,127
Contractual Services	850,077	322,876	1,172,953	4,128,630
Materials and Supplies	497,712	9,599	507,311	120,018
Other	25,591		25,591	
Depreciation	42,461	116,791	159,252	
Capital Outlay	8,552		8,552	
Total Operating Expenses	<u>5,396,710</u>	<u>449,266</u>	<u>5,845,976</u>	<u>4,361,775</u>
Operating Income (Loss)	<u>11,650</u>	<u>(111,635)</u>	<u>(99,985)</u>	<u>(10,686)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Other Non Operating	79,958	985	80,943	1,522
Transfers Out				(32,814)
Total Non-Operating Revenues (Expenses)	<u>79,958</u>	<u>985</u>	<u>80,943</u>	<u>(31,292)</u>
Change in Net Assets	91,608	(110,650)	(19,042)	(41,978)
Net Assets Beginning of Year	<u>289,130</u>	<u>4,128,005</u>	<u>4,417,135</u>	<u>137,211</u>
Net Assets End of Year	<u><u>\$380,738</u></u>	<u><u>\$4,017,355</u></u>	<u><u>\$4,398,093</u></u>	<u><u>\$95,233</u></u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Business Type Activities Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Auglaize Acres</b>	<b>Sewers</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$5,408,360	\$337,631	\$5,745,991	\$104,081
Cash Received from Interfund Services Provided				4,247,009
Cash Payments to Employees for Services	(4,022,343)		(4,022,343)	(113,193)
Cash Payments for Goods and Services	(1,377,425)	(299,355)	(1,676,780)	(4,237,535)
Net Cash Provided by (Used in) Operating Activities	<u>8,592</u>	<u>38,276</u>	<u>46,868</u>	<u>362</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Non Operating Revenue	79,958	985	80,943	1,522
Transfer Out				(32,814)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>79,958</u>	<u>985</u>	<u>80,943</u>	<u>(31,292)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Capital Asset Purchases	(27,099)	(23,365)	(50,464)	
Principal Paid on Notes		(5,000)	(5,000)	
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(27,099)</u>	<u>(28,365)</u>	<u>(55,464)</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	61,451	10,896	72,347	(30,930)
Cash and Cash Equivalents Beginning of Year	<u>125,336</u>	<u>466,400</u>	<u>591,736</u>	<u>148,301</u>
Cash and Cash Equivalents End of Year	<u><u>186,787</u></u>	<u><u>477,296</u></u>	<u><u>664,083</u></u>	<u><u>117,371</u></u>
<b>Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities</b>				
Operating Gain (Loss)	11,650	(111,635)	(99,985)	(10,686)
<b>Adjustments:</b>				
Depreciation	42,461	116,791	159,252	
<b>(Increase) Decrease in Assets:</b>				
Accounts Receivable	(230,890)	(6,321)	(237,211)	
Intergovernmental Receivable		2,500	2,500	
Prepaid Items	(361)	(237)	(598)	
Materials and Supplies Inventory	(8,599)		(8,599)	
Due from Other Funds				2,558
<b>Increase (Decrease) in Liabilities:</b>				
Accounts Payable	136,869	710	137,579	8,307
Deferred Revenue				9
Accrued Wages	5,776		5,776	365
Compensated Absences Payable	(55,801)		(55,801)	(432)
Intergovernmental Payable	2,469		2,469	241
Due to Clients	3,419	(92)	3,327	
Due to Other Funds	<u>101,599</u>	<u>36,560</u>	<u>138,159</u>	
Net Cash Provided by (Used in) Operating Activities	<u><u>\$8,592</u></u>	<u><u>\$38,276</u></u>	<u><u>\$46,868</u></u>	<u><u>\$362</u></u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2008**

	<b>Private Purpose Trust</b>	<b>Agency</b>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$5,999	\$2,722,490
Cash and Cash Equivalents in Segregated Accounts		715,894
Receivables:		
Property Taxes		46,351,568
Special Assessments		906,148
Due from other governments	1,009	3,263,429
Total Assets	7,008	53,959,529
 <b>Liabilities</b>		
Due to Other Governments		53,081,294
Undistributed Assets		878,235
Total Liabilities		\$53,959,529
 <b>Net Assets</b>		
Restricted	7,008	
Total Net Assets	\$7,008	

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Private Purpose Trust</u>
<b>Additions</b>	
Other	\$15,755
Total Additions	<u>15,755</u>
<b>Deductions</b>	
Human Service	15,755
Total Deductions	<u>15,755</u>
Change in Net Assets	
Net Assets Beginning of Year	<u>7,008</u>
Net Assets End of Year	<u><u>\$7,008</u></u>

*See accompanying notes to the basic financial statements.*

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**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**1. DESCRIPTION OF THE ENTITY**

Auglaize County, Ohio (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 basic financial statements include all funds, 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 basic financial statements 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 basic financial statements:

**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.

**B. Discretely Presented Component Units**

The component units columns in the basic financial statements 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.

**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. Complete financial statements may be obtained from Auglaize County Airport Authority, 07776 St. Rt. 219, New Knoxville, OH 45871.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(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. The operations of Auglaize Industries, Inc. are accounted for using proprietary fund accounting.

Complete financial statements may be obtained from Auglaize Industries, 330 West Boesel Ave., New Bremen, Ohio 45869.

**C. 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 are included in the financial statements as agency funds:

- Auglaize County General Health District
- Auglaize County Soil and Water Conservation
- 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

**D. 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 basic financial statements.

- 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 18 through 20.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**1. DESCRIPTION OF THE ENTITY (Continued)**

- Midwest Pool Risk 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 Consortium of Auglaize, Hardin, and Mercer Counties
- West Central Ohio Network
- Auglaize and Mercer Counties Convention and Visitors' Bureau
- Auglaize County Emergency Management Agency Cooperative
- Auglaize County Revolving Loan Fund Board
- Grand Lake Task Force
- Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and practices of Auglaize County conform to accounting principles generally accepted in the United States of America (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 governmental and business type activities 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**

**Government-wide Statements**

The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function for the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

**Fund Financial Statements:** The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category-governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column.

All remaining governmental and proprietary funds are aggregated and reported as non-major funds. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements.

**1. Governmental Funds:**

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

The following are the County's major governmental funds:

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

**Motor Vehicle and Gasoline Tax (MVGTT)** - The Motor Vehicle Gas Tax fund accounts for gas tax and license revenue used for road and bridge maintenance in the County.

**Job and Family Services (JFS)** - The Job and Family Services Fund accounts for various federal and state grants as well as allocations from the general fund used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

**Mental Retardation and Developmental Disabilities (MRDD)** - The Mental Retardation and Developmental Disabilities Fund accounts for a County-wide property tax levy, state grants and reimbursements used for care and services for the mentally handicapped and retarded.

**Permanent Improvement** - The Permanent Improvement Fund accounts for revenue received from the permissive sales tax and is used to pay for capital improvements.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Proprietary Funds**

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are used to account for the County's ongoing activities which are financed and operated in a manner similar to the private sector.

**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. The County's internal service funds account for monies received from the activities of the insurance programs for employee health, vision, drug card benefits and flexible spending; and for various rotary services such as police protection and gasoline.

**3. Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds.

Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The County's fiduciary funds are private purpose trust and agency funds. The private purpose trust accounts for funds held by binding trust agreements. The agency funds account for assets held by the County for political subdivisions for which the County acts as fiscal agent, and for taxes, assessments, state-levied shared revenues, and fines and forfeitures collected on behalf of other local governments and distributed to other political subdivisions.

