



Mary Taylor, CPA
Ohio Auditor of State




Summit on Local Government Sustainability
November 19, 2009

Ohio Auditor of State
Mary Taylor, CPA Presented by: Dave Thompson

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How to Use Your Financial Report

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Today's topics

- Why is your GAAP Report so important?
- How to get the most out of your GAAP Report

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Why is your financial report so important?

- It gives a clear picture of your financial position
- It demonstrates the need for financial resources
- It provides evidence of how financial resources are being used
- It can help prevent financial distress in the future

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Who benefits from the use of your financial report?

- YOU! (the Reporting Entity)
- Auditors / Preparers
- The general public / Taxpayers
- Bond rating agencies
- Purchasers of debt

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Things to Keep in Mind

- Comparisons are key
 - looking at current year information is important, but making comparisons to prior years and/or comparing to similar entities can give you better insight of your overall financial condition
- Every entity is unique
 - when calculating ratios and analyzing numbers, remember the nature of your entity: what is right for one may not work for another

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Types of Ratios

- Common - Size
- Financial Condition

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Common Size Ratios

- Percentage Distribution
- Percentage Change

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Financial Condition Analysis Ratios

- Financial Position
- Liquidity
- Solvency
- Fiscal Capacity

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Statement of Net Assets

- Structure as follows:
 - List assets first, then liabilities (if applicable), then net assets
 - List in order of liquidity starting with the most easily converted to cash
 - Divide net assets into three categories: capital assets net of related debt, restricted, unrestricted

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Statement of Net Assets (Continued)

- Provides a quick look at your financial position
 - look at the change – did things improve, deteriorate, or did assets shift?
- Calculate the *magnitude* of the change:
 - net assets / total expenses
 - a higher ratio means better financial position

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Statement of Net Assets (Continued)

- their ratio at the end of 2005:
 $\$41,859,189 / 49,026,652 = 85.38\%$
- In 2009, the County was declared to be in fiscal emergency
 - their ratio at the end of 2008:
 $\$79,192,799 / 54,769,549 = 144.59\%$

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Statement of Net Assets (Continued)

- Comparing to similar sized entities in 2005:
 - County A
 $\$74,617,488 / 48,716,737 = 153\%$
 - County B
 $\$85,951,885 / 64,974,705 = 132\%$
 - County C
 $\$89,553,017 / 58,618,749 = 153\%$
 - County D
 $\$116,095,395 / 76,741,760 = 151\%$
- Generic County's ratio of 85% demonstrates much weaker financial position in comparison

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Statement of Net Assets (Continued)

- Comparing to similar sized entities in 2008:
 - County A
 $\$80,484,712 / 52,426,986 = 154\%$
 - County B
 $\$99,432,022 / 67,299,647 = 148\%$
 - County C
 $\$98,146,836 / 58,096,325 = 169\%$
 - County D
 $\$124,455,731 / 80,852,850 = 154\%$

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Liquidity Ratios

- Liquidity – a government's ability to pay for its most immediate obligations
- Current ratio:
current assets / current liabilities

2008: $\$30,138,615 / 10,459,315 = 2.88$
2005: $\$25,467,236 / 10,219,757 = 2.49$

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Liquidity Ratios (Continued)

- Quick ratio:
(cash + investments) / current liabilities

2008: $\$10,904,528 / 10,459,315 = 1.04$

2005: $\$9,365,030 / 10,219,757 = 0.92$

This ratio uses only the most liquid assets for a more conservative approach.



Liquidity Ratios (Continued)

- Comparing to similar sized entities in 2005:
 - County A
 $\$13,710,603 / 11,823,990 = 1.16$
 - County B
 $\$10,015,693 / 15,528,965 = 0.64$
 - County C
 $\$27,997,405 / 12,944,646 = 2.16$
 - County D
 $\$35,583,248 / 18,079,488 = 1.97$
- Generic County's ratio of 0.92 is slightly lower than most other counties.



Liquidity Ratios (Continued)

- Comparing to similar sized entities in 2008:
 - County A
 $\$18,709,608 / 12,030,749 = 1.56$
 - County B
 $\$18,976,069 / 16,943,869 = 1.12$
 - County C
 $\$26,393,199 / 12,314,913 = 2.14$
 - County D
 $\$41,125,751 / 23,483,862 = 1.75$



Solvency Ratio

- Solvency – a government’s ability to finance its outstanding long-term liabilities
- Debt-to-Assets:
total long-term obligations / total assets
2008: \$17,160,309 / 106,812,423 = 16%
2005: \$15,765,834 / 67,844,780 = 23%
- this ratio shows the degree to which a government’s assets are financed through borrowing

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Solvency Ratio (Continued)

- Comparing to similar sized entities in 2005:
 - County A
 $\$8,283,890 / 74,617,488 = 11\%$
 - County B
 $\$33,741,673 / 85,951,885 = 39\%$
 - County C
 $\$9,568,752 / 89,553,017 = 11\%$
 - County D
 $\$32,257,831 / 116,095,395 = 28\%$

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Solvency Ratio (Continued)

- Comparing to similar sized entities in 2008:
 - County A
 $\$7,267,612 / 80,484,712 = 9\%$
 - County B
 $\$30,052,122 / 99,432,022 = 30\%$
 - County C
 $\$10,545,818 / 98,146,836 = 11\%$
 - County D
 $\$28,949,348 / 124,455,731 = 23\%$

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Statement of Activities

- Structure as follows:
 - Present operations by "program"
 - Allocate program revenues to the function or program that generates the revenue or for which the revenue is restricted
 - Program disbursements – program revenues = net disbursements
 - General revenues finance the net disbursements that are not funded by program revenues



Statement of Activities (Continued)

- Shows taxpayers where their money is being spent and why their money is needed
 - Expense lines that show net disbursements are being covered by general revenues such as property and sales tax
 - e.g. – General Government expenses show net disbursements of \$5,764,178 and \$1,104,051. Property Taxes Levied for General Purposes brings in a total of \$1,659,352. This demonstrates the need for additional sources of revenue to cover these disbursements.



Statement of Activities (Continued)

- Calculate distribution of disbursements:

	Cash Disbursement	2008	
		% Distribution	2005
General Government	10,440,303	19%	15%
Security of Persons and Property:			
Sheriff	5,739,850	10%	8%
Other	3,311,251	6%	7%
Public Works	5,316,781	10%	8%
Health	9,014,623	16%	14%
Human Services	17,765,742	32%	39%
Conservation and Recreation	563,211	1%	1%
Economic Development	821,846	2%	1%
Transportation	940,499	2%	2%
Interest and Fiscal Charges	875,433	2%	1%
	54,769,549	100%	100%

- good internal tool to analyze spending habits and see where adjustments need to be made (may be helpful to compare to prior years)



Balance Sheet

- Structure as follows:
 - Items are listed in order of liquidity
 - Fund balances are divided between reserved and unreserved
 - Major funds are shown separately while all other governmental funds are presented in one column

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Receipts, Disbursements, and Changes in Fund Balance

- Structure as follows:
 - List receipts, then disbursements, then "other financing sources (uses)"
 - Change in fund balance plus beginning fund balance plus encumbrances = ending fund balance
 - Major funds are shown separately while all other governmental funds are presented in one column

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Fund Financial Statements

- Similar to government-wide financials
 - same analyses can be done at the fund level (changes in fund balance, receipt and disbursement distributions by fund)
 - help to pinpoint areas that are doing well and those that are struggling

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Fund Financial Statements

- General fund assets to expenditures
 - 2008: $\$5,995,273 / 14,688,145 = 41\%$
 - 2005: $\$4,527,191 / 12,861,951 = 35\%$
- Other governmental funds
 - 2008: $\$27,186,818 / 41,688,118 = 65\%$
 - 2005: $\$20,939,521 / 47,473,909 = 44\%$

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Fund Financial Statements

- Compare to other entities in 2008:
General fund assets to expenditures
 - County A
 $\$6,114,526 / 11,574,111 = 53\%$
 - County B
 $\$8,176,494 / 10,673,785 = 77\%$
 - County C
 $\$9,434,721 / 18,640,063 = 51\%$
 - County D
 $\$17,428,041 / 25,798,642 = 68\%$
- Generic County is struggling in comparison

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Fund Financial Statements

- General Fund quick ratio:
(cash + investments) / current liabilities
2008: $\$11,992 / 7,295,524 = 0.002$
2005: $\$285,129 / 3,591,639 = 0.08$

This ratio uses only the most liquid assets for a more conservative approach.

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Fund Financial Statements

- Comparing to similar sized entities in 2005:
 - County A
 $\$1,202,453 / 2,428,347 = 0.50$
 - County B
 $\$880,692 / 3,927,028 = 0.22$
 - County C
 $\$3,360,596 / 3,267,601 = 1.03$
 - County D
 $\$8,759,460 / 5,971,874 = 1.47$
- Generic County's ratio of 0.08 is much lower than other counties.

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Fund Financial Statements

- Comparing to similar sized entities in 2008:
 - County A
 $\$2,292,998 / 2,796,287 = 0.82$
 - County B
 $\$800,355 / 4,154,645 = 0.19$
 - County C
 $\$2,971,934 / 3,642,962 = 0.82$
 - County D
 $\$9,023,239 / 8,141,153 = 1.11$
- Generic County's ratio of 0.002 is much lower than other counties.

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MD&A

- Structure as follows:
 - Conceptual information about your entity's financial statements
 - An analysis of the financial information in the statements
 - Activities during the year regarding capital assets and long-term debt
 - Physical condition of infrastructure (if applicable)
 - Currently known facts bearing on the future finances of the government

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MD&A

- Great source of comparative information
- Allows entity to explain the activities underlying the numbers
- Highlights the major changes that occurred and the reasons behind those changes



Notes – what's the big deal?

- Notes to the financial statements are management's tool for clarifying and supporting information provided in the financial statements.



Basic rules in note preparation

- Include required disclosures
- Include only what you need
- Make sure that your disclosures are accurate (modify templates)
- Make sure the information ties to financial statements
- Check for changes in authoritative guidance
- Remember – these are your notes



Overview of note preparation

- Obtain a template (you need a starting point)
- Customize notes using your financial information and resources
- Tic and tie

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Planning for the Future

- Ultimately, when used properly, your financial statements can be a helpful tool for forecasting and preventing this.....



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GENERIC COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Generic County's discussion and analysis of the annual financial report provides a review of the financial performance for the year ended December 31, 2008.

FINANCIAL HIGHLIGHTS

The County's total net assets increased \$1,932,795 during 2008. Net assets of governmental activities increased \$1,473,584. Net assets of business-type activities increased by \$459,211.

General revenues of governmental activities accounted for \$18,862,730. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest restricted to specific programs accounted for \$37,380,403.

The Sewer Enterprise Fund reflected operating income of \$619,295.

The County had \$54,769,549 in expenses related to governmental activities; \$37,380,403 of these expenses were offset by program specific charges for services and sales, grants, contributions and interest. General revenues (primarily grants and entitlements, property taxes and sales taxes) of \$18,862,730 were adequate to provide for these programs. The County had \$2,515,137 in expenses related to business-type activities; all of which were offset by program specific charges for services and sales and capital grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column.

