



Mary Taylor, CPA
Auditor of State

PREBLE COUNTY
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PREBLE COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2006

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|-----------------------------------------------------------------|-------------------------------|---------------------------|----------------|
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | |
| <i>Passed Through Ohio Department Of Development:</i> | | | |
| Community Development Block Grant | B-F-05-063-1 | 14.228 | \$403,027 |
| Community Development Block Grant | B-F-04-063-1 | 14.228 | 112,873 |
| Water and Sanitary Sewer Competitive Grant | B-W-03-063-1 | 14.228 | 32,124 |
| Community Housing Improvement Program | B-C-05-063-1 | 14.228 | 167,141 |
| Total Community Development Block Grant | | | <u>715,165</u> |
| Community Housing Improvement Program | B-C-05-063-2 | 14.239 | 181,566 |
| <i>Total Passed Through Ohio Department of Development</i> | | | <u>896,731</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>896,731</u> |
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | N/A | 16.580 | 10,597 |
| <i>Passed Through Ohio Attorney General's Office:</i> | | | |
| Victims of Crime Act | 2006 VAGENE 199T | 16.575 | 62,970 |
| <i>Passed Through Ohio Office of Criminal Justice Services:</i> | | | |
| Edward Byrne Memorial Grant Program | 2003-DG-GOV-7493 | 16.579 | 33,750 |
| <i>Passed Through Ohio Attorney General's Office:</i> | | | |
| Livescan Enhancement Grant | 2003-CK-WX-0166 | 16.710 | 39,928 |
| Total U.S. Department of Justice | | | <u>147,245</u> |
| <u>U.S. FEDERAL ELECTION COMMISSION</u> | | | |
| <i>Passed Through Ohio Secretary of State:</i> | | | |
| Help America Vote Act (HAVA) | E06-0040-68 | 90.401 | 387,720 |
| Voter Education and Poll Worker Training Grant Program | | 39.011 | 12,682 |
| Total U.S. Federal Election Commission | | | <u>400,402</u> |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | |
| <i>Passed Through The Ohio Department of Public Safety:</i> | | | |
| Traffic Safety Study Grant | 2006-TE-0389-00 | 20.205 | 35,450 |
| Total U.S. Department of Transportation | | | <u>35,450</u> |
| <u>U.S. DEPARTMENT OF FEDERAL HIGHWAY ADMINISTRATION</u> | | | |
| <i>Passed Through The Ohio Department of Transportation:</i> | | | |
| Highway Planning and Construction: | | | |
| CR30/37 Guardrail Project | PID 75242 | 20.205 | 217,145 |
| Rehabilitate Brubaker Covered Bridge | PID 77050 | 20.205 | 162,137 |
| Total Highway Planning and Construction | | | <u>379,282</u> |
| Total U.S. Department of Federal Highway Administration | | | <u>379,282</u> |

(Continued)

PREBLE COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|---------------------------------------------------------------------------------------------|-------------------------------|---------------------------|----------------|
| <u>U.S. DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT ASSISTANCE</u> | | | |
| <i>Passed Through Ohio Department of Public Safety:</i> | | | |
| Hazard Mitigation Grant Program | FEMA-DR-1453.07P-OH | 97.039 | 12,792 |
| State Homeland Security Grant Program-FY 2004 | 2004-GE-T4-0025 | 97.004 | 95,459 |
| Emergency Management Performance Grant-FY 2006 | 2006-EM-E6-0042 | 97.042 | 29,424 |
| Homeland Security Cluster: | | | |
| State Homeland Security Grant Program-FY 2005 (Ops Center) | 2005-GE-T5-0001 | 97.073 | 26,130 |
| State Homeland Security Grant Program-FY 2005 | 2005-GE-T5-0001 | 97.073 | 108,747 |
| Total State Homeland Security Grant Program | | | <u>134,877</u> |
| Total Homeland Security Cluster | | 97.067 | <u>134,877</u> |
| Total U.S. Department of Federal Emergency Management Assistance | | | <u>272,552</u> |
| <u>U.S. DEPARTMENT OF LABOR</u> | | | |
| <i>Passed Through Montgomery County Department of Job & Family Services:</i> | | | |
| Workforce Investment Act Cluster: | | | |
| Workforce Investment Act - Adult | | 17.258 | 67,106 |
| Workforce Investment Act - Adult Administrative | | | 3,584 |
| Total Workforce Investment Act - Adult | | | <u>70,690</u> |
| Workforce Investment Act - Youth | | 17.259 | <u>83,599</u> |
| Workforce Investment Act - Dislocated Worker | | 17.260 | 83,354 |
| Workforce Investment Act - Dislocated Worker Administrative | | | 2,710 |
| Total Workforce Investment Act - Dislocated Worker | | | <u>86,064</u> |
| Total U.S. Department of Labor | | | <u>240,353</u> |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | |
| <i>Passed Through Ohio Department of Mental Health:</i> | | | |
| All Hazard Grant-FY 06 | N/A | 93.003 | 732 |
| <i>Passed Through Ohio Department of Mental Health:</i> | | | |
| Network of Care | N/A | 93.243 | 4,554 |
| <i>Passed Through Ohio Department of Public Safety:</i> | | | |
| Rural Access to Emergency Devices Grant | N/A | 93.259 | 16,880 |
| <i>Passed Through Ohio Department of Mental Health:</i> | | | |
| Early Childhood Grant-FY 06 | N/A | 93.590 | 36,818 |
| Early Childhood Grant-FY 07 | | | <u>18,409</u> |
| | | | 55,227 |
| <i>Passed Through Ohio Department of Mental Health:</i> | | | |
| Family and Systems Team Dollars Initiative (FAST) | N/A | 93.556 | 23,300 |
| <i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i> | | | |
| Title XX Social Service Block Grant-FY 06 | N/A | 93.667 | 16,610 |
| Title XX Social Service Block Grant-FY 07 | N/A | 93.667 | 14,786 |
| | | | <u>31,396</u> |

(Continued)

PREBLE COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Pass Through Entity Number | Federal CFDA Number | Disbursements |
|-----------------------------------------------------------------------------------------------|-------------------------------|---------------------------|---------------------------|
| <i>Passed Through Ohio Department of Mental Health:</i> | | | |
| Title XX Social Service Block Grant-FY 06 | N/A | 93.667 | 28,275 |
| Total Title XX Social Service Block Grant | | | <u>59,671</u> |
| <i>Passed Through Ohio Department of Mental Health:</i> | | | |
| Title XIX Medical Assistance Program | N/A | 93.778 | 488,269 |
| <i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i> | | | |
| Title XIX Medical Assistance Program | N/A | 93.778 | 47,031 |
| <i>Passed Through Ohio Department of Mental Retardation & Developmental Disabilities:</i> | | | |
| Title XIX Medical Assistance Program - Waiver Administration | N/A | 93.778 | 43,150 |
| Title XIX Medical Assistance Program - Day Hab | N/A | 93.778 | 405,926 |
| Title XIX Medical Assistance Program -Target Case Management | N/A | 93.778 | <u>9,663</u> |
| | | | 458,739 |
| Total Title XIX Medical Assistance Program | | | <u>994,039</u> |
| <i>Passed Through Ohio Department of Mental Health:</i> | | | |
| Community Mental Service Block Grant-FY 06 | N/A | 93.958 | 50,279 |
| <i>Passed Through Ohio Department of Alcohol & Drug Addiction Services:</i> | | | |
| Block Grant for the Prevention and Treatment of Substance Abuse | N/A | 93.959 | 164,154 |
| Total U.S. Department of Health and Human Services | | | <u>1,368,836</u> |
| Total | | | <u>\$3,740,851</u> |

The accompanying notes to this schedule are an integral part of this schedule.

PREBLE COUNTY

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2006**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The County passes-through certain Federal assistance received from U.S. Department of Health and Human Services and the U.S. Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As described in Note A, the County records expenditures of Federal awards to subrecipients when paid in cash.

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

NOTE C - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The Community Development Block Grant revolving loan program expenditures include loans to County residents based on income eligibility. These loans were used for the repair of private homes. Interest is not assessed on these loans. As of December 31, 2006, the balance of loans outstanding is \$131,468. All monies received now go into a revolving loan fund to be used for CDBG CHIP activities. These loans are collateralized by mortgages on the property.

NOTE D – THE HOME IMPROVEMENT PARTNERSHIP

The Home Improvement Partnership program provided loans to County residents based on income eligibility. These loans were used to assist with the down payment for first-time home buyers and the rehabilitation of private residences. Interest is not assessed on these loans. As of December 31, 2006, the balance of loans outstanding is \$52,793. All monies received now go into a revolving loan fund to be used for HOME CHIP activities. These loans are collateralized by mortgages on the property.

NOTE E - MATCHING REQUIREMENTS

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



Mary Taylor, CPA

Auditor of State

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

Preble County
100 East Main Street
Eaton, Ohio 45420

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Preble County, Ohio (the County), as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 30, 2007, in which we noted that the Landfill Fund had an accumulated deficit of \$1,010,308 as of December 31, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the County's management in a separate letter dated August 30, 2007.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the County's management in a separate letter dated August 30, 2007.

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



Mary Taylor, CPA
Auditor of State

August 30, 2007



Mary Taylor, CPA

Auditor of State

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

Preble County
100 East Main Street
Eaton, Ohio 45320

To the Board of County Commissioners:

Compliance

We have audited the compliance of Preble County, Ohio (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

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

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www.auditor.state.oh.us

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

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

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

However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated August 30, 2007.

Federal Awards Expenditures Schedule

We have also audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County as of and for the year ended December 31, 2006, and have issued our report thereon dated August 30, 2007, in which we noted that the Landfill Fund had an accumulated deficit of \$1,010,308 as of December 31, 2006. Our audit was performed to form opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Mary Taylor, CPA
Auditor of State

August 30, 2007

PREBLE COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2006

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <i>(d)(1)(ii)</i> | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material internal control weaknesses reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any other significant deficiencies in internal control reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unqualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | CFDA #93.778: Title XIX – Medical Assistance Program CFDA #90.401: Help America Vote Act (HAVA) CFDA #14.228: Community Development Block Grant (CDBG) CFDA #20.205: Highway Planning & Construction |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A/B Programs | Type A: > \$ 300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee? | No |

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

Preble County, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2006

Issued by:
County Auditor's Office

Mindy S. Robbins
Preble County Auditor

PREBLE COUNTY, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

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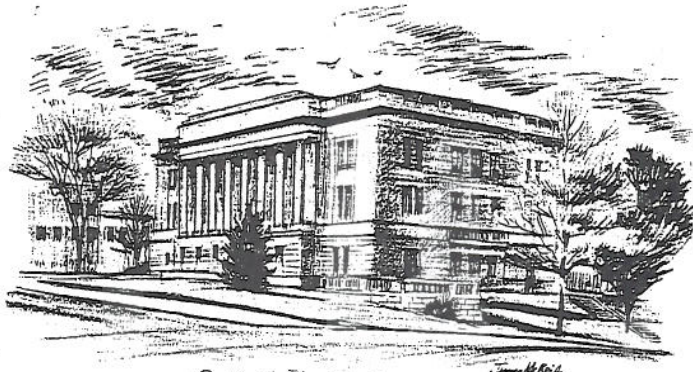
PREBLE COUNTY, OHIO
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*Preble County Courthouse
Eaton, Ohio*

Preble County Auditor **MINDY S. ROBBINS**

Courthouse, 2nd Floor
101 East Main Street
Eaton, Ohio 45320

Phone: (937) 456-8148

Fax: (937) 456-8108

August 30, 2007

The Citizens of Preble County and
Preble County Board of Commissioners
100 East Main Street
Eaton, Ohio 45320

As Auditor of Preble County, I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of Preble County for the year ended December 31, 2006. The CAFR contains the required financial statements and other financial and statistical information and conforms to generally accepted accounting principles (GAAP) as applicable to governmental entities, and represents a significant achievement brought about by the combined efforts of many County departments. The CAFR provides complete and full disclosure of all material financial aspects of Preble County ("the County").

State law requires that every general-purpose local government file financial statements with the Auditor of State of Ohio and publish notice of their availability within five months of the close of each year. The basic financial statements from this report were filed to fulfill that requirement for the year ended December 31, 2006. The County has elected to prepare and publish a CAFR in the belief that the additional data contained in the report provides important information that helps a reader understand more fully the financial condition of the County.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the work of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Office of the Auditor of State Mary Taylor has issued an unqualified ("clean") opinion on Preble County's financial statements for the year ended December 31, 2006. The Auditor of State's Independent Accountants' Report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Accountants' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

THE COUNTY

The County was formed by an Act of the Ohio General Assembly on February 15, 1808, and was named for Revolutionary War Naval Commander Edward Preble.

The elected three-member Board of County Commissioners functions as both the legislative and the executive branch of the County. Each Commissioner serves a four-year term. In addition to the County Auditor, who serves as chief fiscal officer, there are seven elected administrative officials, each of whom operate independently as set forth by Ohio law. These officials are: Treasurer, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Recorder, and Sheriff. These elected officials serve four-year terms. The Common Pleas Court - Domestic Relations Court Judge and the Juvenile Court - Probate Court Judge are elected on a County-wide basis to oversee the County's judicial system. Judges are elected to six-year terms.

Reporting Entity and Services

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For Preble County, this includes the Preble County Board of Mental Retardation and Developmental Disabilities, Preble County Community Development, and the departments and activities that are directly operated by the elected County officials. The County also operates and maintains a wastewater treatment system and a landfill.

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

The Preble County Library Board and the Preble Metropolitan Housing Authority were determined to be related organizations of the County. The Preble County Emergency Management Agency was determined to be a joint venture and the County Risk Sharing Authority, Inc. was determined to be a risk sharing pool. The West Central Ohio Network was determined to be a jointly governed organization. The County Commissioner's Association of Ohio Workers' Compensation Group Rating Program provided by The County Commissioner's Association of Ohio Service Corporation (CCAOSC) was determined to be an insurance purchasing pool.

Annual Budget

The annual budget serves as the foundation for the County's financial planning and control. The budget is prepared at the object level. Therefore, transfers between objects need approval from the County Commission.

LOCAL ECONOMY

The County is an agriculturally rich county, with approximately 71 percent or 196,000 acres of County land used for agriculture. The County currently produces corn and soybeans. Ohio Agriculture Statistics for 2006 state that the 1,030 farms in the County average 190 acres per farm. The average corn yield in 2006 was approximately 174.3 bushels per acre, with soybeans averaging approximately 54.7 bushels per acre.

The County's location and transportation routes have contributed greatly to growth in population and industry. The County is conveniently located near State Route 127 and Interstate 70. The County's financial base includes a diverse range of manufacturing and utility companies. The County population has risen nearly 70 percent since 1940; that is well ahead of the pace of most of the Midwest and Ohio.

The County has a positive economic outlook with several manufacturing companies continuing to expand their facilities in the County. These companies include (1) Proctor and Gamble (pet foods), (2) North American Nutrition (feed and trucking), (3) Neaton Auto Products Manufacturing, Inc. (auto parts), (4) Henny-Penny Corporation (food service equipment), and (5) Parker Hannifin Corporation (hydraulic fittings manufacturer).

MAJOR INITIATIVES

Landfill

The financial stability of the Preble County Landfill continued to improve during 2006. In general, it was determined that most County residents were in favor of using the landfill only for Preble County waste. The user charges for all improved parcels of property were increased in 2004 to insure financial stability. No increases were necessary during 2006.

Geographical Information System

The County implemented a fully functional Geographical Information System (GIS). The Preble County GIS was awarded the 2001 Best Practice Award by the Ohio Geographically Referenced Information Program which is a State office made to oversee County GIS programs in the State of Ohio.