**B. Measurement Focus and Basis of Accounting**

**1. Government-Wide Financial Statements**

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

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net assets.

The statement of revenues, expenses, and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows reflects how the County finances and meets the cash flow needs of its proprietary activities.

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

**3. Discretely Presented Component Units**

The Auglaize County Airport Authority uses the proprietary 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.

Auglaize Industries uses the proprietary 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. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Revenues – Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**2. Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On the governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**3. Expenses/Expenditures**

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

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

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. Budgetary information for the component units is not reported because they are not included in the entity for which the "appropriated budget" is adopted. 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 of accounting. The tax budget demonstrates a need for existing or increased tax rates.

The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by County Commissioners. The legal level of control has been established by the County Commissioners at the personal services and other expense classification levels within each department for the General Fund and for all other funds.

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

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

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the County is pooled, except for cash held by a trustee or fiscal agent and 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. Interest in the pool is reported as "Equity in Pooled Cash and Cash Equivalents." 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 reported as "Cash and Cash Equivalents in Segregated Accounts." Cash held by the West Central Ohio Network (WestCon) on behalf of the County is reported as "Cash and Cash Equivalents with Fiscal Agent".

During 2008, investments were limited to money markets, treasury notes, and federal agency securities. 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.



**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(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, St. Marys River Project Special Revenue Fund, the Auglaize School Workshop Bond Retirement Fund, the Treasurer's Prepay Agency Fund and the Auglaize School Group Home Special Revenue Fund. Total investment revenue earned during 2008 was \$681,316. The General Fund was credited with \$706,335 of interest revenue on the cash basis of which \$640,742 was assigned from other funds. Adjusting entries resulted in the General Fund reporting \$605,894 of interest revenue on the GAAP basis.

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 that are not purchased from the pool are reported as investments.

**F. Inventory of Supplies**

Inventories are stated at lower of cost or market value on a first-in, first-out basis. The costs of inventory items are expensed when consumed or used.

**G. Prepaids**

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**H. Receivables and Payables**

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

Using these criteria, the County has elected not to record child support arrearages or various court receivables within the special revenue and agency funds. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

**I. Inter-fund Receivables and Payables**

On the fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as "inter-fund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as "internal balances".

**J. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Capital Assets and Depreciation**

The capital 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 capital assets are capitalized at fair market value on the date donated.

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. The County maintains a capitalization threshold of five thousand dollars.

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

Infrastructure assets are reported as part of Capital Assets Being Depreciated in the governmental activities column. Infrastructure reported in the governmental activities column consists of County bridges and roads. In addition, expenditures made by the County to preserve existing bridges and roads are expensed rather than capitalized. Only expenditures for additions or improvements are capitalized.

Capital assets used by the enterprise funds are reported in both the business-type activities column on the government-wide statement of net assets and in the respective funds. All reported capital assets are depreciated except for land, some land improvements and construction in progress.

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

<u>Description</u>	<u>Estimated Life</u>
Sewer and Water Treatment Plants and Lines	50 years
Buildings and Improvements	10-30 years
Bridges	40 years
Roads	15 years
Cruisers	2 years
Furniture and Fixtures	10-20 years
Machinery and Equipment	7-15 years
Licensed Vehicles (except Cruisers)	6 years
Software	3 years

**L. Component Units**

**Auglaize Industries** - 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 rateably over the estimated useful life. Depreciation of capital assets is on a double declining balance basis over the estimated useful lives of the respective assets, as follows:

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

<u>Description</u>	<u>Estimated Life</u>
Furniture and Fixtures	7 years
Transportation Equipment	5 years
Computers	5 years
Leasehold Improvements	31 1/2 years

**Auglaize Airport Authority** - The capital asset values were initially determined at December 31, 1994, using the consumer pricing index to estimate historical costs. Donated capital 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:

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

**M. 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. The County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the County's past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on length of service and department policy.

The entire compensated absence liability is reported on the government-wide financial statements. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims, judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability in the governmental fund financial statements when due.

**O. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net assets restricted for other purposes include resources restricted for specific county operations and federal and state grants restricted to expenditure for specified purposes. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. At December 31, 2008, the amount of net assets restricted by enabling legislation was \$9,482,159.

**P. Capital Contributions**

Capital contributions arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction or transfers of capital assets between governmental and business type activities. These assets are recorded at their fair market value on the date contributed. Contributed resources are reported as capital contributions within the financial statements pursuant to GASB 33 "*Accounting and Reporting for Non-exchange Transactions*".

**Q. Fund Balance Reserves**

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 long-term portion of interfund receivable, notes receivable, and for encumbrances.

**R. Operating Revenues and Expenses**

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

**S. Inter-fund Transactions**

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

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

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.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**T. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**3. RESTATEMENT OF PRIOR YEAR NET ASSETS AND FUND BALANCES**

Net assets of Governmental Activities were restated at December 31, 2007, to make a correction to prior year's infrastructure calculation. The net assets of Governmental Activities and fund balance of the MRDD Fund were also restated at December 31, 2007 as a result of a reporting error in the West Central Ohio Network (West CON) assets and liabilities. In addition, the net assets of the Governmental Activities were restated due to the correction of the allocation of the Internal Service Fund. The net assets of Governmental Activities and fund balance of the Permanent Improvement Fund was restated due to prior year overstatement of revenue. These changes had the following effect on net assets/fund balances as previously reported:

	<b>Net Assets</b>	<b>Fund Balance</b>	
	<b>Governmental Activities</b>	<b>MRDD Fund</b>	<b>Permanent Improvement Fund</b>
Net Assets/Fund Balances, December 31, 2007	\$63,097,637	\$2,835,274	\$6,809,805
Restatements for:			
Infrastructure	71,906		
West Con	198,297	198,297	
Internal Service	(8,750)		
Reduce prior year accrual	(127,923)		(134,210)
Restated Fund Balance/Net Assets, December 31, 2007	<u>\$63,231,167</u>	<u>\$3,033,571</u>	<u>\$6,675,595</u>

**4. ACCOUNTABILITY AND COMPLIANCE**

The following funds had a deficit fund balances as of December 31, 2008:

<b>Special Revenue Funds:</b>	<b>Deficit Fund Balance</b>
09 VOCA	\$227
08 VOCA	70
Solid Waste Management	484,981
Law Enforcement Grant	3,141
<b>Internal Service Funds:</b>	
Gas Rotary	341

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

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**5. BUDGETARY BASIS OF ACCOUNTING**

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 Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual are presented in the basic financial statements for the General Fund and Major Special Revenue Funds.

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).

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:

<b>Net Change in Fund Balance</b>				
<b>General and Major Special Revenue Funds</b>				
	<b>General</b>	<b>Motor Vehicle Gasoline Tax</b>	<b>Job and Family Services</b>	<b>Mental Retardation Development Disabilities</b>
Budget Basis	(\$599,425)	(\$645,276)	\$194,665	(\$305,064)
<b>Net Adjustments:</b>				
Revenue accruals	632,484	(84,442)	(340,677)	(60,966)
Expense accruals	106,493	825,509	56,968	229,027
Other financing sources	(150,000)		1	
Other financing uses	252,000			
Encumbrances	141,176	26,483	186,306	96,233
GAAP Basis	<u>\$382,728</u>	<u>\$122,274</u>	<u>\$ 97,263</u>	<u>(\$ 40,770)</u>

**6. DEPOSITS AND INVESTMENTS**

**Primary Government**

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

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

1. United States treasury bills, bonds, notes 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; or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

2. Bonds, notes debentures, or any other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio 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) of this section 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 simultaneously exchange either securities described in division (1) or (2) or cash or both cash and securities, equal value for equal value;
9. High grade commercial paper and bankers acceptances in an amount not to exceed up to twenty five percent of the County's total portfolio and corporate notes not to exceed up to fifteen percent of the County's total average portfolio; and

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days, commercial paper within 270 days, and corporate notes within two years after purchase. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt and the investment advisory committee specifically approves it. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Cash On Hand** - At December 31, 2008, cash on hand amounted to \$175,099.