REPORTING THE COUNTY AS A WHOLE

Statement of Net Assets and the Statement of Activities

The analysis of the County as a whole begins with the Statement of Net Assets and the Statement of Activities. These statements provide information that will help the reader to determine if Generic County is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes to those net assets. This change informs the reader whether the County's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the County's financial well-being. Some of these factors include the County's tax base and the condition of capital assets.

GENERIC COUNTY, OHIO
Management's Discussion and Analysis
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In the Statement of Net Assets and the Statement of Activities, the County is divided into two kinds of activities.

Governmental Activities – Most of the County's services are reported here including general government, public safety, public works, health, human services, conservation and recreation, economic development and assistance, and transportation.

Business-Type Activities – These activities include fees for sewer services that are charged based upon the amount of usage. The intent is that the fees charged recoup operational costs.

The financial activities of STAR Inc. and the Generic County Airport Authority, both component units of Generic County, are presented in separate columns on the Statement of Net Assets and as separately identified activities on the Statement of Activities. While the County provides services and resources to both Component Unit 1 and Component Unit 2, these discrete presentations are made in order to emphasize that they are still legally separate organizations from Generic County. However, focus on the government-wide financial statements remains clearly on Generic County as the primary government.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the County's major funds begins on page 6. Fund financial statements provide detailed information about the County's major funds – not the County as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the County Auditor, with the approval of the County Commissioners, to help control, manage and report money received for a particular purpose or to show that the County is meeting legal responsibilities for use of grants. Generic County's major funds are the General, Public Assistance, Motor Vehicle Gas Tax, Board of Mental Retardation and Developmental Disabilities, Children Services, and Sewer Funds.

Governmental Funds – Most of the County's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Funds – When the County charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in enterprise funds. Enterprise funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

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THE COUNTY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the County as a whole. Table 1 provides a summary of the County's net assets for 2008 compared to 2007.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and						
Other Assets	\$30,007,628	\$30,349,798	\$2,437,500	\$2,942,015	\$32,445,128	\$33,291,813
Investment in						
Joint Venture	130,987	118,121	0	0	130,987	118,121
Capital Assets, Net of Depreciation	76,673,808	77,505,612	16,221,835	15,430,205	92,895,643	92,935,817
Total Assets	106,812,423	107,973,531	18,659,335	18,372,220	125,471,758	126,345,751
Liabilities						
Current and Other						
Liabilities	10,459,315	11,223,893	200,139	289,920	10,659,454	11,513,813
Long-Term Liabilities:						
Due Within						
One Year	2,569,581	2,570,023	357,677	341,110	2,927,258	2,911,133
Due in More Than One Year	14,590,728	16,460,400	7,182,341	7,281,223	21,773,069	23,741,623
Total Liabilities	27,619,624	30,254,316	7,740,157	7,912,253	35,359,781	38,166,569
Net Assets						
Invested in						
Capital Assets, Net of Related Debt	63,853,480	63,911,470	8,807,770	7,944,587	72,661,250	71,856,057
Restricted for:						
Debt Service	366,845	449,590	0	0	366,845	449,590
Capital Projects	1,221,032	507,717	0	0	1,221,032	507,717
Other Purposes	16,463,751	15,226,219	0	0	16,463,751	15,226,219
Unrestricted (Deficit)	(2,712,309)	(2,375,781)	2,111,408	2,515,380	(600,901)	139,599
Total Net Assets	\$79,192,799	\$77,719,215	\$10,919,178	\$10,459,967	\$90,111,977	\$88,179,182

Current and other assets of the County's governmental activities decreased by \$342,170. The decrease was mainly due to a decrease of \$2,867,515 in equity in pooled cash and cash equivalents primarily due to a decrease in State monies received by the Public Assistance Fund. There was a significant increase in due from other governments due to increases in the Human Services Grant related to Public Assistance, Community Development Block Grants, and charges for services for the provision of jail facility services to other entities. There was a decrease of \$261,500 in accounts receivable due to the receivable from the County Engineer Association of Ohio that was reported in 2007.

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Total liabilities of the County's governmental activities decreased by \$2,634,692. This was primarily because of a decrease in long-term debt due to the debt service payments on the general obligation bonds. There was also a significant decrease in current liabilities due to a decrease in due to other governments related to the Public Assistance Fund. The State provides monies to the Public Assistance Fund. At year-end, the portion of the monies that has not been expended must be returned to the State. In 2007, there was a significant amount of monies that had not been used by year-end. These monies were returned to the State and presented as due to other governments and expenditures in the 2007 financial statements. As a result, current liabilities and expenditures were less in the Public Assistance Fund for 2008.

The decrease in invested in capital assets, net of related debt, for governmental activities was insignificant. Total governmental activities net assets increased by \$1,473,584 primarily due to the decrease in expenditures related to the Public Assistance Fund explained above. Another factor in the increase in governmental activities nets assets was the recording of receivables for capital grants and contributions relating to two projects that have not begun.

The net assets of the County's business-type activities increased by \$459,211. The County strives to control operating expenses for business-type activities in order to maintain stability in charges for services.

Table 2 shows the changes in net assets for the years ended December 31, 2007 and 2008.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues:						
Charges for Services and Sales	\$7,541,526	\$6,877,629	\$2,752,409	\$2,614,519	\$10,293,935	\$9,492,148
Operating Grants, Contributions, and Interest	28,484,488	27,849,288	0	0	28,484,488	27,849,288
Capital Grants and Contributions	1,354,389	3,740,002	219,894	74,896	1,574,283	3,814,898
Total Program Revenues	<u>37,380,403</u>	<u>38,466,919</u>	<u>2,972,303</u>	<u>2,689,415</u>	<u>40,352,706</u>	<u>41,156,334</u>
General Revenues:						
Property Taxes	6,034,470	6,181,970	0	0	6,034,470	6,181,970
Other Local Taxes	355,823	347,232	0	0	355,823	347,232
Sales Tax	9,227,387	9,216,081	0	0	9,227,387	9,216,081
Revenue in Lieu of Taxes	50,615	44,746	0	0	50,615	44,746
Grants and Entitlements not Restricted to Specific Programs	1,736,264	1,440,771	0	0	1,736,264	1,440,771
Unrestricted Investment						
Earnings	362,643	958,789	1,706	20,337	364,349	979,126
Miscellaneous	1,095,528	734,028	339	15,132	1,095,867	749,160
Total General Revenues	<u>18,862,730</u>	<u>18,923,617</u>	<u>2,045</u>	<u>35,469</u>	<u>18,864,775</u>	<u>18,959,086</u>
Total Revenues	<u>\$56,243,133</u>	<u>\$57,390,536</u>	<u>\$2,974,348</u>	<u>\$2,724,884</u>	<u>\$59,217,481</u>	<u>\$60,115,420</u>

(Continued)

GENERIC COUNTY, OHIO
Management's Discussion and Analysis
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Table 2
Changes in Net Assets
(Continued)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Program Expenses						
General Government:						
Legislative and Executive	\$7,782,002	\$7,126,541	\$0	\$0	\$7,782,002	\$7,126,541
Judicial	2,658,301	2,504,990	0	0	2,658,301	2,504,990
Public Safety:						
Sheriff	5,739,850	6,621,680	0	0	5,739,850	6,621,680
Other	3,311,251	3,377,077	0	0	3,311,251	3,377,077
Public Works	5,316,781	4,854,572	0	0	5,316,781	4,854,572
Health	9,014,633	8,278,723	0	0	9,014,633	8,278,723
Human Services	17,745,742	18,995,632	0	0	17,745,742	18,995,632
Conservation and Recreation	563,211	541,495	0	0	563,211	541,495
Economic Development and Assistance	821,846	1,092,602	0	0	821,846	1,092,602
Transportation	940,499	890,909	0	0	940,499	890,909
Interest and Fiscal Charges	875,433	904,783	0	0	875,433	904,783
Sewer	0	0	2,515,137	2,473,157	2,515,137	2,473,157
Total Expenses	54,769,549	55,189,004	2,515,137	2,473,157	57,284,686	57,662,161
Increase						
in Net Assets Before Transfers	1,473,584	2,201,532	459,211	251,727	1,932,795	2,453,259
Transfers	0	(20,431)	0	20,431	0	0
Increase in Net Assets	1,473,584	2,181,101	459,211	272,158	1,932,795	2,453,259
Net Assets at Beginning of Year	77,719,215	75,538,114	10,459,967	10,187,809	88,179,182	85,725,923
Net Assets at End of Year	<u>\$79,192,799</u>	<u>\$77,719,215</u>	<u>\$10,919,178</u>	<u>\$10,459,967</u>	<u>\$90,111,977</u>	<u>\$88,179,182</u>

Governmental Activities

Operating grants, contributions, and interest restricted to specific programs is the largest source of revenue for Generic County. The major recipients of operating grants and contributions were the Public Assistance, Motor Vehicle Gas Tax, Board of Mental Retardation and Developmental Disabilities, and Children Services Funds. There was a significant decrease in Capital Grants and Contributions due to the receipt of \$2,295,075 in 2007 from the County Engineer's Association of Ohio for the repayment of the State Infrastructure Bank loans associated with the Collapse Road and Sunken Road bridge projects.

Sales tax collected by the County comprised \$9,227,387 of total governmental revenues for 2008. Proceeds of the permissive sales tax are credited to the General Fund.

The County's direct charges to users of governmental services are \$7,541,526 of total governmental revenues for 2008. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, recording fees, sheriff contracts, transportation fees, juvenile detention center contracts, fines and forfeitures related to judicial activity, housing fees for prisoners from other jurisdictions, and licenses and permits. These charges increased in 2008 by \$663,897. Major increases occurred in sheriff contracts for the leasing of bed space in the jail and contracts with townships for patrols and transportation fees related to Generic County's transit system.

GENERIC COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Human services (including public assistance and children services) programs accounted for \$17,745,742 of total expenses for governmental activities. Human services expenses decreased in 2008 as previously explained. Health programs (including MRDD) make up \$9,014,633 of total expenses. There was an increase of \$735,910 mainly due to increases in health insurance costs and various contract services. Other major program expenses for governmental activities include public safety programs (mainly the sheriff and emergency management departments and the Juvenile Detention Center) which, in total, accounted for \$9,051,101 of total expenses. Public Safety expenses related to the Sheriff's department decreased by \$881,830 due to improved budgeting and monitoring of expenses.

The County Commissioners have a quality of life commitment to the citizens and businesses located within the County. For example, the Commissioners continue to provide county-wide transportation through Generic County's transit system, maintain infrastructure assets, such as roads and bridges, and maintain the jail to provide further safety for all citizens.

Business-Type Activities

The net assets for business-type activities increased by \$459,211 during 2008. Charges for services were the largest revenue source.

THE COUNTY'S FUNDS

Information about the County's major governmental funds begins on page 12. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$55,549,755 and expenditures of \$56,382,163.

The General Fund balance decreased by \$210,789 which is insignificant.

The Public Assistance Fund balance increased by \$711,243 mainly as the result of a significant amount of State money that was receivable at year-end. Cash and cash equivalents decreased by \$2,039,249 mainly as a result of a decrease in State monies received during the year.

The Motor Vehicle Gas Tax Fund balance increased by \$15,053. The ending fund balance was \$2,317,991.