With the completion of the County's digital tax maps, geographic positioned road centerlines, digital pictures of structures, geographic located addresses, and digital aerial photography, the hope is to help save lives by giving dispatchers a map tool to speed response time. The Auditor uses the GIS to more accurately tax property, and the Engineer will use the GIS to help with road and bridge maintenance and planning. Additionally, many other County departments, Villages, and the City of Eaton use the GIS for various purposes.

INDEPENDENT AUDIT

An audit team from the Office of the Auditor of State Mary Taylor has performed this year's audit. The results of the audit are presented in the Independent Accountants' Report.

AWARDS

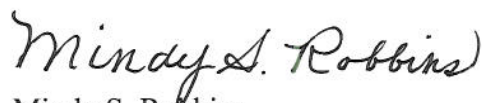
The County prepared its first CAFR in 1988 in accordance with the program guidelines for the Certificate of Achievement for Excellence in Financial Reporting (Certificate) awarded by the Government Finance Officers Association of the United States and Canada (GFOA). Each annual report must satisfy both generally accepted accounting principles and disclose applicable legal compliance requirements. The County has been awarded the Certificate for the years ended December 31, 1988 – 2005.

A Certificate of Achievement is valid for one year. We believe that our current report continues to conform to the Certificate of Achievement program requirements; thus, we are submitting it to GFOA for review.

ACKNOWLEDGMENTS

The preparation of the CAFR was made possible by the dedicated service of the entire staff of the County Auditor's office. I would also like to express my appreciation to the County Board of Commissioners and all other County Departments for their support in the preparation of this Comprehensive Annual Financial Report.

Sincerely,



Mindy S. Robbins
Preble County Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Preble County
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Ronald J. Hawn".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

PREBLE COUNTY, OHIO

ELECTED OFFICIALS

DECEMBER 31, 2006

Board of County Commissioners

David Wesler
William B. Withrow
Jane Marshall

Auditor (1)

Mindy S. Robbins

Clerk of Common Pleas Court

Christopher B. Washington

Coroner

Dr. John Vosler

Common Pleas Court

David Abruzzo – General
Wilfred G. Dues – Probate and Juvenile

Engineer

J. Stephen Simmons

Prosecuting Attorney

Martin P. Votel

Recorder

William J. Spahr

Sheriff

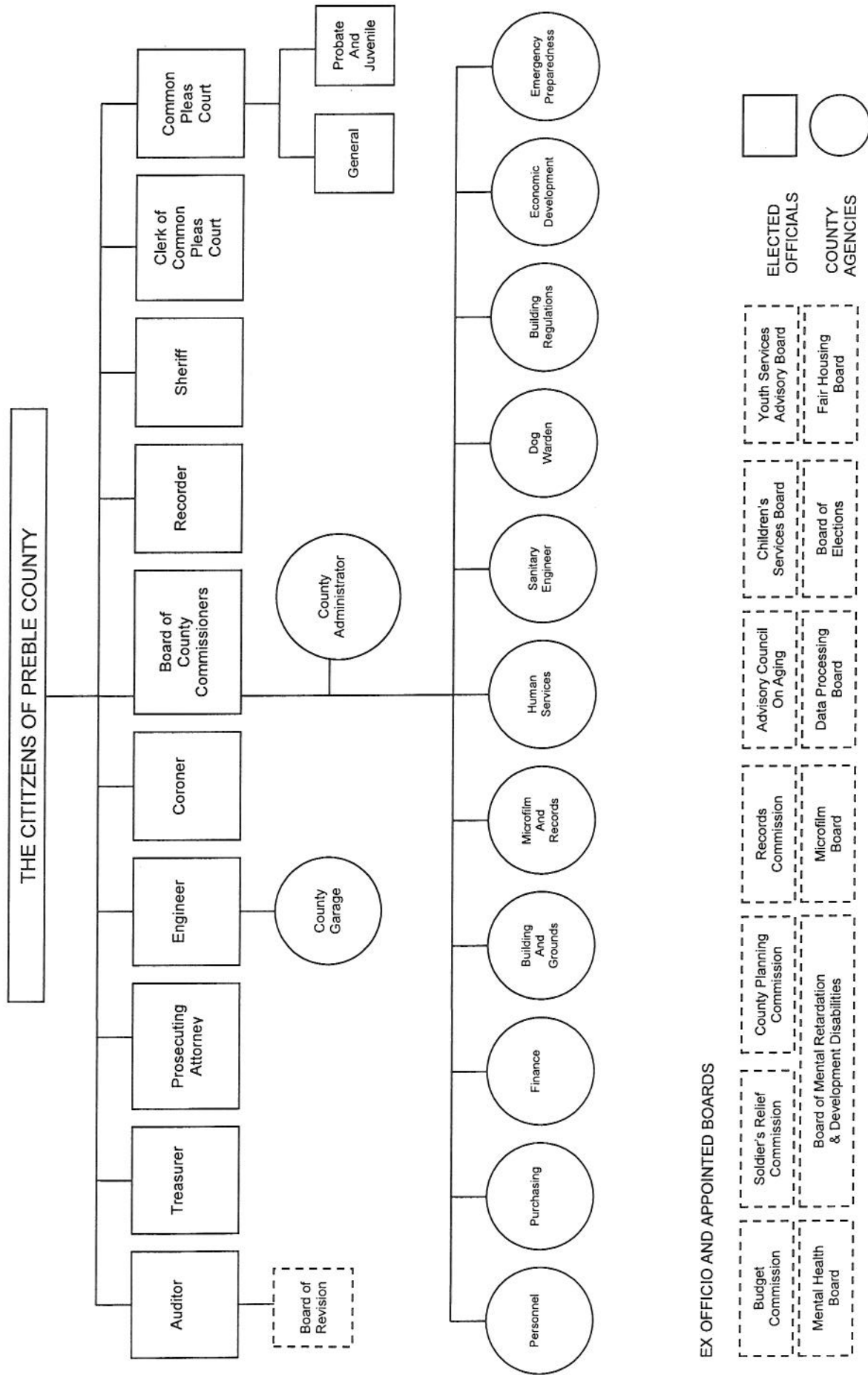
Michael L. Simpson

Treasurer

Brenda K. White

1. The Auditor began her term on March 12, 2007.

PREBLE COUNTY GOVERNMENT ORGANIZATION CHART



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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Preble County
100 East Main Street
Eaton, Ohio 45320

To the County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Preble County, Ohio (the County), as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Preble County, Ohio, as of December 31, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, Human Services, Community Mental Health, and Mental Retardation Levy funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Landfill fund had an accumulated deficit of \$1,010,308 as of December 31, 2006. This deficit and management's plan in regard to this matter is described in Note 5 to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2007, on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The introductory, combining and individual non-major fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining and individual non-major fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 30, 2007

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

The discussion and analysis of Preble County's financial performance provides an overall review of the County's financial activities for the year ended December 31, 2006. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the transmittal letter, and the basic financial statements to enhance their understanding.

FINANCIAL HIGHLIGHTS

1. The assets of the County's governmental activities exceeded its liabilities at the close of the year ended December 31, 2006, by \$24,868,273 (net assets).
2. The County's total governmental activities net assets increased by \$2,021,503, which represents an 8.85 percent increase from 2005.
3. At the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$9,092,199, an increase of \$389,922 from the prior year. Of this amount, \$7,851,117 is unreserved, undesignated.
4. At the end of the current year, unreserved fund balance for the General Fund was \$2,148,552, which represents a 8.65 percent increase over the prior year, and represents 22.84 percent of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis introduces you to Preble County's basic financial statements, which are made up of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Other supplementary information is also contained within this report, including the combining financial statements, individual fund schedules, and statistical information.

Government-wide Financial Statements

Preble County's government-wide financial statements include a Statement of Net Assets and a Statement of Activities, which report on the financial activities of the Preble County government as a whole, giving the reader a summary of County finances with a view of the bottom-line results of the County's operations.

Additionally, these statements are prepared using the economic resources measurement focus and the accrual basis of accounting, similar to financial statements prepared in the private sector. As a result, all assets and liabilities of the County are accrued, and revenues and expenses are reported in the current year regardless of when the resulting cash flows occur.

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

The County's financial activities are identified in the government-wide financial statements as governmental activities or business-type activities. Governmental activities constitute the majority of the County's operations and are financed primarily by operating grants, taxes, charges for services, capital grants, and other intergovernmental revenues. The County's governmental activities are accounted for in the governmental funds and are classified in the following major functions:

Legislative and Executive – general government operations including the offices of the commissioners, auditor, treasurer, prosecutor, recorder, budget commission, the data processing department, the rural zoning department, the board of elections, the maintenance department, and the microfilm department.

Judicial – court related activities including the operations of the common pleas court, probate court, juvenile court, common pleas referee, municipal court, jury commission, adult probation department, court of appeals, law library, and clerk of courts.

Public Safety – activities associated with the protection of the public including the sheriff's operations, office of the coroner, building regulations, workhouse and disaster services.

Public Works – activities associated with maintaining County roads and bridges and sanitation and drainage systems.

Health – activities related to serving the public health, including activities provided by the dog warden, the Board of Mental Retardation and Developmental Disabilities, the Mental Health Board, and the Alcohol and Drug Addiction Services Board.

Human Services – activities related to the provisions of various forms of services and assistance to individuals, children and families, including services provided by the Veteran's Services Board, Children Services Board, Child Support Enforcement Agency, and the Department of Job and Family Services.

Business-type activities are those activities accounted for in enterprise funds, including the County's sewer and landfill. Business-type activities rely on user fees and other charges to wholly, or to a large extent, fund their operations.

The Statement of Net Assets reports all assets and liabilities of the County, with net assets being the difference between the two. This statement is useful when evaluating the financial condition of the County. Monitoring the changes to net assets over time is one indication of whether the County's financial condition is improving or deteriorating.

PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED

The Statement of Activities reports, for the current year, the changes to the County's net assets, which is the difference between revenues and expenses. However, the format of this statement departs from a more traditional "revenues less expenses equals change in net assets" format you may see in the private sector.

Generally, private sector goals are to generate income, or simply put, maximize revenues. As such, private sector operating statements present revenues first. Expenses, which reduce revenues, are presented next as a deduction against those revenues.

Public sector goals are different in that servicing the needs of the citizens, or spending, is what drives the financial activities and dictates the level of resources that are required to be raised.

In the County's Statement of Activities, resources used to fund service activities are identified as either program revenues (resources obtained from outside the County, such as fees, charges for services, grants and restricted interest) or general revenues (all non-program revenues, including taxes). Preble County operations have also been classified into distinct governmental or business-type service activities. These activities are reported in a format that allows the reader to see the extent to which each activity is supported or self-financed by program revenues or draws on the general resources of the County. The Statement of Activities is therefore useful in assessing the level of self-sufficiency of the various governmental or business-type activities versus management established performance benchmarks.

The financial activities of L & M Products, Inc., a component unit of the County, are presented in a separate column on the Statement of Net Assets, and as a separately identified activity on the Statement of Activities. While the County provides a significant amount of services and resources to L & M Products, Inc., this discrete presentation is made in order to emphasize that it is a legally separate organization from Preble County. However, the focus of the government-wide financial statements remains clearly on Preble County as the primary government.

The government-wide financial statements begin on page 17 of this report.

Fund Financial Statements

A fund is an accounting term referring to a segregated group of accounts used to account for and to assist with the management of financial resources received. Various funds may be established to account for specific activities or objectives of the County, and to demonstrate compliance with finance related legal requirements associated with those resources.

PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED

Fund financial statements report additional and more detailed information about the County with an emphasis on major funds. Major funds are those governmental or enterprise funds that have been determined to be the most significant based on a defined set of financial criteria, as well as any other funds deemed to be particularly important to readers because of public interest or to ensure consistency between years. Information is presented separately in the fund financial statements for each of the major funds. Information for all nonmajor funds is aggregated and presented in a separate column of the fund financial statements. Detailed data for each of the nonmajor funds are provided in the combining statements and individual fund schedules that follow the basic financial statements.

All funds of Preble County are classified into one of three fund categories: governmental, proprietary, or fiduciary.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, but use a different measurement focus. Governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting, a short-term view focusing on the flow of monies into and out of the funds and the year-end balances available for near-future spending. This is in contrast to the government-wide financial statements that incorporate a longer-term focus. A reconciliation included in the governmental fund financial statements compares the governmental funds' information with the governmental activities' information as reported in the government-wide financial statements.

Most of the County's services are reported in governmental funds, the following of which are considered major funds: General, Motor Vehicle and Gas Tax, Human Services, Community Mental Health, and Mental Retardation Levy. The basic governmental fund financial statements begin on page 20 of this report.

Proprietary Funds. The County uses two types of proprietary funds - enterprise funds and an internal service fund. Since the proprietary fund financial statements are prepared using the same measurement focus and basis of accounting as the government-wide financial statements, they provide the same type of information, only in greater detail.

Enterprise funds are used to account for the County's sewer and landfill operations, which are the business-type activities as reported in the government-wide financial statements. The internal service fund is used to account for the financing of services provided by one department to other departments in the County on a cost-reimbursement basis. The County used an internal service fund to account for its self-insurance of employee health benefits program. During 2004 the County terminated its self-insurance plan. The activity in this fund is limited to settling prior claims. Since this program mostly benefits governmental rather than business functions, it has been included in the governmental activities in the government-wide financial statements. The basic proprietary fund financial statements begin on page 32 of this report.

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

Fiduciary Funds. Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for outside parties and are accounted for in a manner similar to proprietary funds. Fiduciary funds are not presented in the government-wide financial statements as their resources are not available to support the County's governmental or business-type activities. The fiduciary fund financial statements begin on page 36 of this report.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the basic financial statements, providing additional important disclosures essential for a complete understanding of the financial data reported in the government-wide and fund financial statements. The notes to the financial statements begin on page 38 of this report.

Summary

To summarize, the government-wide financial statements report the County's activities as a whole, using a longer-term, economic resources measurement focus while the fund financial statements report financial activities in more detail, with a shorter-term focus and emphasis on major funds. More simply, the primary focus of government-wide financial statements is demonstrating *operational accountability*, while the primary focus of fund financial statements is *fiscal accountability*. Preble County management believes these basic financial statements provide the reader with the best information yet available to assess the level of the County's fiscal and operational accountability, both near-term and long-term.

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 2006 compared to 2005.