**A. Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the County's deposits was \$5,283,954. Of the County's bank balance of \$6,089,559, \$4,349,459 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

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

**B. Investments**

As of December 31, 2008, the County had the following investments with the listed maturity periods:

	<u>Total</u>	<u>Less Than Six Months</u>	<u>Six Months To One Year</u>	<u>One to Five Years</u>
Federal Home Loan Bank Bonds	\$ 3,057,675		\$1,204,128	\$ 1,853,547
Federal Home Loan Bank	3,001,890	\$3,001,890		
Federal Home Loan Mortgage Corporation				
Medium Term Notes	1,984,116			1,984,116
Federal Farm Credit Bank	500,155			500,155
Federal Home Loan Mortgage Corporation Notes	4,992,560			4,992,560
Federal National Mortgage Association Notes	1,955,730			1,955,730
Money Market Fund	3,307,998	3,307,998		
	<u>\$18,800,124</u>	<u>\$6,309,888</u>	<u>\$1,204,128</u>	<u>\$11,286,108</u>

The County's investment policy does not address any restriction on investments relating to interest rate (the risk that changes in interest rates will adversely affect the fair value of an investment), or custodial credit risks (the risk that in the event of failure of the counterparty, the County will not be able to recover the value of its investments or securities that are in the possession of an outside party). The federal agency securities are subject to custodial risk since they are uninsured, unregistered, and held by the counterparty's trust department or agent and not in the County's name. The investment policy restricts the Treasurer from investing in anything other than as identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the County. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date.

The County's Federal Home Loan Mortgage Corporation Notes (all except two) carry a rating of AAA by Moody's. The County's Federal Home Loan Mortgage Corporation Medium Notes (all except one that carries AAA), Federal National Mortgage Association Notes, Federal Home Loan Banks, Federal Home Loan Bank Bonds, and Federal Farm Credit Bank carry a rating of WR (withdrawn rating) by Moody's.

The County diversifies its investments by security, type, and the institution. The County addresses concentration of credit risk by requiring that with the exception of direct obligations of the U. S. Treasury, no more than 50 percent of the County's total investment portfolio will be invested in a single security type or with a single financial institution.

The following table indicates the percentage of each investment to the total portfolio:



**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

	<u>Carrying Value</u>	<u>Percentage Of Portfolio</u>
Federal Home Loan Bank Bonds	\$ 3,057,675	16.26%
Federal Home Loan Bank	3,001,890	15.97%
Federal Home Loan Mortgage Corporation Medium Notes		
Term Notes	1,984,116	10.55%
Federal Farm Credit Bank	500,155	2.66%
Federal Home Loan Mortgage Corporation Notes	4,992,560	26.56%
Federal National Mortgage Association Notes	1,955,730	10.40%
Money Market Fund	3,307,998	17.60%
	<u>\$18,800,124</u>	<u>100.00%</u>

**C. 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 \$33,737 and the bank balance was \$36,493. \$36,493 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 \$26,472 and the bank balance was \$26,472. Of this amount, \$26,472 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, the United States Government Securities and the Mortgaged Backed Securities due after ten years have a fair value of \$182,076; and the Mutual Funds have a fair value of \$294,164. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit corporations.

The United States Government Securities carry a rating of AAA by Standards & Poor's. The Mutual Funds and Asset and Mortgaged Backed Securities are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Industries' name.

**7. 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 2008 (Calendar year 2009). The last revaluation update was completed in tax year 2005 (calendar year 2006). Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 15.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**7. PROPERTY TAXES (Continued)**

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

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The year 2008 was the last year for tangible personal property tax collections. The State of Ohio has terminated this program.

Amounts paid by multi-county taxpayers were due October 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment was due April 30; if paid semiannually, the first payment was 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 taxes on behalf of all taxing districts within the County, and the County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, is accounted for through agency funds.

Accrued property taxes receivable represents delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2008. 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 2008 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, 2008, was \$9.25 per \$1,000 of assessed value.

The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

<b>Real Property:</b>	
Agricultural/Residential	\$641,206,080
Commercial/Industrial/Mineral	137,239,440
Public Utility Real	226,750
<b>Tangible Personal Property:</b>	
General	38,033,789
Public Utility	17,499,690
Total Assessed Value	\$834,205,749

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**8. PERMISSIVE SALES AND USE TAX**

The County Commissioners by resolution imposed a one percent tax on all retail sales, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the 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 (60 percent) and to the Permanent Improvement Fund (40 percent) for the month of January 2008. In February and March 2008, 60 percent went to the General Fund and 40 percent to Fund 199 Lawsuit Repayment. The balance of the year went 100 percent to the General Fund. The sales tax revenue for 2008 amounted to \$8,375,052. The General Fund was credited with \$7,520,107, the Permanent Improvement Fund was credited with \$0 (due to GAAP adjustments), and \$339,489 was credited to the Lawsuit Repayment Fund. The use tax amounted to \$515,456, and was credited to the Motor Vehicle and Gasoline Tax Fund.

A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2008. On a full accrual basis, the full amount of the receivable is recognized as revenue. On a modified accrual basis, the amount of the receivable that will be received outside of the available period is deferred.

**9. INTERFUND TRANSACTIONS**

As of December 31, 2008, interfund receivables and payables that resulted from various interfund transactions were as follows:

<b>Interfund Payable</b>	<b>General</b>	<b>Job &amp; Family Services</b>	<b>Other Govtl</b>	<b>Internal Service</b>	<b>Total</b>
General				\$3,111	\$ 3,111
MVGT				1,347	1,347
Job & Family Srvc			\$72,130	300	72,430
MRDD	\$ 101				101
Sewers	36,560				36,560
Other Governmental	660,130	\$81,398	3,556	1,655	746,739
Auglaize Acres	417,093			1,774	418,867
Interfund Receivable	<u>\$1,113,884</u>	<u>\$81,398</u>	<u>\$75,686</u>	<u>\$8,187</u>	<u>\$1,279,155</u>

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**9. INTERFUND TRANSACTIONS (Continued)**

<b>Operating Transfers</b>	<b>Transfer In</b>	<b>Transfer Out</b>
General	\$32,814	
Mental Retardation and Developmental		\$800,000
Other Governmental Funds:		
Ditch Debt Funds		842
Ditch Maintenance Funds	842	
MRDD Capital Projects	200,000	
Community Alternatives	600,000	
Total Other Governmental Funds	800,842	842
<b>Internal Service Funds:</b>		
Insurance		31,000
Flex Spending		1,814
Total Internal Service Funds	833,656	32,814
	\$833,656	\$833,656

**10. RECEIVABLES**

Receivables at December 31, 2008 consist of taxes, accounts (billings for user charged services), special assessments, inter-fund, 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:

<b>General Fund</b>	<b>Amount</b>
Public Defender Reimbursement	\$12,548
Judge's Salary Reimbursement	1,361
School Food Service	1,716
Ohio Housing Trust Fund Admin Fee	370
Local Government	474,498
Homestead and Rollback	197,314
Total General Fund	687,807
<b>MVGT Fund</b>	
Motor Vehicle License Tax	783,283
Permissive Motor Vehicle License Tax	261,393
Gasoline Tax	1,182,072
Total MVGT Fund	2,226,748
<b>Job and Family Services Fund</b>	
State of Ohio	147,839
<b>MRDD Fund</b>	
MRDD – Homestead and Rollback	354,971
<b>Other Funds</b>	
Community Development Block Grant	14,550
Community Housing Improvement Program	24,000
GLTF Grant	2,309
VOCA – Federal funding	21,547
Childrens Services	22,211
911 Emergency Assistance	8,611

(Continued)

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**10. RECEIVABLES (Continued)**

	<b>Amount</b>
<b>Other Funds (Continued)</b>	
Ohio Housing Trust Fund	3,000
Revolving Loan	75,527
State Reimbursement	81,558
Title XIX	70,093
Law Enforcement Grant	11,095
Airport Grant	20,885
Total Other Funds	355,386
Total Due From Other Governments	\$3,772,751

A summary of the principal items of accounts receivables follows:

<b>General Fund</b>	<b>Amount</b>
Fees	\$60,544
<b>MVGT Fund</b>	
Motor Vehicle Reimbursement	14
Engineer Fees	4,816
Total MVGT Fund	4,830
<b>MRDD Fund</b>	
Fuel Reimbursement	620
<b>Other Funds</b>	
Reimbursements	152
Day Hab Fees	14,445
Ditch Maintenance Fees	70
CAUV Fees	325
Solid Waste Generation Fee	24,363
Total Other Funds	39,355
Total Governmental Funds Accounts	105,349
<b>Auglaize Acres</b>	
Auglaize Acres – Room and Board	1,103,951
Auglaize Acres – Other	628
Total Auglaize Acres Accounts Receivable	1,104,579
<b>Sewer Funds</b>	
South Grand Lake Sewer Charges	31,930
Villa Nova Sewer Charges	3,818
Sharlon Sewer Charges	853
Beverly Hills Sewer Charges	3,149
Sherwood Forest Sewer Charges	2,461
Pleasantview Sewer Charges	3,766
KZ Sewer Charges	1,637
Arrowhead Estates Sewer Charges	1,881
East Lake Park Sewer Charges	3,334
Forest Lane Sewer Charges	1,817
Sandy Beach Sewer Charges	16,673
Oakwood Hills Sewer Charges	2,458
Total Sewer Funds	73,777
Total Enterprise Funds	1,178,356
Total Accounts Receivable	\$1,283,705

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**10. RECEIVABLES (Continued)**

A summary of the principal items of notes receivables follows:

<b>General Fund</b>	<b>Amount</b>
Educational Service Center Promissory Note	\$9,600
<b>Other Funds</b>	
Auglaize Proviso	281,743
Industrial Paint and Strip	162,050
Johnna's LLC	49,112
Make Properties, Inc.	183,036
WeldTec, Ltd.	197,636
CC Propane	58,911
Total Other Funds	932,488
Total Governmental Notes Receivable	942,088
<b>Enterprise Funds</b>	
City of Wapakoneta – Oakwood Hills Sewer	11,250
Total Notes Receivable	\$953,338

**11. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2008, was as follows:

<b>Governmental Activities</b>	<b>Balance January 1</b>	<b>Prior Year Additions</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance December 31</b>
<b>Non Depreciable Assets:</b>					
Land	\$ 1,927,405				\$ 1,927,405
Construction in Progress	522,369		\$ 117,668	(\$ 75,500)	564,537
Total Non Depreciable	2,449,774		117,668	(75,500)	2,491,942
<b>Depreciable Assets:</b>					
Land Improvements	4,065,081		15,340		4,080,421
Buildings & Improvements	18,261,586		8,866		18,270,452
Infrastructure	33,880,451	\$44,091	1,549,806	(892,838)	34,581,510
Equipment, Furniture, Fixtures	9,025,150		739,362	(365,389)	9,399,123
Total Depreciable	65,232,268	44,091	2,313,374	(1,258,227)	66,331,506
<b>Accumulated Depreciation:</b>					
Land Improvements	1,067,317		360,276		1,427,593
Buildings & Improvements	5,825,782		697,669		6,523,451
Infrastructure	13,526,652	(27,815)	1,574,286	(599,759)	14,473,364
Equipment, Furniture, Fixtures	5,810,856		828,100	(337,566)	6,301,390
Total Accumulated Depreciation	26,230,607	(27,815)	3,460,331	(937,325)	28,725,798
Net Depreciable Assets	39,001,661	71,906	(1,146,957)	(320,902)	37,605,708
Total Governmental Activities Capital Assets (Net)	\$41,451,435	\$71,906	(\$1,029,289)	(\$396,402)	\$40,097,650

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**11. CAPITAL ASSETS (Continued)**

<u>Business-Type Activities</u>	<u>Balance January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31</u>
<b>Non Depreciable Assets:</b>				
Land	\$ 56,298			\$ 56,298
<b>Depreciable Assets:</b>				
Buildings & Improvements	1,016,606			1,016,606
Water & Sewer	5,817,886	\$23,365		5,841,251
Equip, Furn & Fixtures	285,586	27,100		312,686
Total Depreciable	7,120,078	50,465		7,170,543
<b>Accumulated Depreciation:</b>				
Buildings & Improvements	836,451	21,289		857,740
Water & Sewer	2,240,660	116,791		2,357,451
Equip, Furn & Fixtures	231,522	21,173		252,695
Total Accumulated Depreciation	3,308,633	159,253		3,467,886
Net Depreciable Assets	3,811,445	(108,788)		3,702,657
Business Type Activities				
Capital Assets (Net)	\$3,867,743	(\$108,788)	\$0	\$3,758,955

Depreciation expense was charged to governmental programs as follows:

General Government - Legislative and Executive	\$1,151,201
General Government - Judicial	15,796
Public Safety	174,341
Public Works	2,003,344
Health	46,085
Human Services	69,564
Total Depreciation Expense	<u>\$3,460,331</u>

**12. RISK MANAGEMENT**

**A. Transference of Risk: Property, Crime and Liability**

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 Pool Risk Management Agency, Inc. (MPRMA) (the Pool) which is a public entity risk pool, (see Note 18) for general liability, automobile liability, public officials' liability and property and crime insurance.

Coverage provided by the pool is as follows:

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**12. RISK MANAGEMENT (Continued)**

<b>Property</b>	
Maximum per occurrence	\$ 67,293,000
Subject to following sublimits	
Flood*	36,000,000
Earthquake*	36,000,000
Demolition and Increased Cost of Construction	1,000,000
Extra Expense	500,000
Computer Equipment & Media	700,000
Computer Extra Expense	100,000
Property in Transit	20,000
Valuable Papers	250,000
Account Receivable	100,000
Mobile Equipment	3,000,000
Fine Arts	50,000
Automatic Builders' Risk	1,000,000
Automatic Newly-Acquired Property	1,000,000
<b>Crime</b>	
Employee Dishonesty and Faithful Performance	500,000
Money and Securities (Inside and Outside)	500,000
Forgery and Alteration	500,000
<b>Boiler and Machinery</b>	30,000,000
<b>Liability</b>	
Maximum per occurrence	7,000,000
Subject to following sublimits	
General, Law, Auto	7,000,000
Employee Benefits*	7,000,000
Ohio Stop Gap	7,000,000
Public Official Errors & Omissions*	7,000,000
Sexual Harassment*	1,000,000
County Home (primary and excess liability)	5,000,000

Limits include the pool self-insured retentions.