The Board of Mental Retardation and Developmental Disabilities Fund balance increased by \$726,303 in 2008 which was less than the 2007 increase of \$916,622. Although revenues increased by \$833,571 from 2007 to 2008, expenditures increased by \$1,023,890. The increase in revenues was mainly due to an increase in State grants while the increase in expenditures was mostly related to increases in health insurance costs and various contractual services.

The Children Services Fund expenditures exceeded revenues and other financing sources by \$121,510. The ending fund balance was \$1,151,138.

The Sewer Fund reflects operating income of \$619,295 for 2008. Charges for services for sewer utilities have historically been established to ensure that, on a cash basis, fees are adequate to cover operations. The County Commissioners have set fees with the intention of funding operating costs and debt service.

GENERIC COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

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 receipts, disbursements and encumbrances. The County's budget is adopted on a line item basis. Before the budget is adopted, the County Commissioners review detailed budget worksheets of each function within the General Fund and then adopt the budget at the fund, department, and object level (i.e., General Fund – Commissioners – salaries, supplies, equipment, contract repairs, travel expenses, maintenance, and other expenses).

During 2008, the County amended its General Fund budget as needed. The most significant variance from original budget revenue amounts to the final budget revenue amounts was in sales taxes. This was the result of a conservative estimate of sales tax revenues. The most significant variance from the final budgeted revenue to the actual revenue was in investment earnings. This was due to the decline in interest rates on the County's deposits.

The most significant variance from original budget expenditure amounts to the final budget expenditure amounts was in the expenditures for the Sheriff's department. This was due to efforts by the Sheriff's department to reduce expenditures during the year. The variance from final budget expenditure amounts to actual amounts was not significant.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The additions to depreciable assets of \$2,371,192, as well as \$520,930 in construction in progress, in the governmental activities were mostly the result of the County adding building improvements, roads, bridges, and other infrastructure assets and purchasing equipment and vehicles during 2008.

The additions to depreciable assets of \$1,122,937, as well as \$47,225 in construction in progress, in the business-type activities were mostly the result of renovations to several sewer pump stations. See Note 1 of the notes to the basic financial statements for more detailed capital assets information.

Debt

At December 31, 2008, Generic County had \$15,205,158 in long-term debt outstanding in governmental activities. The amount of long-term debt in the business-type activities was \$7,462,928.

The County's total legal debt margin was \$18,789,577 at December 31, 2008, with an unvoted debt margin of \$6,666,857 at December 31, 2008.

See Note 3 of the notes to the basic financial statements for more detailed information.

CONTACTING THE COUNTY AUDITOR'S OFFICE

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact County Auditor, Generic County, XXXX XXXXX Street, Generic City, Ohio XXXXX.

GENERIC COUNTY, OHIO
Statement of Net Assets
December 31, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Component Unit 1	Component Unit 2
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$10,460,590	\$512,305	\$10,972,895	\$0	\$0
Cash and Cash Equivalents	0	0	0	177,186	84,337
Cash and Cash Equivalents in Segregated Accounts	71,280	390,340	461,620	0	0
Cash and Cash Equivalents with Escrow Agent	17,845	0	17,845	0	0
Cash and Cash Equivalents with Trustee	266,792	99,543	366,335	0	0
Investments with Escrow Agent	88,021	0	88,021	0	0
Accrued Interest Receivable	252	0	252	0	0
Materials and Supplies Inventory	345,385	5,970	351,355	119	0
Accounts Receivable	40,517	1,371,743	1,412,260	14,383	1,873
Prepaid Items	222,769	8,736	231,505	0	730
Sales Tax Receivable	2,414,216	0	2,414,216	0	0
Property Taxes Receivable	6,554,867	0	6,554,867	0	0
Revenue in Lieu of Taxes Receivable	44,862	0	44,862	0	0
Due from Other Governments	8,589,943	0	8,589,943	0	35,488
Due from Component Unit	83,607	0	83,607	0	0
Due from Primary Government	0	0	0	19,057	0
Loans Receivable	586,257	0	586,257	0	0
Deferred Charges	220,425	48,863	269,288	0	0
Investment in Joint Venture	130,987	0	130,987	0	0
Capital Assets:					
Land and Construction in Progress	1,881,046	35,320	1,916,366	0	474,483
Depreciable Capital Assets, Net	74,792,762	16,186,515	90,979,277	35,604	1,827,601
Total Assets	106,812,423	18,659,335	125,471,758	246,349	2,424,512
<u>Liabilities:</u>					
Accounts Payable	824,509	17,380	841,889	4,570	577
Contracts Payable	59,431	0	59,431	0	26,536
Accrued Wages and Benefits Payable	764,076	18,427	782,503	10,840	0
Due to Other Governments	1,227,451	47,201	1,274,652	0	0
Accrued Interest Payable	59,403	117,131	176,534	0	0
Matured Compensated Absences Payable	13,579	0	13,579	0	0
Retainage Payable	54,409	0	54,409	0	10,875
Due to Component Unit	19,057	0	19,057	0	0
Deferred Revenue	6,658,900	0	6,658,900	0	0
Notes Payable	778,500	0	778,500	0	0
Long-Term Liabilities:					
Due Within One Year	2,569,581	357,677	2,927,258	4,155	83,607
Due in More Than One Year	14,590,728	7,182,341	21,773,069	4,053	0
Total Liabilities	27,619,624	7,740,157	35,359,781	23,618	121,595
<u>Net Assets:</u>					
Invested in Capital Assets, Net of Related Debt	63,853,480	8,807,770	72,661,250	27,396	2,218,477
Restricted for:					
Debt Service	366,845	0	366,845	0	0
Capital Projects	1,221,032	0	1,221,032	0	0
Public Safety	1,665,288	0	1,665,288	0	0
Human Services	2,608,717	0	2,608,717	0	0
Public Works	3,768,908	0	3,768,908	0	0
Health	5,850,479	0	5,850,479	0	0
Community and Economic Development	1,221,393	0	1,221,393	0	0
Transportation	113,828	0	113,828	0	0
Judicial	423,838	0	423,838	0	0
Other Purposes	811,300	0	811,300	0	0
Unrestricted (Deficit)	(2,712,309)	2,111,408	(600,901)	195,335	84,440
Total Net Assets	\$79,192,799	\$10,919,178	\$90,111,977	\$222,731	\$2,302,917

See Accountants' Compilation Report
See Accompanying Notes to the Basic Financial Statements

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GENERIC COUNTY, OHIO
Statement of Activities
For the Year Ended December 31, 2008

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General Government:				
Legislative and Executive	\$7,782,002	\$2,008,144	\$9,680	\$0
Judicial	2,658,301	1,016,784	537,466	0
Public Safety:				
Sheriff	5,739,850	2,470,928	231,510	0
Other	3,311,251	889,445	1,006,868	0
Public Works	5,316,781	36,307	4,352,264	0
Health	9,014,633	265,837	5,325,918	0
Human Services	17,745,742	219,109	16,270,590	0
Conservation and Recreation	563,211	6,957	100,600	32,476
Economic Development and Assistance	821,846	8,000	279,000	0
Transportation	940,499	620,015	370,592	1,321,913
Interest and Fiscal Charges	875,433	0	0	0
<i>Total Governmental Activities</i>	54,769,549	7,541,526	28,484,488	1,354,389
<u>Business-Type Activity:</u>				
Sewer	2,515,137	2,752,409	0	219,894
<i>Total Primary Government</i>	<u>\$57,284,686</u>	<u>\$10,293,935</u>	<u>\$28,484,488</u>	<u>\$1,574,283</u>
<u>Component Units:</u>				
Component Unit 1	\$459,337	\$375,263	\$97,644	\$0
Component Unit 2	120,317	88,772	0	143,686
<i>Total Component Unit Activities</i>	<u>\$579,654</u>	<u>\$464,035</u>	<u>\$97,644</u>	<u>\$143,686</u>

General Revenues:

Property Taxes Levied for:
General Purposes
Board of Mental Retardation and Developmental Disabilities
Children Services
Other Purposes
Other Local Taxes
Sales Tax
Revenue in Lieu of Taxes
Grants and Entitlements not Restricted to Specific Programs
Unrestricted Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year - (Restated - See Note 26)

Net Assets at End of Year

See Accountants' Compilation Report
See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units		
Governmental Activities	Business-Type Activity	Total	Component Unit 1	Component Unit 2	
(\$5,764,178)	\$0	(\$5,764,178)	\$0	\$0	
(1,104,051)	0	(1,104,051)	0	0	
(3,037,412)	0	(3,037,412)	0	0	
(1,414,938)	0	(1,414,938)	0	0	
(928,210)	0	(928,210)	0	0	
(3,422,878)	0	(3,422,878)	0	0	
(1,256,043)	0	(1,256,043)	0	0	
(423,178)	0	(423,178)	0	0	
(534,846)	0	(534,846)	0	0	
1,372,021	0	1,372,021	0	0	
(875,433)	0	(875,433)	0	0	
(17,389,146)	0	(17,389,146)	0	0	
0	457,166	457,166	0	0	
(17,389,146)	457,166	(16,931,980)	0	0	
0	0	0	13,570	0	
0	0	0	0	112,141	
0	0	0	13,570	112,141	
1,659,352	0	1,659,352	0	0	
3,531,794	0	3,531,794	0	0	
730,531	0	730,531	0	0	
112,793	0	112,793	0	0	
355,823	0	355,823	0	0	
9,227,387	0	9,227,387	0	0	
50,615	0	50,615	0	0	
1,736,264	0	1,736,264	0	0	
362,643	1,706	364,349	2,559	10	
1,095,528	339	1,095,867	1,388	0	
18,862,730	2,045	18,864,775	3,947	10	
1,473,584	459,211	1,932,795	17,517	112,151	
77,719,215	10,459,967	88,179,182	205,214	2,190,766	
\$79,192,799	\$10,919,178	\$90,111,977	\$222,731	\$2,302,917	

See Accountants' Compilation Report

GENERIC COUNTY, OHIO

Balance Sheet
Governmental Funds
December 31, 2008

	<u>General</u>	<u>Public Assistance</u>	<u>Motor Vehicle Gas Tax</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$0	\$561,201	\$1,374,247
Cash and Cash Equivalents in			
Segregated Accounts	11,992	5,436	294
Cash and Cash Equivalents with Trustee	0	0	0
Receivables:			
Sales Tax	2,414,216	0	0
Property Taxes	1,811,969	0	0
Accounts	8,738	0	1,392
Accrued Interest	252	0	0
Interfund	53,723	43,213	154,600
Revenue in Lieu of Taxes	0	0	0
Due from Other Governments	1,198,069	1,582,626	2,361,874
Prepaid Items	66,314	117,526	16,501
Materials and Supplies Inventory	22,885	16,669	286,724
Due from Component Unit	83,607	0	0
Loans Receivable	0	0	0
Restricted Assets:			
Cash and Cash Equivalents with Escrow Agent	0	0	0
Investments with Escrow Agent	0	0	0
Equity in Pooled Cash and Cash Equivalents	323,508	0	0
<i>Total Assets</i>	<u>\$5,995,273</u>	<u>\$2,326,671</u>	<u>\$4,195,632</u>
 <u>Liabilities and Fund Balances:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$190,656	\$251,202	\$42,003
Contracts Payable	0	0	0
Accrued Wages and Benefits Payable	216,937	153,659	100,011
Due to Other Governments	384,681	263,079	91,683
Interfund Payable	2,639,697	125,645	0
Retainage Payable	0	0	0
Retainage Payable from Restricted Assets	0	0	0
Due to Component Unit	0	0	0
Accrued Interest Payable	3,949	0	0
Matured Compensated Absences Payable	0	0	0
Deferred Revenue	3,547,604	371,343	1,643,944
Notes Payable	312,000	0	0
<i>Total Liabilities</i>	<u>7,295,524</u>	<u>1,164,928</u>	<u>1,877,641</u>
 <u>Fund Balances:</u>			
Reserved for Encumbrances	167,639	75,991	159,122
Reserved for Unclaimed Monies	323,508	0	0
Reserved for Loans Receivable	0	0	0
Unreserved, (Deficit) Undesignated Reported in:			
General Fund	(1,791,398)	0	0
Special Revenue Funds	0	1,085,752	2,158,869
Debt Service Fund	0	0	0
Capital Projects Funds	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>(1,300,251)</u>	<u>1,161,743</u>	<u>2,317,991</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,995,273</u>	<u>\$2,326,671</u>	<u>\$4,195,632</u>