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

THE COUNTY AS A WHOLE

Table 1
Net Assets

| | Governmental Activities | | Business-Type Activities | | Totals | |
|------------------------|-------------------------|--------------|--------------------------|---------------|--------------|--------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Assets | | | | | | |
| Current and Other | | | | | | |
| Assets | \$19,487,665 | \$19,685,051 | \$3,252,518 | \$2,870,030 | \$22,740,183 | \$22,555,081 |
| Capital Assets | 15,093,578 | 13,633,936 | 3,051,598 | 3,107,991 | 18,145,176 | 16,741,927 |
| Total Assets | 34,581,243 | 33,318,987 | 6,304,116 | 5,978,021 | 40,885,359 | 39,297,008 |
| Liabilities | | | | | | |
| Long-Term Liabilities | 3,962,769 | 4,474,262 | 6,558,859 | 6,782,162 | 10,521,628 | 11,256,424 |
| Other Liabilities | 5,750,201 | 5,997,955 | 129,898 | 304,986 | 5,880,099 | 6,302,941 |
| Total Liabilities | 9,712,970 | 10,472,217 | 6,688,757 | 7,087,148 | 16,401,727 | 17,559,365 |
| Net Assets | | | | | | |
| Invested in Capital | | | | | | |
| Assets, Net of | | | | | | |
| Related Debt | 11,445,721 | 9,765,286 | 2,066,143 | 1,962,966 | 13,511,864 | 11,728,252 |
| Restricted | | | | | | |
| Other Purposes | 9,670,381 | 9,249,264 | 0 | 0 | 9,670,381 | 9,249,264 |
| Debt Service | 442,868 | 526,000 | 0 | 0 | 442,868 | 526,000 |
| Capital Projects | 318,244 | 510,567 | 0 | 0 | 318,244 | 510,567 |
| Unrestricted (Deficit) | 2,991,059 | 2,795,653 | (2,450,784) | (3,072,093) | 540,275 | (276,440) |
| Total Net Assets | \$24,868,273 | \$22,846,770 | (\$384,641) | (\$1,109,127) | \$24,483,632 | \$21,737,643 |

Government-wide Financial Analysis

Total net assets increased \$2,745,989. Net assets of the County's governmental activities increased by \$2,021,503 due to an increase in overall revenues with only a slight increase in overall expenses. Increases in revenues occurred from additional property tax revenue received, a gain on sale of capital assets from land and an increase in investment earnings from higher interest rates and more cash balances available to invest. Invested in capital assets, net of related debt increased by \$1,680,435 mainly due to the additions of capital assets from the completion of the Municipal Court Renovation Project and the decrease of long-term debt.

PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED

The net assets of the County's business-type activities increased by \$724,486. Current assets increased by \$382,488 due primarily to the increase in cash from revenues exceeding expenses. Charges for services in the sewer fund increased due to the completion of Preble County Sewer District #3. Liabilities decreased by \$398,391 due to less contracts payable from the completion of Preble County Sewer District #3 and lower debt balances from current year principal payments. Lower debt balances also contributed to the decrease in accrued interest payable.

Table 2 shows the changes in net assets for the years ended December 31, 2006 and 2005.

Table 2
Changes in Net Assets

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--------------------------------------------------|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$3,675,176 | \$3,627,324 | \$3,343,877 | \$3,427,764 | \$7,019,053 | \$7,055,088 |
| Operating Grants, Contributions, and Interest | 13,970,105 | 14,061,639 | 5,000 | 377,596 | 13,975,105 | 14,439,235 |
| Capital Grants, Contributions, and Interest | 260,075 | 423,474 | 0 | 0 | 260,075 | 423,474 |
| Total Program Revenues | 17,905,356 | 18,112,437 | 3,348,877 | 3,805,360 | 21,254,233 | 21,917,797 |
| General Revenues: | | | | | | |
| Property Taxes | 3,946,840 | 3,498,628 | 0 | 0 | 3,946,840 | 3,498,628 |
| Permissive Sales Tax | 4,388,892 | 4,436,627 | 0 | 0 | 4,388,892 | 4,436,627 |
| Grants and Entitlements | 1,176,909 | 1,104,905 | 0 | 0 | 1,176,909 | 1,104,905 |
| Unrestricted Investment Earnings | 772,727 | 423,906 | 29,813 | 10,630 | 802,540 | 434,536 |
| Gifts and Donations | 1,000 | 0 | 0 | 0 | 1,000 | 0 |
| Gain on Sale of Capital Assets | 115,448 | 0 | 0 | 0 | 115,448 | 0 |
| Other | 702,365 | 653,902 | 0 | 0 | 702,365 | 653,902 |
| Total General Revenues | 11,104,181 | 10,117,968 | 29,813 | 10,630 | 11,133,994 | 10,128,598 |
| Total Revenues | 29,009,537 | 28,230,405 | 3,378,690 | 3,815,990 | 32,388,227 | 32,046,395 |
| Program Expenses | | | | | | |
| General Government | | | | | | |
| Legislative and Executive | 3,697,499 | 3,695,087 | 0 | 0 | 3,697,499 | 3,695,087 |
| Judicial | 2,021,664 | 1,891,230 | 0 | 0 | 2,021,664 | 1,891,230 |
| Public Safety | 4,249,767 | 4,633,405 | 0 | 0 | 4,249,767 | 4,633,405 |
| Public Works | 4,490,494 | 4,094,666 | 0 | 0 | 4,490,494 | 4,094,666 |
| Health | 2,241,353 | 2,645,059 | 0 | 0 | 2,241,353 | 2,645,059 |
| Human Services | \$9,019,385 | \$8,832,263 | \$0 | \$0 | \$9,019,385 | \$8,832,263 |

(continued)

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

Table 2
Changes in Net Assets
(continued)

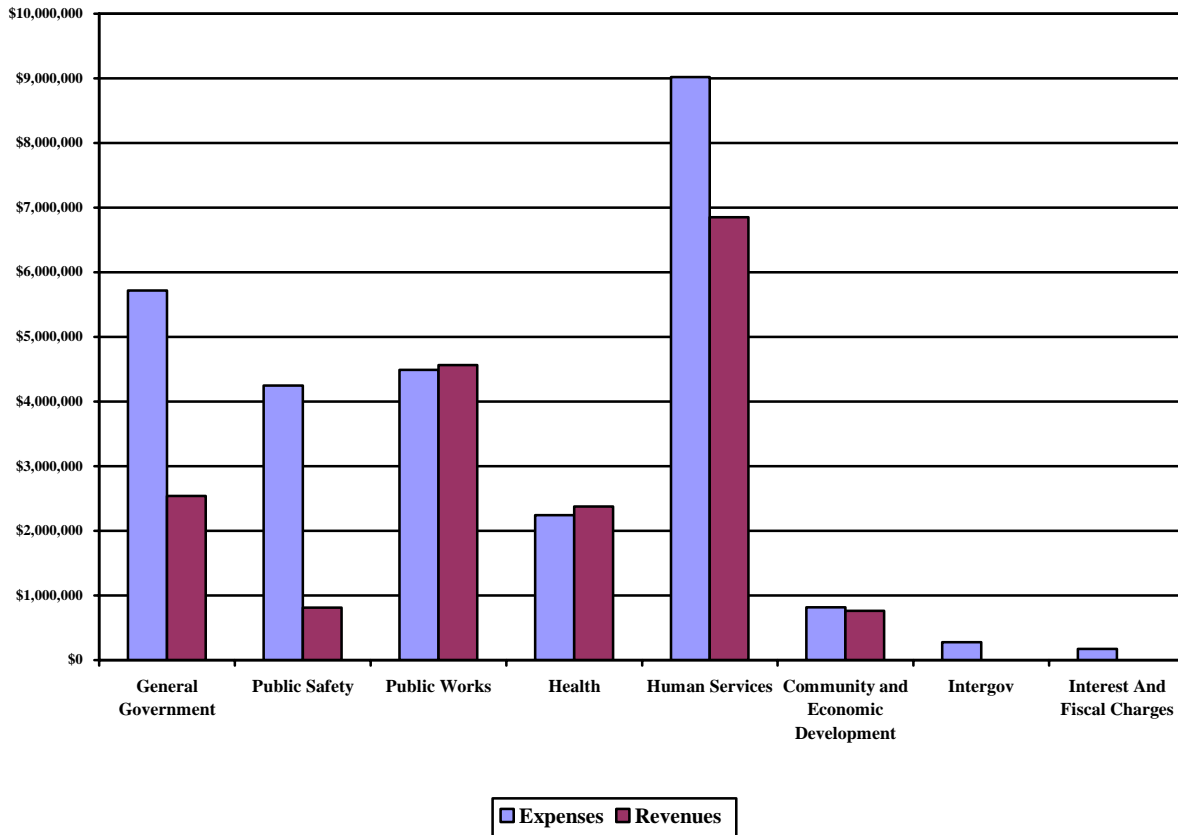
| | Governmental Activities | | Business-Type Activities | | Totals | |
|-------------------------------------------|----------------------------|---------------------|-----------------------------|----------------------|---------------------|---------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Community and Economic Development | \$817,789 | \$617,043 | \$0 | \$0 | \$817,789 | \$617,043 |
| Intergovernmental | 275,454 | 262,724 | 0 | 0 | 275,454 | 262,724 |
| Interest and Fiscal Charges | 174,629 | 165,240 | 0 | 0 | 174,629 | 165,240 |
| Sewer | 0 | 0 | 52,190 | 55,694 | 52,190 | 55,694 |
| Landfill | 0 | 0 | 2,602,014 | 2,475,294 | 2,602,014 | 2,475,294 |
| Total Expenses | <u>26,988,034</u> | <u>26,836,717</u> | <u>2,654,204</u> | <u>2,530,988</u> | <u>29,642,238</u> | <u>29,367,705</u> |
| Change in Net Assets | 2,021,503 | 1,393,688 | 724,486 | 1,285,002 | 2,745,989 | 2,678,690 |
| Net Assets (Deficit) at Beginning of Year | <u>22,846,770</u> | <u>21,453,082</u> | <u>(1,109,127)</u> | <u>(2,394,129)</u> | <u>21,737,643</u> | <u>19,058,953</u> |
| Net Assets (Deficit) at End of Year | <u>\$24,868,273</u> | <u>\$22,846,770</u> | <u>(\$384,641)</u> | <u>(\$1,109,127)</u> | <u>\$24,483,632</u> | <u>\$21,737,643</u> |

Governmental Activities

The County's governmental activities expenses exceeded program revenues in 2006 by \$9,082,678 and, with an infusion of \$11,104,181 of general revenues, resulted in a \$2,021,503 increase to net assets. Total net assets used in governmental activities have now increased to \$24,868,273. General government expenses of \$5,719,163 represent 21.19 percent of total governmental activity. Overall, governmental expenses increased by less than one percent, due to the County continuously monitoring expenses and striving to reduce costs wherever necessary. The 9.67 percent increase in public works was due to an increase in expenses related to the annual maintenance of County roads, bridges, and ditches. The 32.53 percent increase in community and economic development was due to additional housing projects from an increase in community development block grants received during the year.

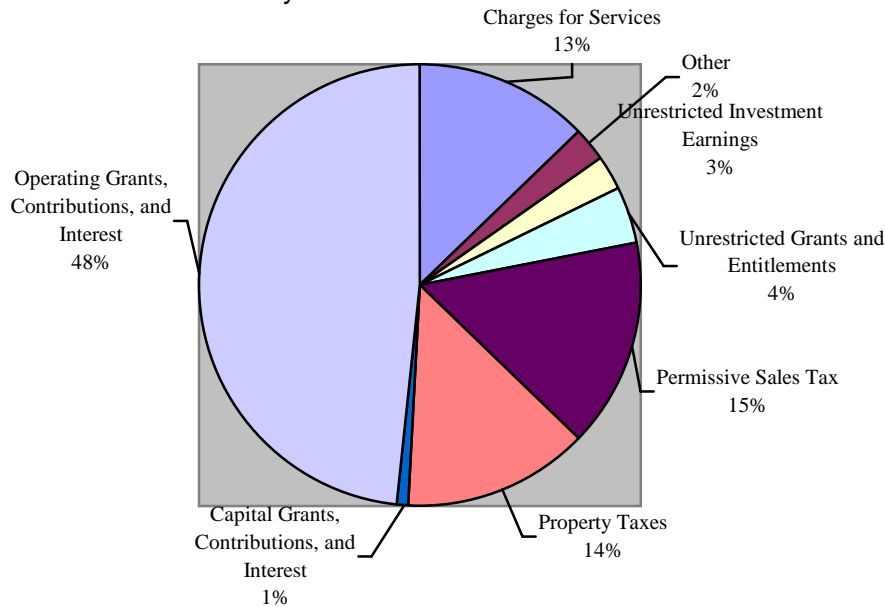
**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

Table 3
Expenses and Program Revenues - Governmental Activities - 2006



**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

Table 4
Revenues by Source - Governmental Activities



Business-type Activities

The County's sewer and landfill system operations constitute the only business-type activities. Net assets of the business-type activities increased \$724,486 in 2006, a 65.32 percent increase over 2005. The addition of Preble County Sewer District #3 contributed to the increase in charges for services in the Sewer Fund. The increase in investment earnings was due primarily to higher interest rates. The significant decrease in operating grants, contributions, and interest was due to the community development water and sanitary sewer program. The grant program ended in March 2006; therefore the majority of the proceeds were received in 2005.

FUND ANALYSIS

As mentioned above, various funds have been established to account for specific County activities or objectives. A summary of the most significant fiscal activity in the County's funds follows.

Governmental funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year. At the end of 2006, the County's governmental funds reported combined ending fund balances of \$9,092,199, an increase of \$389,922. Approximately 86.35 percent of this total amount (\$7,851,117) constitutes unreserved fund balance. The remainder of fund balance \$1,241,082 is reserved to indicate that it is not available for new spending because it has already been committed to either liquidate purchase orders of the prior period.

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

The General Fund is the chief operating fund of the County. At the end of the current year, unreserved fund balance of the General Fund was \$2,148,552, while the total fund balance increased by \$224,265 to \$2,331,709. The increase was primarily due to the increase in property tax revenue from a reappraisal done in 2006, along with an increase in inside millage. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 22.84 percent of total General Fund expenditures, while total fund balance represents 24.79 percent of that same amount.

The Motor Vehicle and Gas Tax Fund decreased by \$437,745, leaving a balance of \$470,551. The decrease in fund balance was mainly due to an increase in public works expenditures for County road and bridge repair and improvement programs.

The Human Services Fund decreased by \$77,047 leaving a balance of \$71,361. The decrease was due primarily to an increase in expenditures for computer software programs and medical assistance and other social services.

The Community Mental Health Fund revenues exceeded expenditures, increasing the year-end fund balance by \$264,039 to \$1,219,155. The increase was primarily due to a decrease in health expenditures.

The Mental Retardation Levy Fund revenues exceeded expenditures increasing the year-end fund balance by \$316,748 to \$2,301,656. A key factor in this increase was from Medicaid entitlements decreasing throughout the year, which reduced intergovernmental revenues and also decreased any related expenditures. The decrease in expenditures was greater than the decrease in revenues; therefore, overall, fund balance increased.

Proprietary Funds: The proprietary funds' financial statements provide the same information as seen in the government-wide financial statements only in more detail. A summary of financial activity occurring in the Landfill and Sewer Enterprise Funds follows.

Operating results for the County-owned landfill were favorable in 2006, largely due to support by user charges. After many public meetings were held and options taken into account, in general, it was determined that most County residents were in favor of using the landfill only for Preble County waste. The charge for all parcels with either residences or businesses has been increased to insure financial stability. Each year the County will review and determine the charge to users. The County strives to control operation expenses for business-type activities in order to maintain stability in charges for services.

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

GENERAL FUND BUDGET ANALYSIS

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 at the object level (personal services, materials and supplies, charges and services, capital purchases, and other). Before the budget is adopted the County Commissioners review detailed budget worksheets of each function within the General Fund and then adopt the budget on an object level basis.

The General Fund's original budgeted revenues were \$9,743,796. The final budgeted amount was \$9,830,958, a less than one percent increase. Actual revenues increased \$404,988 overall from final budgeted revenues. One of the primary reasons can be contributed to the County receiving more interest revenue from investments. Property taxes actually received were also higher than expected.

During 2006, there were numerous revisions to the General Fund's budgeted expenditures. In July 2003 departments operating within the General Fund were asked to reduce their appropriations by eight percent. Since 2004, budgets were frozen with the exception of three percent cost of living pay increases granted to all employees, to hold the line, and potentially reverse the downward movement of the General Fund balance. The net effect of the revisions was still an increase in budgeted expenditures of \$151,777 from \$9,849,134 to \$10,000,911 to cover the pay increases. Actual expenditures, however, still showed a decrease of \$243,535 from final appropriations as the County continued to strive to reduce costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Preble County's total investment in capital assets for governmental and business-type activities (net of accumulated depreciation) amounts to \$15,093,578 and \$3,051,598, an increase of 10.71 percent and a decrease of 1.81 percent, respectively, from 2005.