\*Limit is annual aggregate

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

Crime	\$25,000	per occurrence
Property, Auto, Physical Damage	100,000	per occurrence
Liability	100,000	per occurrence
Combined loss maximum	100,000	per occurrence

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

Property and Auto Physical Damage	\$ 67,293,000
Crime	500,000
Liability	7,000,000
Except County Orals	5,000,000



**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**12. RISK MANAGEMENT (Continued)**

The amount of any claim or loss in excess of these amounts would be the responsibility 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.

Provisions for claim reserves and loss adjustment expenses are based on information reported by members and are calculated by the Pool's claim administrator and independent actuary. These amounts represent an estimate of reported, unpaid claims, plus provisions for claims incurred and not reported.

The Pool'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 assessed.

To lower costs to pool members, MPRMA joined with other Ohio public entities to form a new excess pool called the Public Entity Risk Consortium (PERC). The PERC pool provides self-insured retentions for each of the member pools as follows: Property – up to \$250,000 per occurrence, Liability – up to \$500,000 per occurrence and annual Stop Loss for the period of 12/1/07 through 1/30/08 up to \$1,750,000 maximum. As of November 30, 2008 PERC has cash reserves of \$3,894,666 which, in the opinion of an outside actuary and management, is adequate for any claims currently pending against the pool.

**B. Transference of Risk: Employee Health Insurance**

The County is part of the Midwest Employee Benefit Consortium (MEBC) (the Consortium) for its employee health insurance, and retains no risk for this plan (see Note 18). 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.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**12. RISK MANAGEMENT (Continued)**

Provisions for claims reserves and loss adjustment expenses are based on information reported by members and are calculated by the Consortium's claims administrator. These amounts represent an estimate of reported, unpaid claims, plus a provision for claims incurred and not reported. The Consortium'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 2008, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (See Note 18). 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 Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of 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 Caremark/CVS.

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 Polaris Benefit Administrators.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**12. RISK MANAGEMENT (Continued)**

2. The County's Basic Health Care Program has an agreement with Caremark/CVS 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.

**13. DEFINED BENEFIT PENSION PLANS**

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

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

For 2008, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the traditional pension plan. For the year ended December 31, 2008, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The County's contribution rate for pension benefits for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 17.40 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions. The portion of employer contributions allocated to health care was 7.00% in 2008. Employer contribution rates are actuarially determined.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$1,057,410, \$1,229,250, and \$1,215,117, respectively; 89 percent has been contributed for 2008 and 100 percent for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$7,279 made by the County and \$10,190 made by the plan members.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**14. POSTEMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit.

Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008 local government employer units contributed at 14.0% of covered payroll, and public safety and law enforcement employer units contributed at 17.40%.

The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. Actual employer contributions for 2008 were \$943,472 for regular employees and \$76,689 for law enforcement employees. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**15. COMPENSATED ABSENCES**

Vacation is earned at rates which vary depending upon length of service and standard work week. The county currently has different policies regarding vacation leave. All of the policies allow the County employees to be paid for all earned, unused vacation leave at the time of termination of employment with more than one year of service with the County.

Employees earn sick leave at varying rates based on whether the employee is union or non-union. Upon retirement, employees with ten or more years of service are paid one-fourth of accumulated sick leave up to a maximum of 480 hours.

**16. LEASES – LESSEE DISCLOSURE**

The County has entered into a lease for office space. The lease entered into does 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 schedule for future minimum long-term operating lease payments as of December 31, 2008 is as follows:

<u>Year</u>	<u>Special Revenue Fund</u>
2009	\$10
2010	10
2011	10
2012	10
Total	<u>\$40</u>

**17. DEBT OBLIGATIONS**

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

	<u>Balance 12/31/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/08</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
<b>General Obligation Bonds:</b>					
2005 – 2.4% - 4.1%					
Original Amount \$475,000					
Human Services Building	\$ 380,000		(\$30,000)	\$350,000	\$ 35,000
<b>Ohio Public Works Loan</b>					
Sandy Beach Storm Sewer	81,832		(5,114)	76,718	5,114
<b>Special Assessment Bonds:</b>					
1992 – 4.9% - 7%					
Original Amount - \$1,220,000					
Southeast Sewer District	385,000		(85,000)	300,000	95,000
1993 – 3.1% - .9%					
Original Amount - \$1,495,000					
Sandy Beach Sewer District	<u>620,000</u>		<u>(90,000)</u>	<u>530,000</u>	<u>95,000</u>
Total Special Assessment	<u>1,005,000</u>		<u>(175,000)</u>	<u>830,000</u>	<u>190,000</u>

(Continued)

**FINANCIAL CONDITION  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**17. DEBT OBLIGATIONS (Continued)**

**Special Assessment Notes:**

	<b>Original Issue</b>				
Kah Sewer – 0%	179,341	103,121	(8,967)	94,154	8,967
Ramga #2-4.87%	62,060	62,606	(7,826)	54,780	7,826
Egley #2 Ditch – 6.25%	2,805	701	(351)	350	350
Benzing Ditch – 5.25%	44,766	13,989	(5,596)	8,393	5,596
Shaw – 5.1%	34,116	31,984	(4,265)	27,719	4,265
Barnt – 5.1%	7,860	7,369	(983)	6,386	983
Copeland Ditch – 6.75%	13,623	3,405	(1,703)	1,702	1,703
Scholl Ditch – 5.75%	16,581	5,181	(2,073)	3,108	2,073
Grubbs #2 Ditch – 3.65%	20,061	12,037	(4,012)	8,025	4,012
Smith Ditch – 3.98%	6,798	2,973	(850)	2,123	850
Arnold – 5.5%	16,687	16,687	(2,086)	14,601	2,086
Bills Ditch – 6.85%	9,710	3,034	(1,214)	1,820	1,214
Cook #2 – 3.98%	12,233	5,352	(1,529)	3,823	1,529
Henschen – 4.67%	52,540	49,256	(6,567)	42,689	6,567
Nielson – 4.67%	18,609	17,446	(2,326)	15,120	2,326
IIOF – 4.2%	24,981	24,981	(3,123)	21,858	3,123
Hauss Ditch – 6.57%	16,241	2,030	(2,030)		
Danaher Ditch – 4.091%	40,255	22,643	(5,032)	17,611	5,032
Rapp Kill Ditch – 6.75%	6,738	422	(422)		
Berg Bauer Ditch – 5.75%	66,918	4,182	(4,182)		
Annesser Ditch – 4.15%	78,281		\$78,281	(4,892)	73,389
Buck Ditch – 6.75%	14,903	931	(931)		
Kenmann Ditch – 5.375%	10,607	663	(663)		
Waynesfield Northeast Storm Sewer – 4.25%	19,561		19,561	(1,956)	17,605
Huenke #2 Ditch – 4.35%	21,531		21,531	(1,347)	20,184
King Ditch – 6.5%	36,539	20,554	(4,567)	15,987	4,567
Wissman Ditch – 6.85%	36,228	2,264	(2,264)		
Parker Ditch – 4.748%	12,483	7,803	(1,560)	6,243	1,560
Knueve Ditch – 4.748%	10,756	6,722	(1,345)	5,377	1,345
Lotridge Ditch – 4.25%	72,169	45,106	(9,021)	36,085	9,021
Allman #2 Ditch – 4.75%	66,929	39,416	(7,166)	32,250	7,166
Downey Ditch – 4.53%	13,369	9,191	(1,671)	7,520	1,671
Stoner Ditch – 4.50%	8,138		8,138	8,138	1,017
Zink Ditch – 4.50%	14,533		14,533	14,533	2,907
Simms Run Ditch – 4.50%	25,530		25,530	25,530	3,191
Shearer #3 Ditch – 3.81%	20,446		20,446	(1,277)	19,169
Spencer Ditch – 4.70%	30,285		30,285	30,285	3,786
Cartwright Ditch – 4.70%	10,726		10,726	10,726	1,788
<b>Total Special Assessment Notes</b>	<b>522,049</b>	<b>229,031</b>	<b>(103,797)</b>	<b>647,283</b>	<b>115,465</b>
<b>Total Other Long Term Obligations</b>					
Compensated Absences	1,667,726	116,910	(57,093)	1,727,543	716,455
<b>Total Governmental Activities</b>	<b>\$3,656,607</b>	<b>\$345,941</b>	<b>(\$371,004)</b>	<b>\$3,631,544</b>	<b>\$1,062,034</b>