See Accountants' Compilation Report
See Accompanying Notes to the Basic Financial Statements

Board of Mental Retardation and Developmental Disabilities	Children Services	Nonmajor Governmental Funds	Total
\$2,531,998	\$1,122,704	\$4,546,932	\$10,137,082
0	0	53,558	71,280
0	0	266,792	266,792
0	0	0	2,414,216
3,833,344	812,258	97,296	6,554,867
559	0	29,828	40,517
0	0	0	252
2,494,811	5,705	642,836	3,394,888
33,948	9,214	1,700	44,862
1,163,811	310,619	1,972,944	8,589,943
11,969	4,490	5,969	222,769
0	0	19,107	345,385
0	0	0	83,607
0	0	586,257	586,257
0	0	17,845	17,845
33,058	54,963	0	88,021
0	0	0	323,508
<u>\$10,103,498</u>	<u>\$2,319,953</u>	<u>\$8,241,064</u>	<u>\$33,182,091</u>
\$129,042	\$53,385	\$158,221	\$824,509
0	22,844	36,587	59,431
125,753	47,155	120,561	764,076
207,160	55,222	225,626	1,227,451
0	0	629,546	3,394,888
0	28,146	8,418	36,564
0	0	17,845	17,845
19,057	0	0	19,057
0	0	6,473	10,422
477	13,102	0	13,579
4,613,359	948,961	1,515,722	12,640,933
0	0	466,500	778,500
<u>5,094,848</u>	<u>1,168,815</u>	<u>3,185,499</u>	<u>19,787,255</u>
86,330	17,024	109,972	616,078
0	0	0	323,508
0	0	510,715	510,715
0	0	0	(1,791,398)
4,922,320	1,134,114	3,615,505	12,916,560
0	0	413,651	413,651
0	0	405,722	405,722
<u>5,008,650</u>	<u>1,151,138</u>	<u>5,055,565</u>	<u>13,394,836</u>
<u>\$10,103,498</u>	<u>\$2,319,953</u>	<u>\$8,241,064</u>	<u>\$33,182,091</u>

See Accountants' Compilation Report

GENERIC COUNTY, OHIO
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2008

Total Governmental Fund Balances \$13,394,836

*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. These assets consist of:

Land	1,866,742	
Construction in progress	14,304	
Depreciable capital assets	109,117,216	
Accumulated depreciation	<u>(34,324,454)</u>	
Total capital assets		76,673,808

The County also has an investment interest in joint venture assets, which is
 part of the County's overall governmental activities. 130,987

Some of the County's revenues will be collected after year-end,
 but are not available soon enough to pay for the current period's expenditures
 and therefore are deferred in the funds.

Delinquent property taxes	802,184	
Sales tax	987,033	
Revenue in lieu of taxes	44,862	
Intergovernmental	4,064,347	
Miscellaneous	<u>83,607</u>	
		5,982,033

Bond issuance costs reported as an expenditure in governmental funds are
 allocated as an expense over the life of the debt on a full accrual basis. 220,425

Some liabilities are not due and payable in the current period and therefore are
 not reported in the funds. Those liabilities consist of:

Bonds payable	(11,984,118)	
Loans payable	(334,014)	
Accrued interest payable	(48,981)	
Capital leases payable	(2,887,026)	
Compensated absences	<u>(1,955,151)</u>	
Total liabilities		<u>(17,209,290)</u>

Net Assets of Governmental Activities \$79,192,799

See Accountants' Compilation Report
 See Accompanying Notes to the Basic Financial Statements

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GENERIC COUNTY, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Public Assistance	Motor Vehicle Gas Tax
<u>Revenues:</u>			
Property Taxes	\$1,630,833	\$0	\$0
Other Local Taxes	355,823	0	0
Sales Tax	9,227,387	0	0
Revenue in Lieu of Taxes	885	0	0
Charges for Services	2,211,136	0	15,752
Licenses and Permits	4,631	0	0
Fines and Forfeitures	127,473	0	20,555
Intergovernmental	1,969,827	13,407,783	4,594,477
Investment Earnings	321,287	0	27,199
Rent	2,171	0	0
Contributions and Donations	0	0	0
Miscellaneous	435,270	198,721	22,835
Total Revenues	16,286,723	13,606,504	4,680,818
<u>Expenditures:</u>			
Current:			
General Government:			
Legislative and Executive	6,804,347	0	0
Judicial	1,973,593	0	0
Public Safety:			
Sheriff	3,679,569	0	0
Other	543,894	0	0
Public Works	0	0	3,756,916
Health	353,618	0	0
Human Services	401,996	13,156,664	0
Conservation and Recreation	235,667	0	0
Economic Development and Assistance	106,958	0	0
Transportation	0	0	0
Capital Outlay	6,060	0	920,320
Debt Service:			
Principal Retirement	525,335	37,762	1,018
Interest and Fiscal Charges	57,108	17,786	370
Total Expenditures	14,688,145	13,212,212	4,678,624
Excess of Revenues Over (Under) Expenditures	1,598,578	394,292	2,194
<u>Other Financing Sources (Uses):</u>			
Loan Proceeds	0	0	0
Inception of Capital Lease	0	0	5,779
Transfers In	6,000	316,951	7,080
Transfers Out	(1,815,367)	0	0
Total Other Financing Sources (Uses)	(1,809,367)	316,951	12,859
Net Change in Fund Balances	(210,789)	711,243	15,053
Fund Balances (Deficit) at Beginning of Year	(1,089,462)	450,500	2,302,938
Fund Balances (Deficit) at End of Year	(\$1,300,251)	\$1,161,743	\$2,317,991

See Accountants' Compilation Report
See Accompanying Notes to the Basic Financial Statements

Board of Mental Retardation and Developmental Disabilities	Children Services	Nonmajor Governmental Funds	Total
\$3,472,150	\$717,773	\$111,519	\$5,932,275
0	0	0	355,823
0	0	0	9,227,387
35,342	9,437	2,751	48,415
204,383	0	4,449,341	6,880,612
0	0	47,980	52,611
0	0	141,641	289,669
5,265,322	2,067,860	3,633,878	30,939,147
2,829	3,973	7,572	362,860
0	0	316,463	318,634
10,228	8,295	226	18,749
186,701	534	279,512	1,123,573
<u>9,176,955</u>	<u>2,807,872</u>	<u>8,990,883</u>	<u>55,549,755</u>
0	0	727,197	7,531,544
0	0	674,242	2,647,835
0	0	1,749,570	5,429,139
0	0	2,557,590	3,101,484
0	0	0	3,756,916
8,297,378	0	334,814	8,985,810
0	2,795,596	1,252,566	17,606,822
0	0	117,580	353,247
0	0	713,452	820,410
0	0	949,991	949,991
0	568,051	606,929	2,101,360
128,413	118,816	1,440,429	2,251,773
24,861	9,837	729,970	839,932
<u>8,450,652</u>	<u>3,492,300</u>	<u>11,854,330</u>	<u>56,376,263</u>
<u>726,303</u>	<u>(684,428)</u>	<u>(2,863,447)</u>	<u>(826,508)</u>
0	0	11,646	11,646
0	562,918	0	568,697
0	0	1,571,448	1,901,479
0	0	(86,112)	(1,901,479)
<u>0</u>	<u>562,918</u>	<u>1,496,982</u>	<u>580,343</u>
726,303	(121,510)	(1,366,465)	(246,165)
<u>4,282,347</u>	<u>1,272,648</u>	<u>6,422,030</u>	<u>13,641,001</u>
<u>\$5,008,650</u>	<u>\$1,151,138</u>	<u>\$5,055,565</u>	<u>\$13,394,836</u>

See Accountants' Compilation Report

GENERIC COUNTY, OHIO
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2008

Net Change in Fund Balances - Total Governmental Funds (\$246,165)

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

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital assets additions	2,371,192	
Construction in progress additions	520,930	
Depreciation expense	<u>(3,126,612)</u>	
Excess of depreciation expense over capital outlay		(234,490)

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

Loss on disposal of capital assets		(597,314)
------------------------------------	--	-----------

Because some revenues will not be collected for several months after the County's year ends, they are not considered "available" revenues and are deferred in the governmental funds.

Delinquent property taxes	102,195	
Revenue in lieu of taxes	2,200	
Intergovernmental	604,379	
Investment Earnings	(217)	
Miscellaneous	<u>(28,045)</u>	
Total revenues		680,512

The increase in the County's investment interest of its joint venture is not reported in the governmental fund statements but is included in program revenues in the Statement of Activities

12,866

The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Assets, the debt is reported as a liability.

Proceeds of loans		(11,646)
-------------------	--	----------

Some capital assets were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability.

(568,697)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

Loan principal payments	11,148	
Bond principal payments	828,045	
Bond anticipation notes principal payments	762,000	
Capital lease payments	<u>650,580</u>	
Total long-term debt repayments		2,251,773

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in compensated absences payable		222,246
--	--	---------

Amortization of bond issuance costs, bond premiums, the deferred loss on the refunding of debt, as well as accrued interest payable on the bonds are not reported in the funds, but is allocated as an expense over the life of the debt in the Statement of Activities.