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
UNAUDITED**

Table 5
Capital Assets

| | Governmental Activities | | Business-Type Activities | | Totals | |
|-----------------------------------------|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Land | \$1,989,509 | \$1,933,674 | \$452,313 | \$452,313 | \$2,441,822 | \$2,385,987 |
| Construction in Progress | 0 | 672,777 | 0 | 0 | 0 | 672,777 |
| Buildings, Structures, and Improvements | 8,474,665 | 7,664,076 | 810,280 | 890,032 | 9,284,945 | 8,554,108 |
| Furniture, Fixtures, and Equipment | 3,159,361 | 2,268,292 | 1,229,521 | 1,191,309 | 4,388,882 | 3,459,601 |
| Infrastructure | 1,470,043 | 1,095,117 | 559,484 | 574,337 | 2,029,527 | 1,669,454 |
| Totals | <u>\$15,093,578</u> | <u>\$13,633,936</u> | <u>\$3,051,598</u> | <u>\$3,107,991</u> | <u>\$18,145,176</u> | <u>\$16,741,927</u> |

See Note 10 of the notes to the basic financial statements for more detailed information.

Debt

At December 31, 2006, Preble County had \$7,832,123 in debt outstanding.

Table 6
Outstanding Debt at Year-end

| | Governmental Activities | | Business-Type Activities | |
|--------------------------|-------------------------|--------------------|--------------------------|--------------------|
| | 2006 | 2005 | 2006 | 2005 |
| Long-Term Notes | \$800,642 | \$888,372 | \$0 | \$114,700 |
| General Obligation Bonds | 2,423,296 | 2,803,348 | 3,020,251 | 3,227,775 |
| Loans Payable | 0 | 0 | 928,105 | 980,325 |
| Capital Lease | 34,954 | 47,312 | 0 | 0 |
| Totals | <u>\$3,258,892</u> | <u>\$3,739,032</u> | <u>\$3,948,356</u> | <u>\$4,322,800</u> |

All general obligation note issues will be paid through the debt service fund with property tax revenues and transfers from various funds. The County's overall legal debt margin was \$18,141,967 as of December 31, 2006. The more restrictive unvoted legal debt margin was \$7,856,787 as of the same date. See Notes 16 and 17 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 the Preble County Auditor, 100 East Main Street, Eaton, Ohio 45320.

Basic Financial Statements

PREBLE COUNTY, OHIO
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

| | Primary Government | | Component Unit | |
|--------------------------------------------------|----------------------------|-----------------------------|---------------------|-------------------|
| | Governmental Activities | Business-Type Activities | Total | L & M Products |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$8,564,842 | \$1,461,124 | \$10,025,966 | \$0 |
| Cash and Cash Equivalents in Segregated Accounts | 105,709 | 0 | 105,709 | 125,516 |
| Cash and Cash Equivalents with Fiscal Agents | 603,645 | 0 | 603,645 | 0 |
| Cash and Cash Equivalents with Trustee | 0 | 1,308,422 | 1,308,422 | 0 |
| Accrued Interest Receivable | 125,124 | 0 | 125,124 | 0 |
| Accounts Receivable | 142,096 | 587,704 | 729,800 | 25,167 |
| Permissive Sales Tax Receivable | 678,184 | 0 | 678,184 | 0 |
| Due from Other Governments | 4,868,481 | 0 | 4,868,481 | 0 |
| Internal Balances | 172,820 | (172,820) | 0 | 0 |
| Prepaid Items | 6,346 | 0 | 6,346 | 733 |
| Materials and Supplies Inventory | 150,201 | 2,006 | 152,207 | 0 |
| Property Taxes Receivable | 3,866,919 | 0 | 3,866,919 | 0 |
| Special Assessments Receivable | 200,712 | 0 | 200,712 | 0 |
| Restricted Cash - MRDD Endowment | 0 | 0 | 0 | 2,772 |
| Advance Deposits | 0 | 0 | 0 | 186 |
| Deferred Charges | 2,586 | 66,082 | 68,668 | 0 |
| Nondepreciable Capital Assets | 1,989,509 | 452,313 | 2,441,822 | 0 |
| Depreciable Capital Assets, Net | 13,104,069 | 2,599,285 | 15,703,354 | 86,292 |
| Total Assets | 34,581,243 | 6,304,116 | 40,885,359 | 240,666 |
| Liabilities: | | | | |
| Accounts Payable | 286,227 | 31,017 | 317,244 | 20,269 |
| Accrued Salaries Payable | 349,622 | 12,468 | 362,090 | 0 |
| Payroll Taxes and Withholdings | 0 | 0 | 0 | 895 |
| Matured Compensated Absences Payable | 12,204 | 0 | 12,204 | 0 |
| Contracts Payable | 268,759 | 212 | 268,971 | 0 |
| Due to Other Governments | 602,542 | 17,988 | 620,530 | 0 |
| Accrued Interest Payable | 36,775 | 10,863 | 47,638 | 0 |
| MRDD Endowment | 0 | 0 | 0 | 2,772 |
| Deferred Revenue | 3,626,547 | 0 | 3,626,547 | 0 |
| Notes Payable | 567,525 | 57,350 | 624,875 | 0 |
| Long-Term Liabilities: | | | | |
| Due Within One Year | 958,669 | 282,030 | 1,240,699 | 0 |
| Due in More Than One Year | 3,004,100 | 6,276,829 | 9,280,929 | 0 |
| Total Liabilities | 9,712,970 | 6,688,757 | 16,401,727 | 23,936 |
| Net Assets: | | | | |
| Invested in Capital Assets, Net of Related Debt | 11,445,721 | 2,066,143 | 13,511,864 | 86,292 |
| Restricted for: | | | | |
| Public Safety | 919,757 | 0 | 919,757 | 0 |
| Public Works | 1,520,629 | 0 | 1,520,629 | 0 |
| Health | 2,067,407 | 0 | 2,067,407 | 0 |
| Human Services | 3,273,395 | 0 | 3,273,395 | 0 |
| Community and Economic Development | 731,296 | 0 | 731,296 | 0 |
| Other Purposes | 1,157,897 | 0 | 1,157,897 | 0 |
| Debt Service | 442,868 | 0 | 442,868 | 0 |
| Capital Projects | 318,244 | 0 | 318,244 | 0 |
| Unrestricted (Deficit) | 2,991,059 | (2,450,784) | 540,275 | 130,438 |
| Total Net Assets (Deficit) | \$24,868,273 | (\$384,641) | \$24,483,632 | \$216,730 |

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Program Revenues | | | |
|------------------------------------|---------------------|-------------------------|-----------------------------------------------------|------------------|
| | Expenses | Charges for Services | Operating Grants, Contributions, and Interest | |
| Governmental Activities: | | | | |
| General Government: | | | | |
| Legislative and Executive | \$3,697,499 | \$1,336,148 | \$408,326 | \$0 |
| Judicial | 2,021,664 | 792,465 | 4,450 | 0 |
| Public Safety | 4,249,767 | 433,629 | 376,624 | 7 |
| Public Works | 4,490,494 | 507,350 | 3,797,222 | 260,068 |
| Health | 2,241,353 | 82,342 | 2,292,029 | 0 |
| Human Services | 9,019,385 | 523,242 | 6,327,633 | 0 |
| Community and Economic Development | 817,789 | 0 | 763,821 | 0 |
| Intergovernmental | 275,454 | 0 | 0 | 0 |
| Interest and Fiscal Charges | 174,629 | 0 | 0 | 0 |
| Total Governmental Activities | <u>26,988,034</u> | <u>3,675,176</u> | <u>13,970,105</u> | <u>260,075</u> |
| Business-Type Activities: | | | | |
| Sewer | 52,190 | 121,431 | 0 | 0 |
| Landfill | 2,602,014 | 3,222,446 | 5,000 | 0 |
| Total Business-Type Activities | <u>2,654,204</u> | <u>3,343,877</u> | <u>5,000</u> | <u>0</u> |
| Total Primary Government | <u>\$29,642,238</u> | <u>\$7,019,053</u> | <u>\$13,975,105</u> | <u>\$260,075</u> |
| Component Unit: | | | | |
| L & M Products | <u>\$1,561,703</u> | <u>\$135,908</u> | <u>\$1,440,392</u> | <u>\$0</u> |

General Revenues:

Property Taxes Levied for:

- General Purposes
- Community Mental Health
- Children Services
- Mental Retardation
- Retirement of Debt

Permissive Sales Tax Levied for General Purposes

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Investment Earnings

Gifts and Donations

Gain on Sale of Capital Assets

Other

Total General Revenues

Change in Net Assets

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

Net Assets (Deficit) at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets

| Governmental Activities | Primary Government | | Component Unit L & M Products, Inc. |
|----------------------------|-----------------------------|---------------------|-------------------------------------------|
| | Business-Type Activities | Total | |
| (\$1,953,025) | \$0 | (\$1,953,025) | \$0 |
| (1,224,749) | 0 | (1,224,749) | 0 |
| (3,439,507) | 0 | (3,439,507) | 0 |
| 74,146 | 0 | 74,146 | 0 |
| 133,018 | 0 | 133,018 | 0 |
| (2,168,510) | 0 | (2,168,510) | 0 |
| (53,968) | 0 | (53,968) | 0 |
| (275,454) | 0 | (275,454) | 0 |
| (174,629) | 0 | (174,629) | 0 |
| <u>(9,082,678)</u> | <u>0</u> | <u>(9,082,678)</u> | <u>0</u> |
| 0 | 69,241 | 69,241 | 0 |
| <u>0</u> | <u>625,432</u> | <u>625,432</u> | <u>0</u> |
| 0 | 694,673 | 694,673 | 0 |
| <u>(9,082,678)</u> | <u>694,673</u> | <u>(8,388,005)</u> | <u>0</u> |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>14,597</u> |
| 2,008,262 | 0 | 2,008,262 | 0 |
| 272,773 | 0 | 272,773 | 0 |
| 380,402 | 0 | 380,402 | 0 |
| 1,043,780 | 0 | 1,043,780 | 0 |
| 241,623 | 0 | 241,623 | 0 |
| 4,388,892 | 0 | 4,388,892 | 0 |
| 1,176,909 | 0 | 1,176,909 | 0 |
| 772,727 | 29,813 | 802,540 | 0 |
| 1,000 | 0 | 1,000 | 0 |
| 115,448 | 0 | 115,448 | 0 |
| 702,365 | 0 | 702,365 | 0 |
| <u>11,104,181</u> | <u>29,813</u> | <u>11,133,994</u> | <u>0</u> |
| 2,021,503 | 724,486 | 2,745,989 | 14,597 |
| <u>22,846,770</u> | <u>(1,109,127)</u> | <u>21,737,643</u> | <u>202,133</u> |
| <u>\$24,868,273</u> | <u>(\$384,641)</u> | <u>\$24,483,632</u> | <u>\$216,730</u> |

PREBLE COUNTY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

| | General | Motor Vehicle and Gas Tax | Human Services |
|--------------------------------------------------|--------------------|---------------------------------|-------------------|
| Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,848,094 | \$321,707 | \$314,745 |
| Cash and Cash Equivalents in Segregated Accounts | 5,874 | 0 | 0 |
| Cash and Cash Equivalents with Fiscal Agents | 0 | 0 | 0 |
| Receivables: | | | |
| Permissive Sales Tax | 678,184 | 0 | 0 |
| Property Taxes | 1,836,256 | 0 | 0 |
| Accounts | 88,620 | 3,327 | 1,079 |
| Special Assessments | 0 | 0 | 0 |
| Accrued Interest | 125,124 | 0 | 0 |
| Interfund | 191,947 | 13,693 | 0 |
| Due From Other Governments | 577,822 | 1,553,349 | 52,358 |
| Materials and Supplies Inventory | 3,575 | 138,131 | 6,007 |
| Prepaid Items | 2,043 | 0 | 4,303 |
| Total Assets | <u>\$5,357,539</u> | <u>\$2,030,207</u> | <u>\$378,492</u> |
| | | | |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts Payable | \$82,881 | \$30,562 | \$42,672 |
| Contracts Payable | 125,571 | 615 | 21,958 |
| Accrued Salaries Payable | 161,374 | 44,245 | 52,133 |
| Due to Other Governments | 323,619 | 69,330 | 76,208 |
| Interfund Payable | 0 | 0 | 0 |
| Matured Compensated Absences Payable | 12,204 | 0 | 0 |
| Deferred Revenue | 2,320,181 | 1,006,241 | 52,358 |
| Notes Payable | 0 | 400,000 | 60,000 |
| Accrued Interest Payable | 0 | 8,663 | 1,802 |
| Total Liabilities | <u>3,025,830</u> | <u>1,559,656</u> | <u>307,131</u> |
| | | | |
| Fund Balances: | | | |
| Reserved for Encumbrances | 183,157 | 74,963 | 174,219 |
| Unreserved | | | |
| Undesignated (Deficit), Reported in: | | | |
| General Fund | 2,148,552 | 0 | 0 |
| Special Revenue Funds | 0 | 395,588 | (102,858) |
| Debt Service Fund | 0 | 0 | 0 |
| Capital Projects Funds | 0 | 0 | 0 |
| Total Fund Balances | <u>2,331,709</u> | <u>470,551</u> | <u>71,361</u> |
| Total Liabilities and Fund Balances | <u>\$5,357,539</u> | <u>\$2,030,207</u> | <u>\$378,492</u> |

See accompanying notes to the basic financial statements

| Community Mental Health | Mental Retardation Levy | Other Governmental Funds | Total Governmental Funds |
|-------------------------------|-------------------------------|--------------------------------|--------------------------------|
| \$886,296 | \$1,629,297 | \$2,959,237 | \$7,959,376 |
| 0 | 0 | 99,835 | 105,709 |
| 0 | 603,645 | 0 | 603,645 |
| 0 | 0 | 0 | 678,184 |
| 292,363 | 1,096,507 | 641,793 | 3,866,919 |
| 0 | 24,299 | 24,771 | 142,096 |
| 0 | 0 | 200,712 | 200,712 |
| 0 | 0 | 0 | 125,124 |
| 0 | 0 | 0 | 205,640 |
| 1,467,781 | 378,576 | 838,595 | 4,868,481 |
| 0 | 0 | 2,488 | 150,201 |
| 0 | 0 | 0 | 6,346 |
| <u>\$2,646,440</u> | <u>\$3,732,324</u> | <u>\$4,767,431</u> | <u>\$18,912,433</u> |

| | | | |
|------------------|------------------|------------------|------------------|
| \$2,282 | \$29,400 | \$98,430 | \$286,227 |
| 0 | 0 | 120,615 | 268,759 |
| 11,912 | 41,109 | 38,849 | 349,622 |
| 16,832 | 61,025 | 55,528 | 602,542 |
| 0 | 0 | 32,820 | 32,820 |
| 0 | 0 | 0 | 12,204 |
| 1,396,259 | 1,299,134 | 1,613,815 | 7,687,988 |
| 0 | 0 | 107,525 | 567,525 |
| 0 | 0 | 2,082 | 12,547 |
| <u>1,427,285</u> | <u>1,430,668</u> | <u>2,069,664</u> | <u>9,820,234</u> |

| | | | |
|--------------------|--------------------|--------------------|---------------------|
| 301,243 | 32,797 | 474,703 | 1,241,082 |
| 0 | 0 | 0 | 2,148,552 |
| 917,912 | 2,268,859 | 1,635,308 | 5,114,809 |
| 0 | 0 | 441,188 | 441,188 |
| 0 | 0 | 146,568 | 146,568 |
| <u>1,219,155</u> | <u>2,301,656</u> | <u>2,697,767</u> | <u>9,092,199</u> |
| <u>\$2,646,440</u> | <u>\$3,732,324</u> | <u>\$4,767,431</u> | <u>\$18,912,433</u> |

PREBLE COUNTY, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2006

Total Governmental Fund Balances \$9,092,199

**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 | 1,989,509 | |
| Buildings, Structures, and Improvements | 11,530,332 | |
| Furniture, Fixtures, and Equipment | 8,382,650 | |
| Infrastructure | 1,606,125 | |
| Accumulated Depreciation | <u>(8,415,038)</u> | |
| Total Capital Assets | | 15,093,578 |

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

605,466

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.