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**17. DEBT OBLIGATIONS (Continued)**

The County was involved in litigation regarding the City of St. Marys landfill during 2007. A judgment was made in March 2008 requiring the County to repay the City of St. Marys \$2,066,745. \$1,300,000 was paid during 2008. A liability has been reported in the amount of \$766,745 as "Due Within One Year" on the Statement of Net Assets at December 31, 2008.

<b>Business Type Activities</b>	<b>Balance 12/31/07</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/08</b>	<b>Due Within One Year</b>
<b>Ohio Public Works Loans</b>					
Sewer and Interceptor					
Original Amount					
\$100,000	\$ 27,500		(\$5,000)	\$22,500	\$ 5,000
<b>Other Long-Term Obligations</b>					
Compensated Absences	341,556		(55,801)	285,755	132,384
Total Business Type Activities	<u>\$369,056</u>	<u>\$0</u>	<u>(\$60,801)</u>	<u>\$308,255</u>	<u>\$137,384</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 benefited individual property owners.

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. This was refunded in 2005.

The County obtained a loan from the Ohio Public Works Commission in the amount of \$102,288 for a term of twenty years for the purpose of assisting in the cost of the Sandy Beach sewer installation project.

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 liability 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 benefited 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 164.95 and Ohio Admin. Code 164-1-21, the County entered into an agreement with the Ohio Public Works Commission, on March 13, 1992, in the amount of \$100,000 in respect to the Hamilton Street Sanitary Interceptor Reconstruction project. The County and City of Wapakoneta subsequently entered into an agreement that stated each entity would be financially responsible to repay one half of the debt. The debt is to be repaid from revenues generated by the Oakwood Hills Sewer District.

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

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**17. DEBT OBLIGATIONS (Continued)**

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, 2008 are an overall debt margin of \$19,355,143 and an unvoted debt margin of \$8,342,057.

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

Year	General Obligation Bonds	Special Assessment Bonds	Special Assessment Notes	OPWC Promissory Loans	Total Debt Obligations
2009	\$ 48,005	\$242,270	\$139,326	\$10,114	\$ 439,715
2010	46,920	240,015	127,977	10,114	425,026
2011	50,783	237,115	114,003	10,114	412,015
2012	44,382	123,570	104,043	10,114	282,109
2013	48,105	127,080	77,312	7,614	260,111
2014-2018	181,980		162,406	25,573	369,959
2019-2023			4,482	25,573	30,055
2024-2028					
Total	420,175	970,050	729,549	99,216	2,218,990
<b>Less:</b>					
Interest	(70,175)	(140,050)	(82,266)		(292,491)
Outstanding Principal	\$350,000	\$830,000	\$647,283	\$99,216	\$1,926,499

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, the 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, 2008 is as follows:

Project Loans:	Outstanding 12/31/07	Additions	Reductions	Outstanding 12/31/08
Southeast Sewer District	\$1,196,382			\$1,196,382
Sandy Beach Sewer District	209,786			209,786
Total	\$1,406,168	\$0	\$0	\$1,406,168



**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**17. DEBT OBLIGATIONS (Continued)**

**A. Current Refunding**

On February 23, 2005, the County issued at par \$475,000 of County Building Acquisition Refunding Bonds Limited Tax General Obligation (the "Bonds") for the purpose of refunding \$450,000 of then-outstanding 1992 Long Term General Obligation bonds. The 2005 bonds bear an average coupon rate of 3.725580 percent and the final payment due December 1, 2017. As a result, \$450,000 of the 1992 Long Term General Obligation bonds are considered to be defeased and the liability for those bonds have been removed from the county's long-term obligations.

**B. Conduit Debt**

During 1998, the County issued industrial development revenue bonds in the amount of \$4,800,000, to provide financial assistance to Midwest Elastomers, Inc. for the expansion and equipping of a manufacturing facility.

The County is not obligated in any way to pay the debt and related charges on the bonds or any of its funds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

**18. PUBLIC ENTITY RISK POOLS**

**A. Midwest Pool Risk Management Agency, Inc.**

Midwest Pool Risk Management Agency, Inc. is an Ohio not-for-profit corporation organized under Chapter 2744.081 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 (See Note 12). In addition to the self-insurance pool, the Association provides risk management services, loss prevention programs, and various other educational materials. The Association includes the following member 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, 2006, the percentage of contributions by the members and their equity interests are:

<u>County</u>	<u>%</u>	<u>Fixed Costs</u>	<u>Loss Fund</u>
Mercer	16.85	\$129,689	\$72,000
Auglaize	18.80	137,659	94,000
Shelby	27.56	182,579	79,200
Hancock	23.46	171,711	84,400
Van Wert	13.33	102,882	70,400

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

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**18. PUBLIC ENTITY RISK POOLS (Continued)**

**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 five members 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 Consortium 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.

**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.

**19. JOINTLY GOVERNED ORGANIZATIONS**

**A. Auglaize County Regional Planning Commission**

The Auglaize Regional Planning Commission (the Commission) is a jointly governed organization 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.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**19. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

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 .10 cents per capita, according to the latest federal census, in any calendar year in which revenue is needed.

The Commission has no outstanding debt as of December 31, 2008. The following unaudited cash financial data of the Commission is presented for the year ended December 31, 2008:

	<b>Joint Venture</b>	<b>Auglaize County's 50 Percent</b>
Total Non-Operating Revenues	\$3,854	\$1,927
Total Operating Expenses	(1,097)	(548)
Net Income (Loss)	2,757	1,379
Fund Balance, January 1, 2008	3,024	1,512
Fund Balance, December 31, 2008	\$5,781	\$2,891

**B. Workforce Investment Act Consortium of Auglaize, Hardin, and Mercer Counties**

The objectives of the Workforce Investment Act (WIA) are to increase the employment, retention, and earnings of participants in the program, and as a result improve the quality of the workforce, reduce welfare dependency, and enhance the productivity of the Nation. Ohio is organized into seven local workforce investment areas.