Decrease in accrued interest	2,813	
Amortization of premium on general obligation bonds	205	
Amortization of bond issuance costs	(14,752)	
Amortization of loss on refunding	<u>(23,767)</u>	
		<u>(35,501)</u>

Change in Net Assets of Governmental Activities

\$1,473,584

See Accountants' Compilation Report
 See Accompanying Notes to the Basic Financial Statements

GENERIC COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 1 - CAPITAL ASSETS

Capital assets activity of the governmental activities for the year ended December 31, 2008, was as follows:

	Balance At 12/31/2007	Additions	Deletions	Balance At 12/31/2008
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$1,866,742	\$0	\$0	\$1,866,742
Construction in Progress	56,292	520,930	(562,918)	14,304
Total Capital Assets, Not Being Depreciated	<u>1,923,034</u>	<u>520,930</u>	<u>(562,918)</u>	<u>1,881,046</u>
Depreciable Capital Assets:				
Land Improvements	106,746	0	0	106,746
Buildings and Building Improvements	43,024,588	712,424	0	43,737,012
Furniture, Fixtures, and Equipment	5,529,007	263,093	(57,438)	5,734,662
Vehicles	5,903,090	229,050	(1,196,377)	4,935,763
Infrastructure	53,502,681	1,729,543	(629,191)	54,603,033
Total Depreciable Capital Assets	<u>108,066,112</u>	<u>2,934,110</u>	<u>(1,883,006)</u>	<u>109,117,216</u>
Less Accumulated Depreciation:				
Land Improvements	(61,697)	(3,809)	0	(65,506)
Buildings and Building Improvements	(7,747,031)	(841,573)	0	(8,588,604)
Furniture, Fixtures, and Equipment	(2,966,159)	(528,811)	48,371	(3,446,599)
Vehicles	(3,876,540)	(389,973)	1,102,442	(3,164,071)
Infrastructure	(17,832,107)	(1,362,446)	134,879	(19,059,674)
Total Accumulated Depreciation	<u>(32,483,534)</u>	<u>(3,126,612) *</u>	<u>1,285,692</u>	<u>(34,324,454)</u>
Depreciable Capital Assets, Net	<u>75,582,578</u>	<u>(192,502)</u>	<u>(597,314)</u>	<u>74,792,762</u>
Governmental Activities Capital Assets, Net	<u>\$77,505,612</u>	<u>\$328,428</u>	<u>(\$1,160,232)</u>	<u>\$76,673,808</u>

*Depreciation expense was charged to governmental programs as follows:

General Government:	
Legislative and Executive	\$228,142
Judicial	66,753
Public Safety:	
Sheriff	426,006
Other	288,062
Public Works	1,441,075
Health	201,624
Human Services	175,147
Conservation and Recreation	229,065
Transportation	70,738
Total Depreciation Expense	<u>\$3,126,612</u>

GENERIC COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2 - CAPITAL ASSETS (Continued)

Capital assets activity of the business-type activities for the year ended December 31, 2008, was as follows:

	Balance At 12/31/2007	Additions	Deletions	Balance At 12/31/2008
<u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$18,480	\$0	\$0	\$18,480
Construction in Progress	126,920	47,225	(157,305)	16,840
Total Capital Assets, Not Being Depreciated	145,400	47,225	(157,305)	35,320
Depreciable Capital Assets:				
Buildings and Building Improvements	6,988,528	202,954	0	7,191,482
Furniture, Fixtures, and Equipment	686,397	38,520	0	724,917
Vehicles	287,652	13,000	0	300,652
Infrastructure	13,214,443	1,025,768	0	14,240,211
Total Depreciable Capital Assets	21,177,020	1,280,242	0	22,457,262
Less Accumulated Depreciation:				
Buildings and Building Improvements	(2,241,166)	(141,970)	0	(2,383,136)
Furniture, Fixtures, and Equipment	(665,237)	(4,909)	0	(670,146)
Vehicles	(197,131)	(15,580)	0	(212,711)
Infrastructure	(2,788,681)	(216,073)	0	(3,004,754)
Total Accumulated Depreciation	(5,892,215)	(378,532)	0	(6,270,747)
Depreciable Capital Assets, Net	15,284,805	901,710	0	16,186,515
Business-Type Activities				
Capital Assets, Net	\$15,430,205	\$948,935	(\$157,305)	\$16,221,835

NOTE 2 - LEASES – LESSEE DISCLOSURE

During 2008, and in prior years, the County entered into capitalized leases for vehicles, and for furniture, fixtures, and equipment. The leases meet the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

GENERIC COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2 - LEASES – LESSEE DISCLOSURE (Continued)

In 2006, the County entered into lease-purchase agreements for energy-saving renovations to the facilities of the Board of Mental Retardation and Developmental Disabilities, the facilities of the Department of Jobs and Family Services and the Courthouse. In 2007, the County entered into a lease-purchase agreement for energy-saving renovations to the Children Services facilities. The County is leasing the projects from Citimortgage, Inc. Citimortgage, Inc deposited monies with UMB Bank, who serves as the fiscal agent for the monies. The County will utilize the monies held by UMB Bank for the renovations as they progress. In turn, the County will make semi-annual lease payments to UMB Bank. The projects for the facilities of the Department of Jobs and Family Services and the Courthouse, which were included in one lease agreement, were completed in 2007. The projects for the facilities of the Board of Mental Retardation and Developmental Disabilities and for Children Services were completed in 2008. Monies related to the project for the Board of Mental Retardation and Developmental Disabilities were being held in the escrow bank account at year-end because a payment was made by the County for project construction costs that should have been paid from the escrow account. This money will be returned to the County. Monies related to the Children Services project that were being held in the escrow bank account at year-end will be paid to the contractor during 2009. Capital assets acquired under the lease-purchase agreement were capitalized as buildings and improvements in the Statement of Net Assets for governmental activities. The lease for the facilities of the Department of Jobs and Family Services and Courthouse will expire in 2016. The lease for the facilities of the Board of Mental Retardation and Developmental Disabilities will expire in 2017. The lease for the Children Services facilities will expire in 2018.

Capital lease payments have been reclassified and are reflected as a debt service expenditure in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General capital assets consisting of buildings and improvements, vehicles, and furniture, fixtures, and equipment have been capitalized in the amount of \$3,760,281. A corresponding liability was recorded on the Statement of Net Assets for governmental activities. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2008 totaled \$650,580 in the governmental funds.

The assets acquired through capital leases as of December 31, 2008, are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Buildings and Improvements	\$2,650,818	\$64,371	\$2,586,447
Furniture, Fixtures, and Equipment	390,386	135,827	254,559
Vehicles	719,077	194,935	524,142
Total	<u>\$3,760,281</u>	<u>\$395,133</u>	<u>\$3,365,148</u>

GENERIC COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 2 - LEASES – LESSEE DISCLOSURE (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2008:

Year Ending December 31,	Amount
2009	\$582,715
2010	525,518
2011	499,073
2012	337,420
2013	319,710
2014-2018	1,150,887
Total	3,415,323
Less: Amount Representing Interest	(528,297)
Present Value of Net Minimum Lease Payments	\$2,887,026

The County leases vehicles and furniture, fixtures, and equipment under noncancelable operating leases. Operating lease payments are reported as function expenditures in governmental funds and on the budgetary statements. Total operating lease payments in 2008 were \$21,748, which were paid from the Special Revenue Funds.

The following is a schedule of the future minimum lease payments:

Year Ending December 31,	Amount
2009	\$20,085
2010	16,612
2011	856
Total	\$37,553

NOTE 3 - LONG-TERM OBLIGATIONS

BUSINESS-TYPE ACTIVITIES

General Obligation Bonds

The County has issued General Obligation Bonds supported by Sewer Fund revenues. The proceeds of the bonds were used to fund various improvement projects in the County’s sewer system and to refund bonds previously issued for the same purpose.

The entire amount of the refunded bonds was repaid, leaving no balance still outstanding on the original debt.

NOTE 3 - LONG-TERM OBLIGATIONS (Continued)

Mortgage Revenue Bonds

In 1970, Generic County issued \$615,000 in Mortgage Revenue Bonds for the purpose of replacing sewer lines. The Sewer Fund's bond indentures have certain restrictive covenants which requires that a bond reserve fund be maintained and charges for services to customers be in sufficient amounts, as defined, to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal, and maintenance of properties in good condition. The bonds were issued for a 40 year period with final maturity in May 2010. The bonds will be paid with revenues from the Sewer Fund.

The County has pledged future revenues, net of operating expenses, to repay the Mortgage Revenue Bonds. Annual principal and interest payments on the debt issue are expected to require 5 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$73,763. Principal and interest paid for the current year and total net revenue were \$39,703 and \$998,166, respectively.

Farmer's Home Administration (FHA) Bonds

The Farmer's Home Administration (FHA) General Obligation Bonds were issued for the purpose of replacing sewer lines. The bonds are direct obligations and pledge the full faith and credit of the County for repayment. These bonds are generally issued as 40 year serial bonds paid with revenues from the operation of the sewer system.

Ohio Public Works Commission (OPWC) Loans

The OPWC loans consist of money owed to the Ohio Public Works Commission for various sewer line and pump station renovation projects. These consist of 20 year general obligation loans payable. The liability for the Sewer Fund is recorded in the fund and government-wide financial statements. The loans will be repaid from the Sewer Fund.

Compensated absences will be paid from the Sewer District Enterprise Fund.

GENERIC COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 3 - LONG-TERM OBLIGATIONS (Continued)

The change in the County's Business-Type Activities' long-term obligations during the year consisted of the following:

	Principal Outstanding at 12/31/2007	Additions	Deletions	Principal Outstanding at 12/31/2008	Due Within One Year
<u>Business-Type Activities</u>					
<u>General Obligation Bonds</u>					
Sewer Improvement					
Bonds 1997 4.50% - \$846,000	\$748,870	\$0	\$12,275	\$736,595	\$12,828
Sewer System					
Refunding Bonds 1999 4.50% - \$2,880,000	1,790,000	0	145,000	1,645,000	150,000
Unamortized Loss	(113,165)	0	(11,317)	(101,848)	0
Wastewater Treatment					
Plant Bonds 2004 4.50% - \$1,200,000	1,152,030	0	13,370	1,138,660	13,970
Sewer Bonds					
2006 4.50% - \$322,000	318,992	0	3,144	315,848	3,286
Total Enterprise General Obligation Bonds	3,896,727	0	162,472	3,734,255	180,084
<u>Mortgage Revenue Bonds</u>					
1970 5.375% - \$615,000	105,000	0	35,000	70,000	35,000
<u>Farmer's Home Administration (FHA) Bonds</u>					
FHA Bonds - Capital					
Improvement 1993 5.00% - \$825,000	691,100	0	13,500	677,600	14,200
FHA Bonds - Phase II					
1995 4.50% - \$650,000	556,110	0	10,300	545,810	10,760
FHA Bonds - Phase III					
1996 3.86% - \$842,500	733,548	0	12,774	720,774	13,349
FHA Bonds - Capital					
Phase VII 1999 4.50% - \$825,000	752,700	0	10,960	741,740	11,450
FHA Bonds - Phase IV					
2001 4.75% - \$347,940	320,520	0	5,360	315,160	5,610
Total FHA Bonds	3,053,978	0	52,894	3,001,084	55,369
<u>OPWC Loans</u>					
2002 0% - \$162,352	117,703	0	8,118	109,585	8,118
2004 0% - \$162,100	133,729	0	8,106	125,623	8,106
2006 0% - \$235,543	223,765	0	11,778	211,987	11,778
2006 0% - \$9,482	9,008	0	474	8,534	474
2008 0% - \$201,860	0	201,860	0	201,860	10,093
Total OPWC Loans	484,205	201,860	28,476	657,589	38,569
<u>Other Long-Term Obligations</u>					
Compensated Absences	82,423	39,637	44,970	77,090	48,655
Total Business-Type Activities	\$7,622,333	\$241,497	\$323,812	\$7,540,018	\$357,677

GENERIC COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 3 - LONG-TERM OBLIGATIONS (Continued)

The following is a summary of the County's future annual debt service requirements for Business-Type Activities long-term debt:

	General Obligation Bonds		Mortgage Revenue Bonds		FHA Bonds		OPWC Loans
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2009	\$180,084	\$174,080	\$35,000	\$2,822	\$55,369	\$139,225	\$38,569
2010	191,438	166,276	35,000	941	57,950	136,648	38,569
2011	197,856	157,741	0	0	60,708	133,951	38,569
2012	209,327	148,875	0	0	63,534	131,125	38,569
2013	215,875	139,330	0	0	66,479	128,168	38,569
2014-2018	1,020,109	536,776	0	0	381,399	591,459	192,845
2019-2023	255,593	387,861	0	0	479,064	493,940	180,660
2024-2028	318,522	324,962	0	0	601,684	371,435	91,239
2029-2033	396,930	246,514	0	0	755,338	217,506	0
2034-2038	448,671	148,791	0	0	436,659	57,247	0
2039-2043	353,595	59,970	0	0	42,900	1,931	0
2044-2046	48,103	4,399	0	0	0	0	0
Totals	\$3,836,103	\$2,495,575	\$70,000	\$3,763	\$3,001,084	\$2,402,635	\$657,589

	Totals	
	Principal	Interest
2009	\$309,022	\$316,127
2010	322,957	303,865
2011	297,133	291,692
2012	311,430	280,000
2013	320,923	267,498
2014-2018	1,594,353	1,128,235
2019-2023	915,317	881,801
2024-2028	1,011,445	696,397
2029-2033	1,152,268	464,020
2034-2038	885,330	206,038
2039-2043	396,495	61,901
2044-2046	48,103	4,399
Totals	\$7,564,776	\$4,901,973

NOTE 3 - LONG-TERM OBLIGATIONS (Continued)

GOVERNMENTAL ACTIVITIES

General Obligation Bonds

The County issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and the refinancing of Bond Anticipation Notes. General Obligation Bonds are direct obligations and pledge the full faith and credit of the County for repayment. These bonds are generally issued as 20 year serial bonds. The Airport Facilities Bond is being paid with monies received from the Generic County Airport Authority. The Industry Bonds are paid from general revenues of the County. The bonds are reported as part of unrestricted net assets because the proceeds were used for the renovation of a building owned by the Broad Authority. The Various Purpose and Juvenile Detention Center bonds are both being paid with tax monies receipted into the General Fund and then transferred to the Debt Service Fund. The Human Services Refunding Bonds, issued May 1, 2004, are being paid with monies received into the Debt Service Fund from the Public Assistance Special Revenue Fund. The refunded bonds were retired on August 1, 2004. The County Jail Bonds are being paid from general revenues of the County.

The 2006 Various Purpose Refunding Bonds were issued November 14, 2006, for the purpose of advance refunding \$525,000 of the 2000 Various Purpose Bonds, \$1,055,000 of the 2000 Juvenile Detention Center Bonds, the Human Services Building Acquisition Bond Anticipation Note in the amount of \$210,000, the County Jail Bond Anticipation Note in the amount of \$250,000, and the Various Purpose Bond Anticipation Note in the amount of \$700,000. At December 31, 2008, \$1,580,000 of the refunded bonds were outstanding.

Mental Retardation and Developmental Disabilities (MRDD) Loans

The Board of Mental Retardation and Developmental Disabilities has an outstanding general obligation loan which was issued in 1986. The loan is a direct obligation and pledges the full faith and credit of the County for repayment. The proceeds from the loan were used to construct the building for the Generic Workshop. The loan will be paid from the Board of Mental Retardation and Developmental Disabilities Special Revenue Fund.

NOTE 3 - LONG-TERM OBLIGATIONS (Continued)

State Infrastructure Bank Loan

During 2006, the County entered into a loan through the Ohio Department of Transportation State Infrastructure Bank for the construction of a bridge replacement on Collapse Road. The loan is a direct obligation and pledges the full faith and credit of the County for repayment. The County received the proceeds of the loan from the Ohio Department of Transportation as expenditures were incurred. During 2007, the County received \$1,167,040; thus, adding to the long-term liability reported in 2006 of \$27,600. During 2008, the County received \$11,646 which was the final loan disbursement for the project and was added to the amounts received in 2006 and 2007 for a final loan amount of \$1,206,286. The County Engineers' Association of Ohio has agreed to repay the loan on behalf of the County through the County Local Bridge Program. In December 2007, the County Engineer's Association of Ohio repaid \$919,000 of the outstanding amount of the loan. Repayment of the remaining amount of the loan by the County Engineer's Association of Ohio is expected to occur in 2009.

Riverside Park Tractor Loan

During 2007, the County entered into a loan agreement with US Bank for the purchase of a tractor for Generic Park. The loan is a direct obligation and pledges the full faith and credit of the County for repayment. The loan is being repaid from the General Fund.

Capital Leases and Compensated Absences

Capital leases will be paid from the General Fund and the Public Assistance, Board of Mental Retardation and Developmental Disabilities, Sheriff's Policing Rotary, and Coordinated Transportation Special Revenue Funds.

Compensated absences will be paid from the following governmental funds:

General Fund
Dog and Kennel Special Revenue Fund
Juvenile Detention Center Special Revenue Fund
Public Assistance Special Revenue Fund
Real Estate Assessment Special Revenue Fund
Common Pleas Court Computer Special Revenue Fund
Probation Supervision Services Special Revenue Fund
Board of Mental Retardation and Developmental Disabilities Special Revenue Fund
T.B. Levy Special Revenue Fund
Emergency Management Assistance Special Revenue Fund
Children Services Special Revenue Fund
Revolving Loan Special Revenue Fund
Coordinated Transportation Special Revenue Fund
Engineer Special Revenue Fund
Recycling and Litter Prevention Special Revenue Fund
Inmate Improvement Special Revenue Fund
Drug Enforcement/Sheriff Special Revenue Fund
Sheriff's Policing Rotary Special Revenue Fund
Mediation Grant Special Revenue Fund

GENERIC COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 3 - LONG-TERM OBLIGATIONS (Continued)

The change in the County's Governmental Activities' long-term obligations during the year consisted of the following:

	Principal Outstanding at 12/31/2007	Additions	Deletions	Principal Outstanding at 12/31/2008	Due Within One Year
<i><u>Governmental Activities</u></i>					
<i><u>General Obligation Bonds</u></i>					
Airport Facilities Bond					
2001 7.00% - \$55,000	\$16,652	\$0	\$8,045	\$8,607	\$8,607
Industry Bonds					
1999 8.05% - \$2,870,000	2,470,000	0	65,000	2,405,000	75,000
Various Purpose Bonds					
2000 5.7% - \$1,940,000	500,000	0	160,000	340,000	165,000
Juvenile Detention Center Bonds					
2000 5.80% - \$1,820,000	330,000	0	75,000	255,000	80,000
Human Services Refunding Bonds					
2004 2.00 - 3.25% - \$2,050,000	1,085,000	0	260,000	825,000	265,000
Unamortized Loss	(25,124)	0	(6,281)	(18,843)	0
County Jail Bonds					
2004 2.00 - 5.00% - \$6,135,000	5,645,000	0	170,000	5,475,000	175,000
Premium on Jail Bonds	4,503	0	205	4,298	0
Various Purpose Refunding Bonds					
2006 2.00 - 4.00 - 4.25% - \$2,930,000	2,850,000	0	90,000	2,760,000	90,000
Unamortized Loss	(87,430)	0	(17,486)	(69,944)	0
Total General Obligation Bonds	12,788,601	0	804,483	11,984,118	858,607
<i><u>Bond Anticipation Notes</u></i>					
Airport Hangar Bond Anticipation Note					
September 18, 2007 - 4.10% - \$95,000	75,000	0	75,000	0	0
Commercial Property Acquisition					
Bond Anticipation Note					
September 18, 2007 - 4.00% - \$262,000	237,000	0	237,000	0	0
Various Purpose Bond					
Anticipation Note					
September 18, 2007 - 6.25% - \$475,000	450,000	0	450,000	0	0
Total Bond Anticipation Notes	762,000	0	762,000	0	0
<i><u>Other Long-Term Obligations</u></i>					
MRDD Loan					
1986 3.00% - \$150,000	39,787	0	7,287	32,500	7,542
State Infrastructure Bank Loan - Collapse					
Road Bridge 2006 - 3.00%	275,640	11,646	0	287,286	32,282
Generic Park Tractor Loan 2007 - 4.47%	18,089	0	3,861	14,228	4,042
Capital Leases	2,968,909	568,697	650,580	2,887,026	456,549
Compensated Absences	2,177,397	784,644	1,006,890	1,955,151	1,210,559
Total Other Long-Term Obligations	5,479,822	1,364,987	1,668,618	5,176,191	1,710,974
Total Governmental Activities	\$19,030,423	\$1,364,987	\$3,235,101	\$17,160,309	\$2,569,581

GENERIC COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 3 - LONG-TERM OBLIGATIONS (Continued)

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

	General Obligation Bonds		MRDD Loan		Generic Park Tractor Loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$858,607	\$592,139	\$7,542	\$1,002	\$4,042	\$570	\$870,191	\$593,711
2010	895,000	557,200	7,806	738	4,232	380	907,038	558,318
2011	795,000	519,695	8,080	464	4,431	181	807,511	520,340
2012	515,000	487,011	8,363	181	1,523	15	524,886	487,207
2013	550,000	464,992	709	2	0	0	550,709	464,994
201-2018	2,930,000	1,932,395	0	0	0	0	2,930,000	1,932,395
2019-2023	2,845,000	1,188,177	0	0	0	0	2,845,000	1,188,177
2024-2028	2,290,000	425,819	0	0	0	0	2,290,000	425,819
2029-2031	390,000	19,500	0	0	0	0	390,000	19,500
Totals	<u>\$12,068,607</u>	<u>\$6,186,928</u>	<u>\$32,500</u>	<u>\$2,387</u>	<u>\$14,228</u>	<u>\$1,146</u>	<u>\$12,115,335</u>	<u>\$6,190,461</u>

The County's total legal debt margin was \$18,789,577 at December 31, 2008, with an unvoted debt margin of \$6,666,857 at December 31, 2008.

CONDUIT DEBT OBLIGATION

During 1985, the County, in conjunction with several other political subdivisions of Ohio, issued Revenue Bonds in the aggregate principal amount of \$72,000,000. The proceeds were used to fund the VHA Central Inc. Capital Asset Financing Program. The program provides financing for hospitals in Ohio to acquire equipment and other capital assets. The balance outstanding as of December 31, 2008, is \$30,600,000.

During 1991, the County issued Revenue Bonds in the aggregate principal amount of \$27,200,000 for Railroad Corporation. The proceeds were used to refund bonds that had been used by Railroad Corporation to finance the construction of a coal distribution facility. The balance outstanding as of December 31, 2008, is \$6,181,817.

During 2001, the County issued Revenue Bonds in the aggregate principal amount of \$1,870,000 for the Generic Mental Health Center. The proceeds were used by the Generic Mental Health Center to construct a new facility. The balance outstanding as of December 31, 2008, is \$1,520,000.

During 2002, the County issued Revenue Bonds in the aggregate principal amount of \$1,330,000 for Generic Mental Health Center. The proceeds were used by the Generic Mental Health Center. to renovate two of its facilities and to refinance an outstanding commercial loan that was used to acquire and renovate three of its facilities. The balance outstanding as of December 31, 2008, is \$905,000.