2,586

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

| | | |
|--------------------------|---------------|-----------|
| Property and Other Taxes | 243,192 | |
| Charges for Services | 7,537 | |
| Fines and Forfeitures | 22,135 | |
| Intergovernmental | 3,503,018 | |
| Special Assessments | 200,712 | |
| Accrued Interest | <u>84,847</u> | |
| Total | | 4,061,441 |

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

| | | |
|---------------------------|------------------|--------------------|
| Accrued Interest on Bonds | (24,228) | |
| Unamortized Loss | (2,322) | |
| Premium on Debt Issued | (266) | |
| General Obligation Bonds | (2,420,708) | |
| Notes Payable | (800,642) | |
| Capital Lease | (34,954) | |
| Compensated Absences | <u>(703,877)</u> | |
| Total | | <u>(3,986,997)</u> |

Net Assets of Governmental Activities \$24,868,273

See accompanying notes to the basic financial statements

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PREBLE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

| | General | Motor Vehicle and Gas Tax | Human Services |
|-----------------------------------------------------|--------------------|------------------------------|-------------------|
| Revenues: | | | |
| Property Taxes | \$1,957,635 | \$0 | \$0 |
| Permissive Sales Tax | 4,388,892 | 0 | 0 |
| Charges for Services | 1,636,153 | 256,067 | 177,758 |
| Licenses and Permits | 3,244 | 0 | 0 |
| Fines and Forfeitures | 48,646 | 38,952 | 0 |
| Intergovernmental | 1,173,066 | 3,924,548 | 3,063,920 |
| Special Assessments | 0 | 0 | 0 |
| Interest | 719,896 | 34,000 | 0 |
| Gifts and Donations | 0 | 0 | 0 |
| Other | 384,506 | 400 | 0 |
| Total Revenues | 10,312,038 | 4,253,967 | 3,241,678 |
| Expenditures: | | | |
| Current: | | | |
| General Government: | | | |
| Legislative and Executive | 2,988,658 | 0 | 0 |
| Judicial | 1,746,804 | 0 | 0 |
| Public Safety | 4,049,881 | 0 | 0 |
| Public Works | 24,840 | 4,458,078 | 0 |
| Health | 34,456 | 0 | 0 |
| Human Services | 285,302 | 0 | 4,050,735 |
| Community and Economic Development | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 |
| Intergovernmental | 275,454 | 0 | 0 |
| Debt Service: | | | |
| Principal Retirement | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 33,634 | 1,802 |
| Current Refunding | 0 | 200,000 | 0 |
| Total Expenditures | 9,405,395 | 4,691,712 | 4,052,537 |
| Excess of Revenues Over (Under) Expenditures | 906,643 | (437,745) | (810,859) |
| Other Financing Sources (Uses): | | | |
| Proceeds from Sale of Capital Assets | 0 | 0 | 0 |
| Current Refunding | 0 | (600,000) | 0 |
| Notes Issued | 0 | 600,000 | 165,000 |
| Transfers - In | 0 | 0 | 568,812 |
| Transfers - Out | (682,378) | 0 | 0 |
| Total Other Financing Sources (Uses) | (682,378) | 0 | 733,812 |
| Net Change in Fund Balances | 224,265 | (437,745) | (77,047) |
| Fund Balances at Beginning of Year | 2,107,444 | 908,296 | 148,408 |
| Fund Balances at End of Year | \$2,331,709 | \$470,551 | \$71,361 |

See accompanying notes to the basic financial statements

| Community Mental Health | Mental Retardation Levy | Other Governmental Funds | Total Governmental Funds |
|-------------------------------|-------------------------------|--------------------------------|--------------------------------|
| \$266,312 | \$1,047,906 | \$685,786 | \$3,957,639 |
| 0 | 0 | 0 | 4,388,892 |
| 13,907 | 35,370 | 1,178,649 | 3,297,904 |
| 0 | 0 | 60,212 | 63,456 |
| 0 | 0 | 42,969 | 130,567 |
| 2,300,486 | 1,551,475 | 3,784,835 | 15,798,330 |
| 0 | 0 | 155,197 | 155,197 |
| 0 | 0 | 2,032 | 755,928 |
| 1,000 | 0 | 0 | 1,000 |
| 28,934 | 4,435 | 284,090 | 702,365 |
| <u>2,610,639</u> | <u>2,639,186</u> | <u>6,193,770</u> | <u>29,251,278</u> |
| 0 | 0 | 927,473 | 3,916,131 |
| 0 | 0 | 285,799 | 2,032,603 |
| 0 | 0 | 513,927 | 4,563,808 |
| 0 | 0 | 172,756 | 4,655,674 |
| 2,090,981 | 0 | 126,440 | 2,251,877 |
| 255,619 | 2,306,877 | 2,179,275 | 9,077,808 |
| 0 | 0 | 817,789 | 817,789 |
| 0 | 0 | 712,786 | 712,786 |
| 0 | 0 | 0 | 275,454 |
| 0 | 12,358 | 430,000 | 442,358 |
| 0 | 3,203 | 79,582 | 118,221 |
| 0 | 0 | 52,730 | 252,730 |
| <u>2,346,600</u> | <u>2,322,438</u> | <u>6,298,557</u> | <u>29,117,239</u> |
| <u>264,039</u> | <u>316,748</u> | <u>(104,787)</u> | <u>134,039</u> |
| 0 | 0 | 120,000 | 120,000 |
| 0 | 0 | (35,642) | (635,642) |
| 0 | 0 | 35,642 | 800,642 |
| 0 | 0 | 530,136 | 1,098,948 |
| 0 | 0 | (445,687) | (1,128,065) |
| <u>0</u> | <u>0</u> | <u>204,449</u> | <u>255,883</u> |
| 264,039 | 316,748 | 99,662 | 389,922 |
| 955,116 | 1,984,908 | 2,598,105 | 8,702,277 |
| <u>\$1,219,155</u> | <u>\$2,301,656</u> | <u>\$2,697,767</u> | <u>\$9,092,199</u> |

PREBLE 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, 2006

Net Change in Fund Balances - Total Governmental Funds \$389,922

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

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

| | | |
|----------------------------------------------------|-----------|-----------|
| Capital Outlay | 1,898,134 | |
| Depreciation | (388,344) | |
| Excess of Capital Outlay over Depreciation Expense | | 1,509,790 |

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

| | | |
|------------------------------------------|-----------|----------|
| Proceeds from the Sale of Capital Assets | (120,000) | |
| Gain on Sale of Capital Assets | 115,448 | |
| Loss on Disposal of Capital Assets | (45,596) | (50,148) |

Repayment of long-term obligations 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:

| | | |
|--------------------------------------------|---------|-----------|
| General Obligation Bond Principal Payments | 430,000 | |
| Notes Payable | 888,372 | |
| Capital Lease Principal Payments | 12,358 | 1,330,730 |

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 thus requires the use of current financial resources. In the Statement of Activities, the additional amount of interest on the Statement of Activities is the result of the following:

| | | |
|--------------------------------------------------------|----------|----------|
| Accretion of Capital Appreciation Bonds | (50,206) | |
| Increase in Accrued Interest Payable | (6,201) | |
| Amortization of Bond Issuance Costs (Deferred Charges) | (259) | |
| Amortization of Gain | 232 | |
| Amortization of Bond Premium | 26 | (56,408) |

The internal service fund used by management to charge the cost of insurance to individual funds is reported in the entity-wide Statement of Activities.

24,095

Some revenues that will not be collected for several months after the County's year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts this year:

| | | |
|--------------------------|-----------|-----------|
| Property Taxes | (10,799) | |
| Charges for Services | 1,109 | |
| Fines and Forfeitures | 728 | |
| Intergovernmental Grants | (427,273) | |
| Special Assessments | 26,215 | |
| Interest | 52,831 | (357,189) |

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.

| | | |
|--------------|--|-----------|
| Notes Issued | | (800,642) |
|--------------|--|-----------|

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 the governmental funds.

| | | |
|----------------------------------|--|--------|
| Decrease in Compensated Absences | | 31,353 |
|----------------------------------|--|--------|

| | | |
|-------------------------------------------------|--|-------------|
| Change in Net Assets of Governmental Activities | | \$2,021,503 |
|-------------------------------------------------|--|-------------|

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|----------------------------------------------|------------------|-------------------|--------------------|---------------------------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property Taxes | \$1,818,010 | \$1,818,010 | \$1,945,454 | \$127,444 |
| Permissive Sales Tax | 4,365,000 | 4,365,000 | 4,439,688 | 74,688 |
| Charges for Services | 1,706,580 | 1,710,780 | 1,605,630 | (105,150) |
| Licenses and Permits | 3,550 | 3,550 | 3,194 | (356) |
| Fines and Forfeitures | 71,656 | 71,656 | 66,212 | (5,444) |
| Intergovernmental | 1,094,000 | 1,094,000 | 1,180,675 | 86,675 |
| Interest | 350,000 | 350,000 | 645,796 | 295,796 |
| Other | 335,000 | 417,962 | 349,297 | (68,665) |
| Total Revenues | 9,743,796 | 9,830,958 | 10,235,946 | 404,988 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | | | | |
| Legislative and Executive | 3,189,870 | 3,164,032 | 3,028,175 | 135,857 |
| Judicial | 1,802,318 | 1,853,265 | 1,798,627 | 54,638 |
| Public Safety | 4,146,972 | 4,272,643 | 4,244,702 | 27,941 |
| Public Works | 49,680 | 49,680 | 49,680 | 0 |
| Health | 85,638 | 86,138 | 70,715 | 15,423 |
| Human Services | 297,994 | 298,491 | 288,815 | 9,676 |
| Intergovernmental | 276,662 | 276,662 | 276,662 | 0 |
| Total Expenditures | 9,849,134 | 10,000,911 | 9,757,376 | 243,535 |
| Excess of Revenues Over (Under) Expenditures | (105,338) | (169,953) | 478,570 | 648,523 |
| Other Financing Sources (Uses): | | | | |
| Advances - In | 0 | 0 | 118,130 | 118,130 |
| Transfers - In | 120,000 | 113,750 | 0 | (113,750) |
| Transfers - Out | (419,573) | (411,305) | (410,378) | 927 |
| Total Other Financing Sources (Uses) | (299,573) | (297,555) | (292,248) | 5,307 |
| Net Change in Fund Balance | (404,911) | (467,508) | 186,322 | 653,830 |
| Fund Balance at Beginning of Year | 653,264 | 653,264 | 653,264 | 0 |
| Prior Year Encumbrances Appropriated | 411,607 | 411,607 | 411,607 | 0 |
| Fund Balance at End of Year | \$659,960 | \$597,363 | \$1,251,193 | \$653,830 |

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
MOTOR VEHICLE AND GAS TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|----------------------------------------------|---------------------|---------------------|-------------------------|---------------------------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$175,000 | \$175,000 | \$285,900 | \$110,900 |
| Fines and Forfeitures | 40,000 | 40,000 | 38,952 | (1,048) |
| Intergovernmental | 4,150,000 | 4,150,000 | 3,952,321 | (197,679) |
| Interest | 42,000 | 42,000 | 33,855 | (8,145) |
| Other | 5,000 | 5,000 | 3,131 | (1,869) |
| Total Revenues | <u>4,412,000</u> | <u>4,412,000</u> | <u>4,314,159</u> | <u>(97,841)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public Works | 4,508,946 | 4,913,975 | 4,624,857 | 289,118 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 800,000 | 800,000 | 0 |
| Interest and Fiscal Charges | 0 | 24,971 | 24,971 | 0 |
| Total Expenditures | <u>4,508,946</u> | <u>5,738,946</u> | <u>5,449,828</u> | <u>289,118</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(96,946)</u> | <u>(1,326,946)</u> | <u>(1,135,669)</u> | <u>191,277</u> |
| Other Financing Sources (Uses): | | | | |
| Notes Issued | 600,000 | 1,000,000 | 1,000,000 | 0 |
| Transfers - Out | (830,000) | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | <u>(230,000)</u> | <u>1,000,000</u> | <u>1,000,000</u> | <u>0</u> |
| Net Change in Fund Balance | (326,946) | (326,946) | (135,669) | 191,277 |
| Fund Balance at Beginning of Year | 63,703 | 63,703 | 63,703 | 0 |
| Prior Year Encumbrances Appropriated | <u>263,917</u> | <u>263,917</u> | <u>263,917</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$674</u></u> | <u><u>\$674</u></u> | <u><u>\$191,951</u></u> | <u><u>\$191,277</u></u> |

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
HUMAN SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|----------------------------------------------|------------------|-------------------|------------------|---------------------------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$418,000 | \$418,000 | \$183,695 | (\$234,305) |
| Intergovernmental | 3,018,386 | 3,088,775 | 3,301,505 | 212,730 |
| Total Revenues | 3,436,386 | 3,506,775 | 3,485,200 | (21,575) |
| Expenditures: | | | | |
| Current: | | | | |
| Human Services | 3,885,280 | 4,590,480 | 4,287,724 | 302,756 |
| Excess of Revenues Over (Under) Expenditures | (448,894) | (1,083,705) | (802,524) | 281,181 |
| Other Financing Sources (Uses): | | | | |
| Notes Issued | 0 | 225,000 | 225,000 | 0 |
| Transfers - In | 719,893 | 719,893 | 568,812 | (151,081) |
| Transfers - Out | 0 | (22,588) | 0 | 22,588 |
| Total Other Financing Sources (Uses) | 719,893 | 922,305 | 793,812 | (128,493) |
| Net Change in Fund Balance | 270,999 | (161,400) | (8,712) | 152,688 |
| Fund Balance at Beginning of Year | 2,208 | 2,208 | 2,208 | 0 |
| Prior Year Encumbrances Appropriated | 147,034 | 147,034 | 147,034 | 0 |
| Fund Balance at End of Year | <u>\$420,241</u> | <u>(\$12,158)</u> | <u>\$140,530</u> | <u>\$152,688</u> |