There are six "traditional" local areas and a seventh area known as the Ohio Option, which includes most of the State. Each traditional area has its own workforce investment board and acts as its own workforce investment system. The Ohio Option is subdivided into local Workforce Development Areas (WDA), typically county or multi-county WDA's. Each Workforce Investment or Policy Board is responsible for developing "one-stop" service delivery systems in the local area. The one-stop system is a network of required partners delivering training/employment services and activities defined in the law.

The Federal WIA program is administered through the Ohio Department of Job and Family Services and operates on a state fiscal year from July 1 to June 30. Effective July 1, 2002, Auglaize County participated in a multi-county WDA with Hardin and Mercer Counties, with Mercer as the fiscal agent.

**C. West Central Ohio Network**

The West Central Ohio Network (West CON) is a regional council of governments. 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 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, 2008.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**19. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

	<b>County Portion</b>
Total Operating Revenue	\$ 932,188
Total Operating Expenses	(404,756)
Net Income (Loss)	527,432
Fund Balance, January 1, 2008	495,270
Fund Balance, December 31, 2008	<b>\$1,022,702</b>

**D. Auglaize and Mercer Counties Convention and Visitors Bureau**

The Auglaize and Mercer Counties Convention and Visitors Bureau (the Bureau) is a jointly governed organization 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 nineteen members composed 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 2008 revenue received by the Bureau was \$171,504. Of this amount \$157,023 came from the lodging tax. \$84,090 of the total 2008 revenue was from Auglaize County.

**E. Auglaize County Emergency Management Cooperative**

The Auglaize County Emergency Management Cooperative (the Cooperative) is a jointly governed organization 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 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 Cooperative agreement under the advisement of the committee.

**F. Auglaize County Revolving Loan Fund Board**

The Board of County Commissioners had agreed to work with the West Central Development Corporation for any Auglaize County businesses or corporations desiring to participate in the Revolving Loan Program offered by the State of Ohio Department of Development. The Board of County Commissioners appointed ten members to oversee the Revolving Loan Fund concerns for Auglaize County.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**20. JOINT VENTURES**

**A. Grand Lake Task Force**

Auglaize and Mercer Counties share territory of the Grand Lake State Park which encounters 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. 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 unaudited financial data of the Grand Lake Task Force is presented on a cash basis for the year ended December 31, 2008:

	<b>Joint Venture</b>	<b>Auglaize County's 12.5 Percent</b>
Total Operating Revenues	\$92,734	\$11,592
Total Operating Expenses	(100,168)	(12,521)
Net Income (Loss)	(7,434)	(929)
Fund Balance, January 1, 2008	196,910	24,615
Fund Balance, December 31, 2008	<u>\$189,476</u>	<u>\$23,686</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 Counties is necessary for the continued existence.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**20. JOINT VENTURES (Continued)**

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.

During 2008, tax revenues generated by the levy in Auglaize County were \$344,234. Complete financial statements can be obtained from the MHRS Board, Allen County, Ohio.

**21. COMPONENT UNITS**

**A. Auglaize County Airport Authority (the Authority)**

**1. Summary of Significant Accounting Policies**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

The operations of the Authority are accounted for using proprietary fund accounting. The Authority applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989, provided they do not conflict with or contradict GASB pronouncements.

**2. Accounting System**

The Authority maintains its own set of accounting records. These financial statements were prepared from the accounts and financial records of the Authority and, accordingly, these financial statements do not present the financial position or results of operations of Auglaize County.

**3. Revenue and Expenditure Recognition**

The Authority maintains its fund as a proprietary type fund. 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 statement of net assets.

Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The Authority reports deferred revenues on its statement of net assets. Deferred revenues arise when potential revenue meets the asset recognition criteria, but does not meet the revenue recognition criteria. In the subsequent period, when the revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of net assets and revenue is recognized. Hanger rent paid in advance is not considered earned until subsequent years.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**21. COMPONENT UNITS (Continued)**

**4. Cash**

To improve cash management, all cash received by the Authority is pooled in a central bank account. During fiscal year 2008, the Authority invested in interest bearing depository accounts and a certificate of deposit.

**5. Inventory**

Inventory consists of two types of aviation fuel for sale to customers and is stated at cost, which is determined on a first-in, first-out basis. The cost of inventory is recorded as an expense when purchased.

**6. Capital Assets and Depreciation**

Equipment and improvements are stated at cost except for donated equipment, which is stated at fair market value at the date of receipt. Depreciation of capital assets is on a straight line basis over the estimated useful lives (five to twenty years) of the respective assets. The Authority maintains a capitalization threshold of \$2,500. The land, buildings and improvements of the airport are owned by Auglaize County.

**B. Auglaize Industries, Inc**

**1. Summary of Significant Accounting Policies**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to United States generally accepted accounting principles for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The operations of Auglaize Industries apply Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989, provided they do not conflict with or contradict GASB pronouncements.

**2. Accounting System**

Auglaize Industries maintains its own set of accounting records. These financial statements were prepared from the accounts and financial records of Auglaize Industries and, accordingly, these financial statements do not present the financial position or results of operations of Auglaize County.

**3. Revenue and Expense Recognition**

Auglaize Industries prepares its financial statements on the accrual basis of accounting, consequently certain revenues and related assets are recognized when earned rather than when received and certain expenses are recognized when incurred rather than when the obligation is paid.

**4. Budgetary Process**

Through a contractual agreement with the Auglaize County Board of Mental Retardation and Developmental Disabilities, Section VII, Item Number 11, Auglaize Industries is required to prepare and approve an annual budget.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**21. COMPONENT UNITS (Continued)**

**5. Estimates**

The preparation of financial statements in conformity with United States generally accepted accounting principles requires the use of managements estimates. Actual results may differ from those estimates.

**6. Cash and Investments**

To improve cash management, cash received by Auglaize Industries is maintained in a checking account or used to purchase investments. Investments are limited to certificates of deposits, government securities and mutual funds. Investments are stated at market value.

Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

**7. Capital Assets**

Buildings, equipment and improvements are stated at cost except for donated assets, which are stated at fair market value at the date of receipt. Auglaize Industries maintains a capitalization threshold of \$1,000. A portion of the facilities occupied by Auglaize Industries consists of additions to the original facilities owned by Auglaize County. Leasehold improvements are depreciated rateably over the estimated useful life. Depreciation of fixed assets is on a double declining balance basis over the estimated useful lives of the respective assets, as follows:

<u>Class of Asset</u>	<u>Years</u>
Leasehold Improvements	31 1/2
Transportation Equipment	5
Computers	5
Furniture and Fixtures	7

**8. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the year end, 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.

**9. Advertising**

Advertising costs are charged to operations when incurred. Advertising costs amounted to \$2,288 for 2008.

**10. Inventory**

Work is performed on customer owned materials. Inventory on hand at any one time consists primarily of consumable manufacturing supplies in nominal amounts. Accordingly, no manufacturing inventories are recognized on the financial statements.



**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**21. COMPONENT UNITS (Continued)**

**11. Compensated Absences**

Governmental Accounting and Financial Reporting Standards specifies that a liability should be accrued for leave benefits if the employer's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered; the obligation relates to rights that vest or accumulate; payment of the compensation is probable; and the amount can be reasonably estimated. Auglaize Industries records a liability for accumulated unused vacation time when earned for workshop employees.

**22. 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 \$741,108 for the year ended December 31, 2008.

**23. SIGNIFICANT CONTRACTUAL OBLIGATIONS**

At December 31, 2008, the County had entered into several contracts, the most significant of which include the following:

<b>Contractor</b>	<b>Amount</b>
Tyler Technologies Inc	\$ 529,887
James Gorry	20,000
Kohli & Kaliher Assoc Inc	24,900
Petermann LLC	40,000
Shelly Company	476,877
DE Phillips Excavating	81,566
Total Commitments	<u>\$1,173,230</u>

**24. CONTINGENT LIABILITIES**

**A. Grants**

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.