During 2006, the County issued Hospital Revenue Bonds in the aggregate principal amount of \$131,375,000 for Generic Hospital. The proceeds were used by Generic Hospital to construct a new addition to the Hospital Facility and related renovations. The bonds are to be repaid by the recipients of the proceeds and do not represent an obligation of the County. The balance outstanding as of December 31, 2008, is \$127,600,000.

GENERIC COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 3 - LONG-TERM OBLIGATIONS (Continued)

Conduit debt bonds are to be repaid by the recipients of the proceeds and do not represent an obligation of the County. There has not been, and currently is not, any condition of default under the bonds or the related financing documents. The County is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore they have been excluded entirely from the County's debt presentation. Neither the full faith and credit or taxing power of the County is pledged to make repayment.

NOTE 4 - BOND ANTICIPATION NOTES PAYABLE

During 2008, the County retired the Airport Hanger Bond Anticipation Note in the amount of \$95,000 and reissued the Note in the amount \$75,000. The Note is presented as a fund liability on the financial statements. The note will mature on September 16, 2009.

During 2008, the County retired the Commercial Property Acquisition Bond Anticipation Note in the amount of \$262,000 and reissued the Note in the amount \$237,000. The Note is presented as a fund liability on the financial statements. The note will mature on September 16, 2009.

During 2008, the County retired the Various Purpose Bond Anticipation Note in the amount of \$475,000 and reissued the Note in the amount \$450,000. The Note is presented as a fund liability on the financial statements. The note will mature on September 16, 2009.

During 2008, the County issued the Point Landing Bond Anticipation Note in the amount of \$201,845. During 2008, \$16,500 of the Note was received. The Note is presented as a fund liability on the financial statements. The note will mature on December 18, 2009.

All bond anticipation notes are backed by the full faith and credit of the County.

<u>Types / Issues</u>	<u>Balance 12/31/07</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/08</u>
<u>Governmental Activities</u>				
Airport Hangar Bond Anticipation Note				
September 18, 2007 - 4.10% - \$95,000	\$20,000	\$0	\$20,000	\$0
September 17, 2008 - 2.50% - \$75,000	0	75,000	0	75,000
Commercial Property Acquisition Bond Anticipation Note				
September 18, 2007 - 4.00% - \$262,000	25,000	0	25,000	0
September 17, 2008 - 5.00% - \$237,000	0	237,000	0	237,000
Various Purpose Bond Anticipation Note				
September 18, 2007 - 6.25% \$475,000	25,000	0	25,000	0
September 17, 2008 - 5.00% \$450,000	0	450,000	0	450,000
Point Landing Bond Anticipation Note				
November 26, 2008 - 4.02% - \$201,845	0	16,500	0	16,500
Total Governmental Activities	<u>\$70,000</u>	<u>\$778,500</u>	<u>\$70,000</u>	<u>\$778,500</u>

GENERIC COUNTY, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 4 - BOND ANTICIPATION NOTES PAYABLE (Continued)

The activity related to the long-term obligation portion of the bond anticipation notes is presented in Note 15.

GENERIC COUNTY, OHIO

Statement of Net Assets

December 31, 2005

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Component Unit 1	Component Unit 2
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$8,980,556	\$676,172	\$9,656,728	\$0	\$0
Cash and Cash Equivalents in Segregated Accounts	79,386	69,806	149,192	164,092	83,228
Cash and Cash Equivalents With Escrow Agent	305,088	0	305,088	0	0
Accrued Interest Receivable	1,168	0	1,168	0	291
Materials and Supplies Inventory	278,208	5,711	283,919	5,155	0
Accounts Receivable	38,415	960,022	998,437	25,435	0
Prepaid Items	114,642	9,434	124,076	0	819
Cash and Cash Equivalents With Trustee	271,023	152,836	423,859	0	0
Sales Taxes Receivable	1,322,302	0	1,322,302	0	0
Property Taxes Receivable	6,273,365	0	6,273,365	0	0
Revenue in Lieu of Taxes Receivable	41,344	0	41,344	0	0
Due From Other Governments	6,608,087	836,198	7,444,285	0	76,825
Due From Component Unit	166,198	0	166,198	0	0
Loans Receivable	805,986	0	805,986	0	0
Deferred Charges	166,296	65,150	231,446	0	0
Investment in Joint Venture	15,172	0	15,172	0	0
Capital Assets:					
Land and Construction in Progress	13,200,146	1,090,867	14,291,013	0	255,187
Depreciable Capital Assets, Net	29,177,398	14,020,372	43,197,770	42,780	1,275,252
Total Assets	67,844,780	17,886,568	85,731,348	237,462	1,691,602
<u>Liabilities:</u>					
Accounts Payable	674,843	28,487	703,330	1,087	624
Contracts Payable	460,042	525,416	985,458	0	35,958
Accrued Wages and Benefits Payable	490,705	10,151	500,856	4,941	0
Due To Other Governments	1,422,006	76,156	1,498,162	0	0
Due To Primary Government	0	0	0	0	166,198
Accrued Interest Payable	67,141	124,474	191,615	0	0
Personal Leave Balances Payable	4,742	0	4,742	0	0
Retainage Payable	305,088	60,648	365,736	0	5,274
Deferred Revenue	5,895,190	0	5,895,190	0	0
Notes Payable	900,000	322,000	1,222,000	0	0
Long-Term Liabilities:					
Due Within One Year	1,980,702	306,439	2,287,141	10,098	0
Due in More Than One Year	13,785,132	7,262,004	21,047,136	941	0
Total Liabilities	25,985,591	8,715,775	34,701,366	17,067	208,054
<u>Net Assets:</u>					
Invested in Capital Assets, Net of Related Debt	30,786,969	7,374,470	38,161,439	31,741	1,275,252
Restricted for:					
Debt Service	61,079	0	61,079	0	0
Public Safety	1,827,962	0	1,827,962	0	0
Human Services	2,602,103	0	2,602,103	0	0
Public Works	3,156,141	0	3,156,141	0	0
Health	1,555,006	0	1,555,006	0	0
Community and Economic Development	1,538,973	0	1,538,973	0	0
Other Purposes	696,810	0	696,810	0	0
Replacement and Improvements	798,587	40,000	838,587	0	0
Future Debt Service	271,023	112,836	383,859	0	0
Unrestricted (Deficit)	(1,435,464)	1,643,487	208,023	188,654	208,296
Total Net Assets (Deficit)	\$41,859,189	\$9,170,793	\$51,029,982	\$220,395	\$1,483,548

See Accountants' Compilation Report

See Accompanying Notes to the Basic Financial Statements

GENERIC COUNTY, OHIO
Statement of Activities
For the Year Ended December 31, 2005

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General Government:				
Legislative and Executive	\$6,980,041	\$1,903,202	\$44,683	\$0
Judicial	2,214,762	860,122	53,585	0
Public Safety:				
Sheriff	3,977,243	1,268,273	37,236	5,985,000
Other	3,205,370	671,299	945,821	0
Public Works	3,755,993	52,212	4,224,203	0
Health	6,680,087	339,256	3,802,926	0
Human Services	18,956,519	283,465	16,837,457	0
Conservation and Recreation	500,464	5,050	44,321	0
Economic Development and Assistance	1,101,206	6,000	440,491	0
Transportation	920,147	560,228	232,505	755,402
Interest and Fiscal Charges	734,820	0	0	0
<i>Total Governmental Activities</i>	49,026,652	5,949,107	26,663,228	6,740,402
<u>Business-Type Activities:</u>				
Sewer	2,364,845	2,839,906	0	453,050
<i>Total Primary Government</i>	\$51,391,497	\$8,789,013	\$26,663,228	\$7,193,452
<u>Component Units:</u>				
Component Unit 1	\$375,728	\$237,894	\$116,139	\$0
Component Unit 2	178,864	75,566	0	227,476
<i>Total Component Unit Activities</i>	\$554,592	\$313,460	\$116,139	\$227,476

General Revenues:

Property Taxes Levied for:
 General Purposes
 Board of Mental Retardation and Developmental Disabilities
 Children Services
 Other Purposes
 Sales Tax
 Revenue in Lieu of Taxes
 Grants and Entitlements not Restricted to Specific Programs
 Unrestricted Investment Earnings
 Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

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

Net Assets at End of Year

See Accountants' Compilation Report
 See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Component Unit 1	Component Unit 2	
(\$5,032,156)	\$0	(\$5,032,156)	\$0	\$0	
(1,301,055)	0	(1,301,055)	0	0	
3,313,266	0	3,313,266	0	0	
(1,588,250)	0	(1,588,250)	0	0	
520,422	0	520,422	0	0	
(2,537,905)	0	(2,537,905)	0	0	
(1,835,597)	0	(1,835,597)	0	0	
(451,093)	0	(451,093)	0	0	
(654,715)	0	(654,715)	0	0	
627,988	0	627,988	0	0	
(734,820)	0	(734,820)	0	0	
(9,673,915)	0	(9,673,915)	0	0	
0	928,111	928,111	0	0	
(9,673,915)	928,111	(8,745,804)	0	0	
0	0	0	(21,695)	0	
0	0	0	0	124,178	
0	0	0	(21,695)	124,178	
1,838,216	0	1,838,216	0	0	
2,330,792	0	2,330,792	0	0	
593,546	0	593,546	0	0	
183,194	0	183,194	0	0	
8,449,420	0	8,449,420	0	0	
40,648	0	40,648	0	0	
1,603,520	0	1,603,520	0	0	
509,822	2,815	512,637	4,291	291	
618,934	42,501	661,435	379	598	
(68,452)	68,452	0	0	0	
16,099,640	113,768	16,213,408	4,670	889	
6,425,725	1,041,879	7,467,604	(17,025)	125,067	
35,433,464	8,128,914	43,562,378	237,420	1,358,481	
\$41,859,189	\$9,170,793	\$51,029,982	\$220,395	\$1,483,548	