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
COMMUNITY MENTAL HEALTH FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--------------------------------------|-------------------------|------------------|------------------|-------------------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property Taxes | \$268,560 | \$268,560 | \$263,484 | (\$5,076) |
| Charges for Services | 9,944 | 9,944 | 13,907 | 3,963 |
| Intergovernmental | 2,558,758 | 2,709,042 | 2,406,279 | (302,763) |
| Gifts and Donations | 0 | 0 | 1,000 | 1,000 |
| Other | 0 | 0 | 89,082 | 89,082 |
| | <u>2,837,262</u> | <u>2,987,546</u> | <u>2,773,752</u> | <u>(213,794)</u> |
| Total Revenues | | | | |
| Expenditures: | | | | |
| Current: | | | | |
| Health | 2,903,201 | 3,235,700 | 2,663,823 | 571,877 |
| Human Services | 258,406 | 264,406 | 252,750 | 11,656 |
| | <u>3,161,607</u> | <u>3,500,106</u> | <u>2,916,573</u> | <u>583,533</u> |
| Total Expenditures | | | | |
| Net Change in Fund Balance | (324,345) | (512,560) | (142,821) | 369,739 |
| Fund Balance at Beginning of Year | 401,779 | 401,779 | 401,779 | 0 |
| Prior Year Encumbrances Appropriated | 314,343 | 314,343 | 314,343 | 0 |
| | <u>\$391,777</u> | <u>\$203,562</u> | <u>\$573,301</u> | <u>\$369,739</u> |
| Fund Balance at End of Year | | | | |

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
MENTAL RETARDATION LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|----------------------------------------------|--------------------|--------------------|--------------------|---------------------------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property Taxes | \$1,067,840 | \$1,067,840 | \$1,040,380 | (\$27,460) |
| Charges for Services | 10,000 | 10,000 | 11,821 | 1,821 |
| Intergovernmental | 909,000 | 988,892 | 1,248,642 | 259,750 |
| Other | 141,500 | 141,500 | 3,685 | (137,815) |
| Total Revenues | <u>2,128,340</u> | <u>2,208,232</u> | <u>2,304,528</u> | <u>96,296</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Human Services | 2,155,476 | 2,379,843 | 2,256,770 | 123,073 |
| Debt Service: | | | | |
| Principal Retirement | 226,546 | 224,700 | 204,500 | 20,200 |
| Interest and Fiscal Charges | 3,654 | 3,654 | 3,654 | 0 |
| Total Expenditures | <u>2,385,676</u> | <u>2,608,197</u> | <u>2,464,924</u> | <u>143,273</u> |
| Excess of Revenues Over (Under) Expenditures | (257,336) | (399,965) | (160,396) | 239,569 |
| Other Financing Sources: | | | | |
| Notes Issued | 210,000 | 210,000 | 0 | (210,000) |
| Net Change in Fund Balance | (47,336) | (189,965) | (160,396) | 29,569 |
| Fund Balance at Beginning of Year | 1,667,292 | 1,667,292 | 1,667,292 | 0 |
| Prior Year Encumbrances Appropriated | 29,044 | 29,044 | 29,044 | 0 |
| Fund Balance at End of Year | <u>\$1,649,000</u> | <u>\$1,506,371</u> | <u>\$1,535,940</u> | <u>\$29,569</u> |

See accompanying notes to the basic financial statements

PREBLE COUNTY
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
December 31, 2006

| | Enterprise Funds | | | Internal Service Fund |
|---------------------------------------------------------|------------------|----------------------|--------------------|-------------------------------|
| | Sewer | Landfill | Total | Employees Health Insurance |
| Assets: | | | | |
| Current Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$124,978 | \$1,336,146 | \$1,461,124 | \$605,466 |
| Accounts Receivable | 35,605 | 552,099 | 587,704 | 0 |
| Interfund Receivable | 14,564 | 0 | 14,564 | 0 |
| Materials and Supplies Inventory | 0 | 2,006 | 2,006 | 0 |
| Total Current Assets | 175,147 | 1,890,251 | 2,065,398 | 605,466 |
| Non-current Assets | | | | |
| Restricted Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents with Trustee | 0 | 1,308,422 | 1,308,422 | 0 |
| Deferred Charges | 0 | 66,082 | 66,082 | 0 |
| Nondepreciable Capital Assets | 0 | 452,313 | 452,313 | 0 |
| Depreciable Capital Assets, Net | 1,378,817 | 1,220,468 | 2,599,285 | 0 |
| Total Non-current Assets | 1,378,817 | 3,047,285 | 4,426,102 | 0 |
| Total Assets | 1,553,964 | 4,937,536 | 6,491,500 | 605,466 |
| Liabilities: | | | | |
| Current Liabilities | | | | |
| Accounts Payable | 0 | 31,017 | 31,017 | 0 |
| Contracts Payable | 0 | 212 | 212 | 0 |
| Accrued Salaries Payable | 79 | 12,389 | 12,468 | 0 |
| Compensated Absences Payable | 0 | 29,660 | 29,660 | 0 |
| Due to Other Governments | 113 | 17,875 | 17,988 | 0 |
| Interfund Payable | 0 | 187,384 | 187,384 | 0 |
| Accrued Interest Payable | 0 | 10,863 | 10,863 | 0 |
| Notes Payable | 0 | 57,350 | 57,350 | 0 |
| OPWC Loans Payable | 11,358 | 0 | 11,358 | 0 |
| OWDA Loans Payable | 41,012 | 0 | 41,012 | 0 |
| General Obligation Bonds Payable | 0 | 200,000 | 200,000 | 0 |
| Total Current Liabilities | 52,562 | 546,750 | 599,312 | 0 |
| Long-Term Liabilities: | | | | |
| OPWC Loans Payable | 147,654 | 0 | 147,654 | 0 |
| OWDA Loans Payable | 728,081 | 0 | 728,081 | 0 |
| General Obligation Bonds Payable | 0 | 2,820,251 | 2,820,251 | 0 |
| Compensated Absences Payable | 0 | 14,519 | 14,519 | 0 |
| Landfill Closure and Postclosure Costs | 0 | 2,566,324 | 2,566,324 | 0 |
| Total Long-Term Liabilities | 875,735 | 5,401,094 | 6,276,829 | 0 |
| Total Liabilities | 928,297 | 5,947,844 | 6,876,141 | 0 |
| Net Assets: | | | | |
| Invested in Capital Assets, Net of Related Debt | 450,712 | 1,615,431 | 2,066,143 | 0 |
| Unrestricted (Deficit) | 174,955 | (2,625,739) | (2,450,784) | 605,466 |
| Total Net Assets (Deficit) | \$625,667 | (\$1,010,308) | (\$384,641) | \$605,466 |

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Enterprise Funds | | | Internal Service Fund |
|-------------------------------------------------------------------|------------------|---------------|-------------|-------------------------------|
| | Sewer | Landfill | Total | Employees Health Insurance |
| Operating Revenues: | | | | |
| Charges for Services | \$121,431 | \$3,222,446 | \$3,343,877 | \$750 |
| Operating Expenses: | | | | |
| Personal Services | 3,516 | 444,278 | 447,794 | 0 |
| Materials and Supplies | 1,749 | 106,525 | 108,274 | 0 |
| Charges and Services | 29,958 | 1,527,989 | 1,557,947 | 2,096 |
| Claims | 0 | 0 | 0 | 3,676 |
| Depreciation | 15,333 | 159,066 | 174,399 | 0 |
| Closure and Postclosure Care Costs | 0 | 146,736 | 146,736 | 0 |
| Miscellaneous | 1,634 | 0 | 1,634 | 0 |
| Total Operating Expenses | 52,190 | 2,384,594 | 2,436,784 | 5,772 |
| Operating Income (Loss) | 69,241 | 837,852 | 907,093 | (5,022) |
| Non-Operating Revenues (Expenses): | | | | |
| Grants | 0 | 5,000 | 5,000 | 0 |
| Interest Revenue | 0 | 29,813 | 29,813 | 0 |
| Interest and Fiscal Charges | 0 | (146,151) | (146,151) | 0 |
| Loss on Disposal of Capital Assets | 0 | (71,269) | (71,269) | 0 |
| Total Non-Operating Revenues (Expenses) | 0 | (182,607) | (182,607) | 0 |
| Income (Loss) Before Transfers | 69,241 | 655,245 | 724,486 | (5,022) |
| Transfers - In | 0 | 0 | 0 | 29,117 |
| Change in Net Assets | 69,241 | 655,245 | 724,486 | 24,095 |
| Net Assets (Deficit) at Beginning of Year - Restated (See Note 3) | 556,426 | (1,665,553) | (1,109,127) | 581,371 |
| Net Assets (Deficit) at End of Year | \$625,667 | (\$1,010,308) | (\$384,641) | \$605,466 |

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Enterprise Funds | | | Internal Service Fund |
|--------------------------------------------------------------------------|------------------|--------------------|--------------------|-------------------------------|
| | Sewer | Landfill | Total | Employees Health Insurance |
| Increase in Cash and Cash Equivalents | | | | |
| Cash Flows from Operating Activities: | | | | |
| Cash Received From Customers | \$105,005 | \$3,273,298 | \$3,378,303 | \$0 |
| Cash Received From Interfund Services Provided | 0 | 0 | 0 | 6,175 |
| Cash Payments for Employee Services and Benefits | (3,574) | (462,144) | (465,718) | 0 |
| Cash Payments to Suppliers | (124,158) | (1,699,947) | (1,824,105) | (6,186) |
| Cash Payments for Other Operating Expenses | (1,634) | 0 | (1,634) | 0 |
| Cash Payments for Claims | 0 | 0 | 0 | 0 |
| Net Cash Provided by (Used for) Operating Activities | (24,361) | 1,111,207 | 1,086,846 | (11) |
| Cash Flows from Noncapital Financing Activities: | | | | |
| Grants | 12,565 | 9,000 | 21,565 | 0 |
| Advances - Out | 0 | (100,000) | (100,000) | 0 |
| Transfers - In | 0 | 0 | 0 | 29,117 |
| Net Cash Provided by (Used for) Noncapital Financing Activities | 12,565 | (91,000) | (78,435) | 29,117 |
| Cash Flows Used for Capital and Related Financing Activities: | | | | |
| Acquisition of Capital Assets | 0 | (189,275) | (189,275) | 0 |
| Loan Proceeds | 150 | 0 | 150 | 0 |
| Note Proceeds | 0 | 57,350 | 57,350 | 0 |
| Loans Payable Principal Payments | (52,370) | 0 | (52,370) | 0 |
| General Obligation Bond Principal Payments | 0 | (225,000) | (225,000) | 0 |
| General Obligation Bond Interest Payments | 0 | (91,161) | (91,161) | 0 |
| Notes Principal Payments | 0 | (164,700) | (164,700) | 0 |
| Notes Interest Payments | 0 | (31,607) | (31,607) | 0 |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | (52,220) | (644,393) | (696,613) | 0 |
| Cash Flows from Investing Activities: | | | | |
| Interest | 0 | 29,813 | 29,813 | 0 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (64,016) | 405,627 | 341,611 | 29,106 |
| Cash and Cash Equivalents at Beginning of Year | 188,994 | 2,238,941 | 2,427,935 | 576,360 |
| Cash and Cash Equivalents at End of Year | <u>\$124,978</u> | <u>\$2,644,568</u> | <u>\$2,769,546</u> | <u>\$605,466</u> |

(Continued)

PREBLE COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

| | Enterprise Funds | | | Internal Service Fund |
|----------------------------------------------------------------------------------------------------------------------|------------------|-------------|-------------|-------------------------------|
| | Sewer | Landfill | Total | Employees Health Insurance |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | | |
| Operating Income (Loss) | \$69,241 | \$837,852 | \$907,093 | (\$5,022) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | | |
| Depreciation | 15,333 | 159,066 | 174,399 | 0 |
| Landfill Closure and Postclosure Costs | 0 | 146,736 | 146,736 | 0 |
| Changes in Assets and Liabilities: | | | | |
| Decrease (Increase) in Accounts Receivable | (16,426) | 50,852 | 34,426 | 0 |
| Decrease in Due from Other Governments | 2,565 | 0 | 2,565 | 5,425 |
| Increase in Materials and Supplies Inventory | 0 | (1,041) | (1,041) | 0 |
| Decrease in Accounts Payable | (1,430) | (33,695) | (35,125) | (414) |
| Decrease in Contracts Payable | (93,213) | (17,389) | (110,602) | 0 |
| Increase in Accrued Salaries Payable | 2 | 364 | 366 | 0 |
| Decrease in Due to Other Governments | (433) | (35,943) | (36,376) | 0 |
| Increase in Compensated Absences Payable | 0 | 4,405 | 4,405 | 0 |
| Net Cash Provided by (Used for) Operating Activities | (\$24,361) | \$1,111,207 | \$1,086,846 | (\$11) |

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2006

| | Private Purpose Trust | |
|--------------------------------------------------|--------------------------|--------------|
| | Scholarship and Trust | Agency |
| Assets: | | |
| Equity in Pooled Cash and Cash Equivalents | \$39,801 | \$2,317,728 |
| Cash and Cash Equivalents in Segregated Accounts | 0 | 750,644 |
| Receivables: | | |
| Property Taxes | 0 | 42,153,012 |
| Accounts | 0 | 28,570 |
| Special Assessments | 0 | 910,437 |
| Due from Other Governments | 0 | 2,173,215 |
| Total Assets | 39,801 | \$48,333,606 |
| Liabilities: | | |
| Accrued Salaries Payable | \$0 | \$46,424 |
| Due to Other Governments | 0 | 44,971,489 |
| Undistributed Monies | 0 | 1,750,470 |
| Deposits Held and Due to Others | 0 | 1,565,223 |
| Total Liabilities | 0 | \$48,333,606 |
| Net Assets: | | |
| Held in Trust for Scholarships | \$39,801 | |

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Scholarship and Trust</u> |
|---------------------------------|----------------------------------|
| Additions: | |
| Interest | \$295 |
| Deletions: | |
| | <u>0</u> |
| Change in Net Assets | 295 |
| Net Assets at Beginning of Year | <u>39,506</u> |
| Net Assets at End of Year | <u><u>\$39,801</u></u> |

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1 - REPORTING ENTITY

Preble County, Ohio (the "County"), was formed by an Act of the Ohio General Assembly in 1808. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Recorder, Sheriff, a Common Pleas Court-Domestic Relations Court Judge and a Juvenile Court-Probate Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budgeting and taxing authority, contracting body and the chief administrators of public services for the County, including each of these departments.

Reporting Entity

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For the County, this includes the Preble County Board of Mental Retardation and Developmental Disabilities, the Preble County Community Development, the Children Services Board, and the departments and activities that are directly operated by the elected County officials. The County also operates and maintains a wastewater treatment system and landfill.

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

Discretely Presented Component Unit

The component unit column in the entity-wide financial statements identifies the financial data of the County's discretely presented component unit, L & M Products. It is reported separately to emphasize that it is legally separate from the County.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1 - REPORTING ENTITY (Continued)

L & M Products - L & M Products (the "Workshop") is a legally separate, nongovernmental, not-for-profit corporation, served by a board whose members are elected at large from nominations submitted by a nominating committee appointed by the President. The Workshop, under contractual agreement with the Preble County Board of Mental Retardation and Developmental Disabilities (MRDD), provides sheltered employment for mentally retarded or handicapped individuals in the County. The Preble County Board of MRDD provides the Workshop with personnel necessary for the operation of the habilitation services provided to the clients, land and buildings for the operation of the center, maintenance and repair of the buildings and professional staff to supervise and train clients of the Workshop. Based on the significant services and resources provided by the County to the Workshop and the Workshop's sole purpose of providing assistance to the mentally retarded and handicapped adults of the County, the Workshop is reflected as a component unit of the County. This is because the nature and significance of the relationship is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Workshop operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from L & M Products at 201 East Lexington Road, Eaton, Ohio 45320 (See Note 28).