**B. Litigation**

The County is involved in no litigation as either plaintiff or defendant which they believe would result in a liability having to be booked on the County's financial statements.

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**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR YEAR ENDED DECEMBER 31, 2008**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
Passed through Ohio Department of Development						
Community Development Block Grant/States Program						
Formula Grant	B-F-06-006-01	14.228			\$8,243	
Formula Grant	B-F-07-006-01	14.228	\$133,900		145,733	
Community Housing Improvement Program	B-C-06-006-01	14.228	3,000		3,739	
Total Community Housing Improvement Program			136,900		157,715	
CDBG Revolving Loans		14.228			225,000	
Total Community Development Block Grant/States Program			136,900		382,715	
HOME Investment Partnership Program	B-C-06-006-02	14.239	152,639		208,209	
Total U.S. Department of Housing and Urban Development			289,539		590,924	
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Passed through Ohio Department of Agriculture						
Food Donation	N/A	10.550		\$699		\$699
Nutrition Cluster:						
School Breakfast Program	137125-05NP-2007	10.553	8,848		8,848	
National School Lunch Program	137125-LLN4-2007	10.555	13,483		13,483	
Total Nutrition Cluster			22,331		22,331	
Total U.S. Department of Agriculture			22,331	699	22,331	699
<b>U.S. DEPARTMENT OF JUSTICE</b>						
Passed through Ohio Office of Criminal Justice Services						
Edward Byrne Memorial Justice Assistance Grant Program						
Byrne Formula Grant	07-JG-A01-6402	16.738	33,556		32,568	
Byrne Formula Grant	06-JG-A01-6402				3,619	
Byrne Law Enforcement	07-JG-C01-6254		31,280		26,656	
Byrne Law Enforcement	06-JG-C01-6254		3,141		3,792	
Photo Equipment	07-JG-LLE-5170		8,600		8,600	
Total Edward Byrne Memorial Justice Assistance Grant Program			76,577		75,235	
Passed through the Ohio Attorney General						
Crime Victim Assistance	2009-VAGENE-059	16.575	7,182		5,772	
Crime Victim Assistance	2008-VAGENE-059		23,491		25,993	
Crime Victim Assistance	2007-VAGENE-059		(2,149)			
Total Crime Victim Assistance			28,524		31,765	
Total U.S. Department of Justice			105,101		107,000	
<b>GENERAL SERVICES ADMINISTRATION</b>						
Passed through Ohio Secretary of State						
Help America Vote Act	04-SOS-HAVA-06	39.011	285			
Total General Services Administration			285			

(Continued)

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR YEAR ENDED DECEMBER 31, 2008  
(Continued)**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
Passed through the Federal Aviation Administration						
Airport Improvement Program	3-39-0084-1007	20.106	89,525		89,525	
Airport Improvement Program	3-39-0084-1108		<u>37,462</u>		<u>37,462</u>	
Total U.S. Department of Transportation			<u>126,987</u>		<u>126,987</u>	
<b>U.S. DEPARTMENT OF HUMAN SERVICES</b>						
Passed through Ohio Department of Job and Family Services						
Chafee Foster Care Independence Program	N/A	93.674	7,844		7,844	
Chafee Foster Care Independence Program	N/A		<u>1,823</u>		<u>1,823</u>	
Total Chafee Foster Care Independence Program			<u>9,667</u>		<u>9,667</u>	
Child Welfare Services State Grants	N/A	93.645	21,231		21,231	
Promoting Safe and Stable Families (ESSA)	N/A	93.556	54,605		54,605	
Passed through Ohio Department of Mental Retardation and Developmental Disabilities						
Social Services Block Grant	N/A	93.667	36,665		36,665	
Medical Assistance Program	N/A	93.778	67,309		67,309	
State Children's Insurance Program	N/A	93.767	<u>164</u>		<u>164</u>	
Total U.S. Department of Human Service			<u>189,641</u>		<u>189,641</u>	
Total Federal Financial Assistance			<u>\$733,884</u>	<u>\$699</u>	<u>\$1,036,883</u>	<u>\$699</u>

See accompanying notes to the schedule of federal awards expenditures.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEITS AND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**NOTE 1: GENERAL**

The accompanying Schedule of Federal Award Receipts and Expenditures (the Schedule) summarizes the activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

The County did not disburse the entire 2007 Crime Victim Assistance grant revenues received. Therefore, they had to return the unused amount of \$2,149 during 2008 to the Ohio Attorney General's Office. This appears as a negative receipt on the Schedule of Federal Awards Receipts and Expenditures.

**NOTE 2: SUB-RECIPIENTS**

The County passes-through certain Federal assistance received from the Ohio Department of Development to other governments (sub-recipients). As described in Note 1, the government records expenditures of Federal awards to sub-recipients when paid in cash.

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

**NOTE 3: FOOD SERIVES PROGRAMS – LAW ENFORCEMENT CENTER**

The Law Enforcement Center received federal assistance through the National School Lunch/Breakfast and Donated Food Programs. The National School Lunch and Breakfast programs are reimbursing in nature and revenues are considered expended when received. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

The above department is allowed a selection from a pool of foods, when available, under the Food Distribution Program. Program regulations do not require the County to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at fair value of the commodities received.

**NOTE 4: 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.

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEITS AND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**NOTE 5: COMMUNITY DEVELOPMENT BLOCK GRANT REVOLVING LOAN PROGRAM**

The County has established a revolving loan program to provide low-interest loans to existing businesses to create jobs for persons from low-moderate income households, to help with capital expenditures and to help with startup funds for new businesses. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HU and are also included as disbursements on the Schedule.

These loans are collateralized by equipment. At December 31, 2008 the gross amount of loans outstanding under this program was \$932,488.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Financial Condition  
Auglaize County  
209 South Blackhoof Street  
Wapakoneta, Ohio 45895

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Auglaize County (the County), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 24, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the County's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the County's management in a separate letter dated June 24, 2009.

### **Compliance and Other Matters**

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

We did note certain noncompliance or other matters that we reported to the County's management in a separate letter dated June 24, 2009.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

June 24, 2009





# Mary Taylor, CPA

## Auditor of State

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

Financial Condition  
Auglaize County  
209 South Blackhoof Street  
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 apply to each of its major federal programs for the year ended December 31, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Auglaize County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2008. In a separate letter to the County's management dated June 24, 2009, we reported a matter related to federal noncompliance not requiring inclusion in this report.

#### Internal Control Over Compliance

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

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**Internal Control Over Compliance  
(Continued)**

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the County's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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



**Mary Taylor, CPA**  
Auditor of State

June 24, 2009

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2008**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Community Development Block Grant/States Program CFDA #14.228  HOME Investment Partnership Program CFDA #14.239
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	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

**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Ohio Rev. Code Section 9.38 - Receipts collected by the MRDD Board were not deposited timely.	No	Partially Corrected – The errors for 2008 are due to another department not making their deposits timely. The MRDD Board has implemented steps to correct the prior year finding. Repeated in the management letter.
2007-002	Ohio Rev. Code Section 5705.41(D) – Certifying the availability of appropriations prior to entering into purchase obligations.	Yes	



Mary Taylor, CPA  
Auditor of State

**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 16, 2009**