See Accountants' Compilation Report

GENERIC COUNTY, OHIO

Balance Sheet
Governmental Funds
December 31, 2005

	General	Public Assistance	Motor Vehicle Gas Tax
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$266,979	\$884,313	\$1,186,350
Cash and Cash Equivalents in Segregated Accounts	18,150	10,379	248
Receivables:			
Sales Tax	1,322,302	0	0
Property Taxes	1,705,078	0	0
Accounts	1,285	0	2,508
Accrued Interest	1,168	0	0
Interfund	37,724	38,509	0
Revenue in Lieu of Taxes	0	0	0
Due from Other Governments	740,929	828,348	2,271,599
Prepaid Items	56,309	18,475	21,272
Materials and Supplies Inventory	16,247	15,001	228,117
Due from Component Unit	166,198	0	0
Loans Receivable	0	0	0
Restricted Assets:			
Cash and Cash Equivalents with Escrow Agent	0	0	0
Cash and Cash Equivalents with Trustee	0	0	0
Unclaimed Monies	194,822	0	0
	<u>\$4,527,191</u>	<u>\$1,795,025</u>	<u>\$3,710,094</u>
<i>Total Assets</i>			
<u>Liabilities:</u>			
Accounts Payable	\$157,416	\$127,997	\$172,690
Contracts Payable	0	0	0
Accrued Wages and Benefits Payable	123,262	91,379	85,608
Personal Leave Balances Payable	0	0	0
Due to Other Governments	352,973	547,363	89,185
Interfund Payable	0	113,245	0
Retainage Payable from Restricted Assets	0	0	0
Accrued Interest Payable	2,893	0	0
Deferred Revenue	2,315,095	0	1,512,216
Notes Payable	640,000	0	0
	<u>3,591,639</u>	<u>879,984</u>	<u>1,859,699</u>
<i>Total Liabilities</i>			
<u>Fund Balances:</u>			
Reserved for Encumbrances	103,494	0	64,208
Reserved for Unclaimed Monies	194,822	0	0
Reserved for Loans Receivable	0	0	0
Reserved for Due From Component Unit	24,171	0	0
Reserved for Future Debt Service	0	0	0
Unreserved, Undesignated Reported in:			
General Fund	613,065	0	0
Special Revenue Funds	0	915,041	1,786,187
Debt Service Fund	0	0	0
Capital Projects Funds (Deficit)	0	0	0
	<u>935,552</u>	<u>915,041</u>	<u>1,850,395</u>
<i>Total Fund Balances</i>			
	<u>\$4,527,191</u>	<u>\$1,795,025</u>	<u>\$3,710,094</u>
<i>Total Liabilities and Fund Balances</i>			

See Accountants' Compilation Report
See Accompanying Notes to the Basic Financial Statements

Board of Mental Retardation and Developmental Disabilities	Children Services	Jail Construction	Nonmajor Governmental Funds	Total
\$1,490,126	\$889,694	\$335,304	\$3,732,968	\$8,785,734
0	138	0	50,471	79,386
0	0	0	0	1,322,302
3,869,351	599,988	0	98,948	6,273,365
4,609	0	0	30,013	38,415
0	0	0	0	1,168
9,893	37,467	0	57,351	180,944
31,323	8,521	0	1,500	41,344
385,254	790,543	518,331	1,073,083	6,608,087
12,913	3,145	0	2,528	114,642
0	500	0	18,343	278,208
0	0	0	0	166,198
0	0	0	805,986	805,986
0	0	305,088	0	305,088
0	0	0	271,023	271,023
0	0	0	0	194,822
<u>\$5,803,469</u>	<u>\$2,329,996</u>	<u>\$1,158,723</u>	<u>\$6,142,214</u>	<u>\$25,466,712</u>
\$47,493	\$57,421	\$0	\$111,826	\$674,843
0	0	436,908	23,134	460,042
62,775	61,126	1,600	64,955	490,705
0	4,742	0	0	4,742
176,785	68,584	1,180	185,936	1,422,006
0	0	0	67,699	180,944
0	0	305,088	0	305,088
0	0	0	1,156	4,049
4,179,076	986,746	0	718,059	9,711,192
0	0	0	260,000	900,000
<u>4,466,129</u>	<u>1,178,619</u>	<u>744,776</u>	<u>1,432,765</u>	<u>14,153,611</u>
61,815	19,435	10,930	71,496	331,378
0	0	0	0	194,822
0	0	0	680,295	680,295
0	0	0	0	24,171
0	0	0	271,023	271,023
0	0	0	0	613,065
1,275,525	1,131,942	0	3,677,935	8,786,630
0	0	0	116,364	116,364
0	0	403,017	(107,664)	295,353
<u>1,337,340</u>	<u>1,151,377</u>	<u>413,947</u>	<u>4,709,449</u>	<u>11,313,101</u>
<u>\$5,803,469</u>	<u>\$2,329,996</u>	<u>\$1,158,723</u>	<u>\$6,142,214</u>	<u>\$25,466,712</u>

See Accountant's Compilation Report

GENERIC COUNTY, OHIO
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2005

Total Governmental Fund Balances \$11,313,101

*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. These assets consist of:

Land	1,851,742	
Construction in progress	11,348,404	
Other depreciable capital assets	41,849,233	
Accumulated depreciation	<u>(12,671,835)</u>	
Total capital assets		42,377,544

The County also has an investment interest in joint venture assets, which is part of the County's overall governmental activities. 15,172

Some of the County's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Delinquent property taxes	707,313	
Revenue in lieu of taxes	41,344	
Intergovernmental	2,901,093	
Interest	54	
Miscellaneous	<u>166,198</u>	
		3,816,002

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis. 166,296

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable	(13,003,425)	
Notes payable	(497,000)	
Loans payable	(53,629)	
Accrued interest payable	(63,092)	
Capital leases payable	(194,730)	
Compensated absences	<u>(2,017,050)</u>	
Total liabilities		<u>(15,828,926)</u>

Net Assets of Governmental Activities \$41,859,189

See Accountants' Compilation Report
 See Accompanying Notes to the Basic Financial Statements

GENERIC COUNTY, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Public Assistance	Motor Vehicle Gas Tax
<u>Revenues:</u>			
Property Taxes	\$1,840,455	\$0	\$0
Sales Tax	8,449,420	0	0
Revenue in Lieu of Taxes	0	0	0
Charges for Services	1,353,034	48,888	26,881
Licenses and Permits	6,025	0	0
Fines and Forfeitures	329,056	0	25,331
Intergovernmental	1,348,130	13,081,876	4,398,501
Interest	468,862	0	27,437
Rent	2,577	0	0
Contributions and Donations	0	0	0
Miscellaneous	226,010	0	54,492
<i>Total Revenues</i>	<u>14,023,569</u>	<u>13,130,764</u>	<u>4,532,642</u>
<u>Expenditures:</u>			
Current:			
General Government:			
Legislative and Executive	6,721,564	0	0
Judicial	1,814,574	0	0
Public Safety:			
Sheriff	2,630,089	0	0
Other	434,431	0	0
Public Works	10,414	0	4,442,100
Health	214,515	0	0
Human Services	345,877	13,678,837	0
Conservation and Recreation	218,098	0	0
Economic Development and Assistance	98,605	0	0
Transportation	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	319,792	4,504	0
Interest and Fiscal Charges	28,992	254	0
Principal Retirement - Current Refunding	25,000	0	0
<i>Total Expenditures</i>	<u>12,861,951</u>	<u>13,683,595</u>	<u>4,442,100</u>
Excess of Revenues Over (Under) Expenditures	<u>1,161,618</u>	<u>(552,831)</u>	<u>90,542</u>
<u>Other Financing Sources (Uses):</u>			
Notes Issued	287,000	0	0
Inception of Capital Lease	10,725	0	0
Transfers In	6,000	507,098	193,944
Current Refunding	(292,000)	0	0
Transfers Out	(2,303,676)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(2,291,951)</u>	<u>507,098</u>	<u>193,944</u>
<i>Net Change in Fund Balances</i>	(1,130,333)	(45,733)	284,486
<i>Fund Balances at Beginning of Year</i>	<u>2,065,885</u>	<u>960,774</u>	<u>1,565,909</u>
<i>Fund Balances at End of Year</i>	<u>\$935,552</u>	<u>\$915,041</u>	<u>\$1,850,395</u>

See Accountants' Compilation Report
See Accompanying Notes to the Basic Financial Statements

Board of Mental Retardation and Developmental Disabilities	Children Services	Jail Construction	Nonmajor Governmental Funds	Total
\$2,105,251	\$595,120	\$0	\$213,909	\$4,754,735
0	0	0	0	8,449,420
24,752	6,808	0	838	32,398
293,412	37,467	0	3,404,132	5,163,814
0	0	0	32,190	38,215
0	0	0	73,092	427,479
4,076,862	2,746,767	5,985,000	4,209,951	35,847,087
2,819	0	0	10,775	509,893
0	0	0	317,022	319,599
21,640	6,904	0	0	28,544
41,619	938	0	322,442	645,501
<u>6,566,355</u>	<u>3,394,004</u>	<u>5,985,000</u>	<u>8,584,351</u>	<u>56,216,685</u>
0	0	110,619	656,654	7,488,837
0	0	0	377,915	2,192,489
0	0	0	1,126,120	3,756,209
0	0	0	2,602,740	3,037,171
0	0	0	0	4,452,514
6,364,185	0	0	246,387	6,825,087
0	3,663,422	0	1,118,276	18,806,412
0	0	0	55,144	273,242
0	0	0	1,013,093	1,111,698
0	0	0	854,834	854,834
0	0	8,840,958	668,724	9,509,682
20,476	0	0	929,455	1,274,227
5,242	0	0	683,970	718,458
0	0	0	10,000	35,000
<u>6,389,903</u>	<u>3,663,422</u>	<u>8,951,577</u>	<u>10,343,312</u>	<u>60,335,860</u>
<u>176,452</u>	<u>(269,418)</u>	<u>(2,966,577)</u>	<u>(1,758,961)</u>	<u>(4,119,175)</u>
0	0	0	210,000	497,000
57,716	0	0	0	68,441
0	0	0	1,779,054	2,486,096
0	0	0	(220,000)	(512,000)
0	0	(124,864)	(126,008)	(2,554,548)
<u>57,716</u>	<u>0</u>	<u>(124,864)</u>	<u>1,643,046</u>	<u>(15,011)</u>
234,168	(269,418)	(3,091,441)	(115,915)	(4,134,186)
<u>1,103,172</u>	<u>1,420,795</u>	<u>3,505,388</u>	<u>4,825,364</u>	<u>15,447,287</u>
<u>\$1,337,340</u>	<u>\$1,151,377</u>	<u>\$413,947</u>	<u>\$4,709,449</u>	<u>\$11,313,101</u>

See Accountant's Compilation Report

GENERIC COUNTY, OHIO
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2005

Net Change in Fund Balances - Total Governmental Funds (\$4,134,186)

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

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital asset additions	2,570,197	
Construction in progress additions	8,869,340	
Depreciation expense	(1,354,903)	
Excess of capital outlay over depreciation expense	10,084,634	10,084,634

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

Loss on disposal of capital assets	(126,278)	(126,278)
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Because some revenues will not be collected for several months after the County's year ends, they are not considered "available" revenues and are deferred in the governmental funds.

Delinquent property taxes	191,013	
Revenue in lieu of taxes	8,250	
Intergovernmental	(868,481)	
Interest	(71)	
Miscellaneous	(26,567)	
	(695,856)	(695,856)

Decrease in the County's equity portion of the joint venture. (21,547)

The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Assets, the debt is reported as a liability.

Bond Anticipation Notes	(497,000)	(497,000)
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Some capital assets were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability. (68,441)

Governmental funds report bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the Statement of Activities. (10,067)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:

Loan principal payments	6,572	
Bond principal payments	666,567	
Bond anticipation notes principal payments	952,000	
Capital lease payments	196,088	
Total long-term debt repayment	1,821,227	1,821,227

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in compensated absences payable	79,534	79,534
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and bond issuance costs are recognized as expenditures when incurred, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due and bond issuance costs are deferred and amortized. The additional amount of interest and fiscal charges on the Statement of Activities is the result of the following:

Increase in Accrued Interest	(219)	
Amortization of Premium on General Obligation Bonds	205	
Amortization of Loss on Refunding	(6,281)	
	(6,295)	(6,295)

Change in Net Assets of Governmental Activities \$6,425,725

See Accountants' Compilation Report
 See Accompanying Notes to the Basic Financial Statements