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards and commissions listed below, the County serves as fiscal agent but is not financially accountable for the activity. Accordingly, the following districts and agencies are presented as agency funds within the County's financial statements:

- Preble County General Health District
- Preble County Soil and Water Conservation District
- Preble County Disaster Services
- Preble County Emergency Planning Committee - Right to Know
- Preble County Council on Aging

The County participates in two organizations which are defined as related organizations, one organization which is defined as a joint venture, one organization which is defined as jointly governed, one organization that is defined as a risk sharing pool, and one organization which is defined as a group purchasing pool. These organizations are presented in Notes 19, 20, 21, 22 and 23 of the basic financial statements. These organizations are:

Related Organizations:

- Preble County Library Board
- Preble Metropolitan Housing Authority

Joint Venture:

- Preble County Emergency Management Agency

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1 - REPORTING ENTITY (Continued)

Jointly Governed Organization:
West Central Ohio Network

Risk Sharing Pool:
County Risk Sharing Authority, Inc.

Group Purchasing Pool:
County Commissioner's Association of Ohio Service Corporation

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The County does not apply FASB statements and interpretations issued after November 30, 1989, to its business-type activities and to its enterprise funds. The more significant of the County's accounting policies are described below. Information regarding the Workshop is presented in Note 28.

Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Net Assets presents the financial condition of the governmental and business-type activities of the County at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business segment is self-financing or draws from the general revenues of the County.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting

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

Governmental Funds

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

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

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Motor Vehicle and Gas Tax Fund - This fund is used to account for revenue derived from motor vehicle licenses, gasoline taxes and interest. Expenditures in this fund are restricted by State law to County road and bridge repairs and improvement programs.

Human Services Fund - This fund is used to account for various federal and State grants as well as mandated transfers from the General Fund used to provide public assistance to general relief recipients and to pay providers of medical assistance and certain public social services.

Community Mental Health Fund - This fund is used to account for money received from a County-wide property tax levy and federal and State grants that are expended primarily to pay the cost of contracts with local mental health agencies that provide services to the public.

Mental Retardation Levy - This fund is used to account for money received from a County-wide property tax levy and State grants and reimbursements used to provide services and care for the mentally retarded and handicapped.

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

Proprietary Funds

Proprietary funds focus on the determination of operating income, changes in net assets, financial position, and cash flows. The County has two enterprise funds and one internal service fund.

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

Sewer Fund - This fund is used to account for revenue received from user charges for sewer services provided to residents of the County.

Landfill Fund - This fund is used to account for fees collected by the waste disposal department for the dumping of waste. The costs of providing the services are financed primarily through these fees and user charges.

Internal Service Fund - The Internal Service Fund is used to account for the financing of goods and services provided by one department to other departments within the County.

Employees Health Insurance - This fund was used to account for the County employees' self-insurance program for medical, dental, and vision coverage. During 2004 the County terminated its self-insurance plan. The activity in this fund is limited to settling prior claims.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The County's only trust fund is a private purpose trust which accounts for various college scholarship programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County has eighteen agency funds which are primarily established to account for the collection and distribution to other governments of various taxes, receipts and fees and to account for funds of various agencies for which the County is fiscal agent.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the County are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund financial statements.

Like the government-wide statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Fund Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

The Private Purpose Trust Fund is reported using the economic resources measurement focus.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; the proprietary funds and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined and “available” means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales tax, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from permissive sales tax is recognized in the period when the exchange transaction on which the tax is imposed occurs (See Note 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: permissive sales tax, charges for services, interest, federal and State subsidies, grants, and State-levied locally shared taxes.

Deferred Revenue

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, 2006, but were levied to finance 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Expenses/Expenditures

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

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

Cash and Cash Equivalents

To improve cash management, cash received by the County, except cash held in segregated accounts or with a fiscal agent, is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Cash and cash equivalents that are held separately within departments of the County and not held by the County Treasurer are recorded on the financial statements as "Cash and Cash Equivalents in Segregated Accounts".

Cash and cash equivalents that are held by the West Central Ohio Network for assistance of persons with mental retardation or developmental disabilities are recorded as "Cash and Cash Equivalents with Fiscal Agents" on the financial statements.

Cash and cash equivalents that are held in a trustee capacity for financial assurance of the landfill closure and postclosure care liabilities are recorded on the financial statements as "Cash and Cash Equivalents with Trustee."

During fiscal year 2006, the County invested in Federal National Mortgage Association Notes, Federal National Mortgage Association Discount Notes, Federal Home Loan Bank Bonds, Federal Farm Credit Bank Bonds, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Mortgage Corporation Discount Notes, and the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on quoted market prices.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2006.

Following Ohio statutes, the County has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during 2006 amounted to \$719,896, which includes \$666,216 assigned from other County funds.

Investments with an original maturity of three months or less at the time they are purchased and investments of the cash management pool are reported as cash equivalents on the financial statements.

Interfund Receivables/Payables

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "Interfund Receivable and Interfund Payable." Interfund balances are eliminated on the government-wide Statement of Net Assets except for any net residual amounts due between governmental and business-type activities, which are presented as "Internal Balances."

Materials and Supplies Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in first-out basis. The cost of inventory items is recorded as expenditures/expenses when used.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

Restricted Assets

Restricted assets in the enterprise funds represent cash and cash equivalents which have been set aside to satisfy the Ohio Environmental Protection Agency's guidelines related to landfill closure and postclosure costs.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

General capital assets are capital assets that are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide Statement of Net Assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement costs back to the year of acquisition) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values on the date donated. The County maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|--------------------------------------------|------------------------|
| Buildings, Structures, and Improvements | 20-100 years |
| Furniture, Fixtures, and Equipment | 5-40 years |
| Infrastructure | 10-50 years |

The County's infrastructure system consists of guardrails, ditches, bridges, sewer lines and manholes. The County only reports the amounts acquired after 2002. The County plans to report infrastructure acquired since 1980 beginning in 2007.

Compensated Absences

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for accumulated unused vacation and compensatory time when earned for all employees with more than one year of service.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year-end, taking into consideration any limits specified in the County's termination policy. The County records a liability for accumulated unused sick leave for all employees after 15 years of current service with the County.

The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations or retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employees are paid. In the proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term notes, bonds, and capital leases are recognized as liabilities on the governmental fund financial statements when due.

Bond Premiums/Issuance Costs/Gains/Loss

On the government-wide financial statements (and in the enterprise funds), bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line (bonds outstanding) method, which approximates the effective interest method. Bond premiums/discounts are presented as additions/reductions to the face amount of bonds payable. Issuance costs are amortized on a straight-line basis over the term of the bonds and are reported as deferred charges. Capital appreciation bonds are accreted each year for the compounded interest accrued during the year.

On the governmental fund financial statements, issuance costs and bond premiums and discounts are recognized in the period in which the debt is issued.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Gain/Loss on Advance Refunding

On the government-wide financial statements (and in the enterprise funds), an advance refunding resulting in the defeasance of debt generates an accounting gain or loss calculated by comparing the reacquisition price and the net carrying amount of the old debt. This accounting gain/loss is amortized as interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an increase/reduction of the face amount of the new debt.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include funds for resident homes for the mentally retarded and developmentally disabled; the medical, financial, and social support of general relief recipients; the support and placement of children; and County road and bridge repair/improvement programs.

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

The government-wide Statement of Net Assets reports \$10,431,493 of restricted net assets, none of which is restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for sewer services, waste disposal, and employees' medical, dental, and vision claims. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of these funds. Revenues and expenses that do not meet these definitions are reported as non-operating.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities.

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

Fund Balance Reserves

The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances are recorded as a reservation of fund balance.

Estimates

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

Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The Issue II Capital Projects Fund was not budgeted during 2006 because the County did not anticipate any revenues or expenditures and none occurred. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of budgetary control is at the object level (personal services, materials and supplies, charges and services, capital purchases, and other).

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR NET ASSETS

CHANGES IN ACCOUNTING PRINCIPLES

During 2006, the County has implemented *GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section"* and *GASB Statement No. 47, "Accounting for Termination Benefits."*

GASB Statement No. 44 establishes and modifies requirements related to the supplementary information presented in the statistical section.

GASB Statement No. 47 establishes accounting and financial reporting standards for termination benefits. This statement clarifies and establishes reporting requirements for those benefits provided by employers to employees as an incentive or settlement for voluntary early termination or as a consequence of the involuntary early termination of services. The implementation of this statement had no effect on the County's financial statements for 2006.

RESTATEMENT OF PRIOR YEAR NET ASSETS

Due to errors in recording prior year capital assets, it was necessary to restate net assets at December 31, 2005 as follows:

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR NET ASSETS (Continued)

| | Business-Type Activities | Sewer Fund |
|-------------------------------------------|-----------------------------|---------------|
| Net Assets, December 31, 2005 | (\$919,029) | \$746,524 |
| Restatement of Capital Assets | (190,098) | (190,098) |
| Net Assets, December 31, 2005 as Restated | (\$1,109,127) | \$556,426 |

NOTE 4 - BUDGET TO GAAP RECONCILIATION

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budget Basis), for the General, Motor Vehicle and Gas Tax, Human Services, Community Mental Health, and Mental Retardation Levy Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as a balance sheet transaction (GAAP basis).
5. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. The amounts are included as revenue on the GAAP basis operating statements.
6. Cash that is held by agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate County funds.
7. The change of fair value of investments is not included on the budget basis operating statement. This amount is included on the GAAP basis operating statement.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 4 - BUDGET TO GAAP RECONCILIATION (Continued)

8. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

| | Net Change in Fund Balance | | | | |
|----------------------------|----------------------------|---------------------------------|-------------------|-------------------------------|-------------------------------|
| | General | Motor Vehicle and Gas Tax | Human Services | Community Mental Health | Mental Retardation Levy |
| | General | Gas Tax | Services | Health | Levy |
| GAAP Basis | \$224,265 | (\$437,745) | (\$77,047) | \$264,039 | \$316,748 |
| Revenue Accruals | (7,969) | 50,117 | 243,522 | 166,306 | (326,294) |
| Expenditure Accruals | 94,275 | (51,604) | (60,972) | (268,733) | 124,217 |
| Encumbrances | (446,256) | (106,512) | (174,215) | (301,240) | (62,203) |
| Advances | 118,130 | 0 | 0 | 0 | 0 |
| Transfers | 272,000 | 0 | 0 | 0 | 0 |
| Note Proceeds | 0 | 400,000 | 60,000 | 0 | 0 |
| Note Principal Payments | 0 | 0 | 0 | 0 | (204,500) |
| Unrecorded Cash - 2006 | (43,793) | (1,667) | 0 | 0 | 0 |
| Unrecorded Cash - 2005 | 26,492 | 6,637 | 0 | 0 | 0 |
| Agency Fund Cash | | | | | |
| Allocation - 2006 | (61,431) | (21,577) | 0 | (11,755) | (31,154) |
| Agency Fund Cash | | | | | |
| Allocation - 2005 | 47,023 | 26,682 | 0 | 8,562 | 22,790 |
| Decrease in Fair Value | | | | | |
| of Cash Equivalents - 2005 | 9,007 | 0 | 0 | 0 | 0 |
| Increase in Fair Value | | | | | |
| of Cash Equivalents - 2006 | (45,421) | 0 | 0 | 0 | 0 |
| Budget Basis | <u>\$186,322</u> | <u>(\$135,669)</u> | <u>(\$8,712)</u> | <u>(\$142,821)</u> | <u>(\$160,396)</u> |

NOTE 5 - COMPLIANCE AND ACCOUNTABILITY

COMPLIANCE

The Other Legislative and Executive Fund had capital purchases expenditures plus encumbrances of \$408,326 in excess of appropriations at December 31, 2006.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 5 - COMPLIANCE AND ACCOUNTABILITY (Continued)

The Human Services Fund had final appropriations of \$4,613,068 in excess of final estimated revenues, available fund balance, and prior year encumbrances of \$4,600,910, for an excess of \$12,158. The County will monitor budgetary controls more closely to ensure appropriations will not exceed estimated resources and available fund balance in the future.

ACCOUNTABILITY

The Ditch and Guardrail Construction Fund and Landfill Enterprise Fund had fund balance/net assets deficits at December 31, 2006 of \$26,770 and \$1,010,308, respectively.

The General Fund is liable for the deficit in the Ditch and Guardrail Construction Fund and will provide transfers when cash is required, not when accruals occur. The deficit is due to liabilities for notes payable being reported as a fund liability.

The County anticipates increased revenues and a corresponding decrease in the net assets deficit in future years for the Landfill Fund. In 2001, the County approved a user charge on each residential dwelling and commercial and industrial properties to finance landfill operations. Collections began in 2002, with the exception of improved parcels within the municipalities of Eldorado, Lewisburg, and West Alexandria. At that time, these municipalities preferred to directly bill their residents and have their waste disposed of at the landfill, generating additional revenue. Revenues from this user charge are expected to be \$865,000 annually. Beginning in 2004, all residential dwelling and commercial and industrial properties were charged this fee, which generated \$1,500,468. Also, the EPA granted approval to the County in 2001 to expand the landfill, which generates additional revenue.

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States Treasury security that is a direct obligation of the United States;

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

2. Bond, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange similar securities, or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation and which mature within two hundred seventy days after purchase;
 - b. Bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$964,644 of the County's bank balance of \$1,324,109 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

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

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

Investments

As of December 31, 2006, the County had the following investments:

| | Fair Value | Investment Maturities (in Years) | |
|-------------------------------------------------------|---------------------|----------------------------------|--------------------|
| | | Less than 1 | 1-2 |
| STAROhio | \$2,372,721 | \$2,372,721 | \$0 |
| Federal National Mortgage Association Notes | 993,475 | 0 | 993,475 |
| Federal National Mortgage Association Discount Notes | 1,966,510 | 1,966,510 | 0 |
| Federal Home Loan Bank Bonds | 2,987,415 | 494,020 | 2,493,395 |
| Federal Farm Credit Bank Bonds | 498,800 | 0 | 498,800 |
| Federal Home Loan Mortgage Corporation Notes | 2,282,788 | 1,302,248 | 980,540 |
| Federal Home Loan Mortgage Corporation Discount Notes | 1,941,710 | 1,941,710 | 0 |
| Total Investments | <u>\$13,043,419</u> | <u>\$8,077,209</u> | <u>\$4,966,210</u> |

Interest Rate Risk – The County has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk – The Federal National Mortgage Association Notes, Federal Home Loan Bank Bonds, Federal Farm Credit Bank Bonds, and Federal Home Loan Mortgage Corporation Notes carry a rating of Aaa by Moody's. The Federal National Mortgage Association Discount Notes and Federal Home Loan Mortgage Corporation Discount Notes earn the highest credit rating for short-term investments from Moody's (P-1). STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The County's investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk – The County places no limit on the amount it may invest in any one issuer. The County's investments in The Federal National Mortgage Association Notes, Federal National Mortgage Association Discount Notes, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Notes, and Federal Home Loan Mortgage Corporation Discount Notes represents 7.62 percent, 15.08 percent, 22.90 percent, 17.50 percent and 14.89 percent, respectively, of the County's total investments.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the County. Property tax revenue received during 2006 for real and public utility property taxes represents collections of 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

2006 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to each subdivision its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2006, and for which there is an enforceable legal claim. In the funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2006 operations, and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 7 - PROPERTY TAXES (Continued)

The full tax rate for all County operations for the year ended December 31, 2006, was \$8.13 per \$1,000 of assessed value. The tax rate increased due to an increase in inside millage. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

| <u>Category</u> | <u>Assessed Value</u> | <u>Percent</u> |
|--------------------------------------|-----------------------|----------------|
| Real Property | | |
| Residential/Agricultural | \$605,708,680 | 77.09% |
| Commercial/Industrial/Public Utility | 83,771,620 | 10.66 |
| Public Utility Personal | 37,846,540 | 4.82 |
| General Business Personal | 58,351,823 | 7.43 |
| Totals | <u>\$785,678,663</u> | <u>100.00%</u> |

NOTE 8 - PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a 1.5 percent continuing tax on all retail sales made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited entirely to the General Fund.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2006, consisted of taxes, charges for services, utility accounts, special assessments, interest on investments, interfund amounts and intergovernmental receivables arising from grants, entitlements and shared revenues. Utility accounts receivable at December 31, 2006, were \$587,704. All receivables are considered fully collectible. All will be collected within one year. The County had \$24,647 of delinquent special assessments at December 31, 2006.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 9 - RECEIVABLES (Continued)

A summary of intergovernmental receivables follows:

| <u>Governmental Activities:</u> | <u>Amount</u> |
|-------------------------------------|---------------------------|
| Local Government Revenue Assistance | \$96,776 |
| Local Government | 375,934 |
| Homestead and Rollback | 199,882 |
| Gasoline Cents Per Gallon | 409,363 |
| Gasoline Excise Tax | 755,722 |
| Auto License | 387,466 |
| ODADAS State Grants | 101,961 |
| TASC Grant | 118,369 |
| Mental Health Grants | 131,090 |
| Community Development Block Grant | 618,198 |
| Waiver Administration | 52,358 |
| Felony Subsidy Grant | 115,815 |
| SAPT Block Grant | 127,093 |
| Mental Health State Subsidy | 899,828 |
| MRDD Grants | 187,468 |
| Children Services | 71,114 |
| MRDD Operating Subsidy | 137,533 |
| County Road Guardrail Grant | 4,291 |
| Miscellaneous | 78,220 |
| Total Governmental Activities | <u><u>\$4,868,481</u></u> |

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006, was as follows:

| | <u>Balance At</u> <u>12/31/2005</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance At</u> <u>12/31/2006</u> |
|---------------------------------------------|----------------------------------------|--------------------|--------------------|----------------------------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$1,933,674 | \$60,387 | (\$4,552) | \$1,989,509 |
| Construction in Progress | <u>672,777</u> | <u>130,620</u> | <u>(803,397)</u> | <u>0</u> |
| Total Capital Assets, Not Being Depreciated | <u>2,606,451</u> | <u>191,007</u> | <u>(807,949)</u> | <u>1,989,509</u> |
| Depreciable Capital Assets: | | | | |
| Buildings, Structures, and Improvements | 10,677,023 | 853,309 | 0 | 11,530,332 |
| Furniture, Fixtures, and Equipment | 7,330,545 | 1,215,778 | (163,673) | 8,382,650 |
| Infrastructure | <u>1,164,688</u> | <u>441,437</u> | <u>0</u> | <u>1,606,125</u> |
| Total Depreciable Capital Assets | <u>19,172,256</u> | <u>2,510,524</u> | <u>(163,673)</u> | <u>21,519,107</u> |
| Total Capital Assets At Historical Cost | <u>21,778,707</u> | <u>2,701,531</u> | <u>(971,622)</u> | <u>23,508,616</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings, Structures, and Improvements | (3,012,947) | (42,720) | 0 | (3,055,667) |
| Furniture, Fixtures, and Equipment | (5,062,253) | (279,113) | 118,077 | (5,223,289) |
| Infrastructure | <u>(69,571)</u> | <u>(66,511)</u> | <u>0</u> | <u>(136,082)</u> |
| Total Accumulated Depreciation | <u>(8,144,771)</u> | <u>(388,344) *</u> | <u>118,077</u> | <u>(8,415,038)</u> |
| Depreciable Capital Assets, Net | <u>11,027,485</u> | <u>2,122,180</u> | <u>(45,596)</u> | <u>13,104,069</u> |
| Governmental Activities Capital Assets, Net | <u>\$13,633,936</u> | <u>\$2,313,187</u> | <u>(\$853,545)</u> | <u>\$15,093,578</u> |

* Depreciation expense was charged to governmental programs as follows:

| | |
|----------------------------|------------------|
| General Government | |
| Legislative and Executive | \$100,790 |
| Judicial | 11,146 |
| Public Safety | 82,644 |
| Public Works | 122,098 |
| Health | 4,268 |
| Human Services | <u>67,398</u> |
| Total Depreciation Expense | <u>\$388,344</u> |

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 10 - CAPITAL ASSETS (Continued)

| | Restated Balance at 12/31/05 | Additions | Deletions | Balance at 12/31/06 |
|----------------------------------------------|------------------------------------|-----------|------------|------------------------|
| <u>Business-Type Activities:</u> | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$452,313 | \$0 | \$0 | \$452,313 |
| Depreciable Capital Assets: | | | | |
| Buildings, Structures, and Improvements | 1,536,814 | 0 | 0 | 1,536,814 |
| Furniture, Fixtures, and Equipment | 1,922,125 | 189,275 | (85,522) | 2,025,878 |
| Sewer Lines and Manholes | 580,137 | 0 | 0 | 580,137 |
| Total Depreciable Capital Assets | 4,039,076 | 189,275 | (85,522) | 4,142,829 |
| Less Accumulated Depreciation: | | | | |
| Buildings, Structures, and Improvements | (646,782) | (79,752) | 0 | (726,534) |
| Furniture, Fixtures, and Equipment | (730,816) | (88,845) | 14,253 | (805,408) |
| Sewer Lines and Manholes | (5,800) | (5,802) | 0 | (11,602) |
| Total Accumulated Depreciation | (1,383,398) | (174,399) | 14,253 | (1,543,544) |
| Depreciable Capital Assets, Net | 2,655,678 | 14,876 | (71,269) | 2,599,285 |
| Business-Type Activities Capital Assets, Net | \$3,107,991 | \$14,876 | (\$71,269) | \$3,051,598 |

NOTE 11- RISK MANAGEMENT

Insurance

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. By contracting with the County Risk Sharing Authority, Inc. (CORSA), a risk sharing pool (see Note 22), for liability, property, auto, and crime insurance, the County has addressed these various types of risk.

CORSA, a non-profit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property, casualty and crime insurance coverage for its members. CORSA was established May 12, 1987, and has grown to sixty members.

Insurance coverage provided includes the following:

| | |
|--------------------------------------------------|-------------|
| General Liability (each occurrence) | \$1,000,000 |
| Law Enforcement Liability (each occurrence) | 1,000,000 |
| Automobile Liability (each occurrence) | 1,000,000 |
| Errors and Omissions Liability (each occurrence) | 1,000,000 |
| Excess Liability | 5,000,000 |
| Property | 57,853,234 |

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 11 - RISK MANAGEMENT (Continued)

| | |
|----------------------------------|-------------|
| Equipment | 100,000,000 |
| Crime | 1,000,000 |
| Uninsured/Underinsured Motorists | 250,000 |
| Stop Gap Liability | 1,000,000 |

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in coverage from last year.

The County pays all elected officials' bonds by statute.

Workers' Compensation

For 2006, the County participated in the County Commissioner's Association of Ohio Workers' Compensation Group Rating Program, provided by the County Commissioner's Association of Ohio Service Corporation (CCAOSC), a workers' compensation group purchasing pool (See Note 23). The intent of the CCAOSC is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the CCAOSC. Each participant pays its workers' compensation premium to the State based on the rate for the CCAOSC rather than its individual rate.

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

The County may withdraw from the CCAOSC if written notice is provided 60 days prior to the prescribed applicant deadline of the Ohio Bureau of Workers' Compensation. The participant is not relieved of the obligation to pay any amounts owed to the CCAOSC prior to withdrawal. Any participant leaving the CCAOSC allows representatives of the CCAOSC to access loss experience for three years following the last year of participation.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 12 - DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

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

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The County's contribution rate for pension benefits for 2006 was 9.2 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 12.43 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$1,510,574, \$1,040,872, and \$1,163,773, respectively; 78.66 percent has been contributed for 2006 and 100 percent for 2005 and 2004. No contributions were made to the member-directed plan for 2006.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 13 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.5 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 0.5 and 6.0 percent annually for the next nine years and 4.0 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual County contributions for 2006 which were used to fund postemployment benefits were \$738,868. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarially accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 14 - OTHER EMPLOYEE BENEFITS

Compensated Absences

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County. Unused vacation time may be accumulated, with the approval of the appointing authority, to a maximum of three one-year accruals. Accumulated, unused compensatory time is paid upon separation depending on the department policy. Accumulated, unused sick leave is paid at varying rates depending on length of service to employees who retire.

Deferred Compensation Plan

County employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan is created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency. Plan assets belong to the individual employees, and the County has no responsibility for the plan assets.

Insurance

Medical, dental, and vision insurance coverage for employees is provided by Anthem Blue Cross Blue Shield and life insurance is provided by Jefferson Pilot.

NOTE 15 - CAPITAL LEASES – LESSEE DISCLOSURE

In prior years, the County entered into a lease agreement for the purchase of a bus. This lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases"*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized in the Statement of Net Assets for governmental activities in the amount of \$73,500, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded on the Statement of Net Assets for governmental activities. Principal payments in 2006 totaled \$12,358.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 15 - CAPITAL LEASES – LESSEE DISCLOSURE (Continued)

The assets acquired through capital leases are as follows:

| <u>Asset</u> | <u>Governmental</u> |
|--------------------------------|-------------------------------|
| Bus | \$73,500 |
| Less: Accumulated Depreciation | (11,025) |
| Total | <u><u>\$62,475</u></u> |

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2006.

| <u>Year Ending December 31,</u> | <u>Total Payments</u> |
|------------------------------------------------|-------------------------------|
| 2007 | \$14,322 |
| 2008 | 22,999 |
| Total | <u><u>37,321</u></u> |
| Less: Amount Representing Interest | (2,367) |
| Present Value of Minimum Lease Payments | <u><u>\$34,954</u></u> |

NOTE 16 - LONG-TERM OBLIGATIONS

The schedule of changes in long-term obligations of the governmental activities of the County during 2006 follows:

| <u>Types / Issues</u> | <u>Balance</u> <u>1/1/06</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance</u> <u>12/31/06</u> | <u>Due Within</u> <u>One Year</u> |
|----------------------------------------------|---------------------------------|--------------------------------|--------------------------------|-----------------------------------|--------------------------------------|
| <u>Notes Payable:</u> | | | | | |
| 4.25% Drainage Backhoe Anticipation | | | | | |
| Note \$40,642 | \$30,642 | \$20,642 | \$30,642 | \$20,642 | \$0 |
| 2.92% Console Equipment Anticipation | | | | | |
| Note \$78,230 | 38,230 | 0 | 38,230 | 0 | 0 |
| 4.38% Albert Ditch Construction Anticipation | | | | | |
| Note \$23,257 | 19,500 | 15,000 | 19,500 | 15,000 | 0 |
| 4.25% Flood Damage Repair Anticipation | | | | | |
| Note \$800,000 | 800,000 | 600,000 | 800,000 | 600,000 | 0 |
| 4.25% Electronic Documentation Data | | | | | |
| Equipment Anticipation Note \$165,000 | 0 | 165,000 | 0 | 165,000 | 0 |
| Total Notes Payable | <u><u>\$888,372</u></u> | <u><u>\$800,642</u></u> | <u><u>\$888,372</u></u> | <u><u>\$800,642</u></u> | <u><u>\$0</u></u> |

(continued)

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

| Types / Issues | Balance 1/1/06 | Issued | Retired | Balance 12/31/06 | Due Within One Year |
|-------------------------------------------|--------------------|------------------|--------------------|---------------------|------------------------|
| <u>General Obligations Bonds:</u> | | | | | |
| 2002 County Jail Refunding Bonds - Voted | | | | | |
| 2.00 to 3.00% - Current Interest | | | | | |
| Bonds \$2,565,000 | \$1,225,000 | \$0 | \$295,000 | \$930,000 | \$300,000 |
| 11.69 to 12.08% Original Issue on | | | | | |
| Capital Appreciation Bonds \$240,000 | 240,000 | 0 | 0 | 240,000 | 0 |
| Accretion on Capital Appreciation Bonds | 125,502 | 50,206 | 0 | 175,708 | 0 |
| 2002 2.00 to 3.50% Various Purpose | | | | | |
| Bonds - Unvoted \$1,440,000 | 1,075,000 | 0 | 125,000 | 950,000 | 130,000 |
| 1996 4.40 to 6.15% - Fairgrounds | | | | | |
| Project - Unvoted \$200,000 | 10,000 | 0 | 10,000 | 0 | 0 |
| 2005 County Fairgrounds Refunding Bonds - | | | | | |
| Unvoted 3.00 to 3.60% - Current Interest | | | | | |
| Bonds \$125,000 | 125,000 | 0 | 0 | 125,000 | 10,000 |
| Unamortized Loss | 2,554 | 0 | 232 | 2,322 | 0 |
| Premium on Debt Issue | 292 | 0 | 26 | 266 | 0 |
| Total General Obligation Bonds Payable | <u>2,803,348</u> | <u>50,206</u> | <u>430,258</u> | <u>2,423,296</u> | <u>440,000</u> |
| <u>Other Long-Term Obligations:</u> | | | | | |
| Compensated Absences Payable | 735,230 | 51,745 | 83,098 | 703,877 | 505,798 |
| Capital Lease Payable | 47,312 | 0 | 12,358 | 34,954 | 12,871 |
| Total Other Long-Term Obligations | <u>782,542</u> | <u>51,745</u> | <u>95,456</u> | <u>738,831</u> | <u>518,669</u> |
| Total - General Long-Term Obligations | <u>\$4,474,262</u> | <u>\$902,593</u> | <u>\$1,414,086</u> | <u>\$3,962,769</u> | <u>\$958,669</u> |

The 2006 Drainage Backhoe Anticipation Note was reissued on April 17, 2006, in the amount of \$30,642 for the purchase of drainage backhoe equipment. The note was issued at a 4.25 percent interest rate and reached maturity on April 17, 2007. This note was refinanced prior to the issuance of the 2006 statements for \$20,642 (see Note 27). This portion of the note was a long-term liability. The note will be paid through the Other Public Works Fund.

The 2005 Console Equipment Note in the amount of \$38,230 was paid off during the year through the Other Public Safety Fund.

The 2006 Albert Ditch Construction Anticipation Note was reissued on June 28, 2006, in the amount of \$19,500 for the construction of Albert Ditch. The note was issued at a 4.38 percent interest rate and reached maturity on June 28, 2007. This note was refinanced prior to the issuance of the 2006 statements for \$15,000 (see Note 27). This portion of the note was a long-term liability. The note will be paid through the Other Public Works Fund.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

The 2006 Flood Damage Repair Anticipation Note was reissued on June 28, 2006, in the amount of \$1,000,000 for the repair from flood damage and various purposes. The note was issued at a 4.25 percent interest rate and reached maturity on June 28, 2007. This note was refinanced prior to the issuance of the 2006 statements for \$600,000 (see Note 27). This portion of the note was a long-term liability. The note will be paid through the Motor Vehicle License and Gas Tax Fund.

The 2006 Electronic Documentation Data Equipment Anticipation Note was issued on April 17, 2006, in the amount of \$225,000 for the purchase of electronic documentation data equipment. The note was issued at a 4.25 percent interest rate and reached maturity on April 17, 2007. This note was refinanced prior to the issuance of the 2006 statements for \$165,000 (see Note 27). This portion of the note was a long-term liability. The note will be paid through the Human Services Fund.

The Jail Refunding general obligation bonds will be paid from property taxes. The County Fairgrounds Refunding and Various Purpose bonds will be paid from general revenues, including transfers from the General Fund, and monies received from the Preble County Agricultural Society. The maturity amount of the capital appreciation bonds is \$650,000.

The 2005 County Fairgrounds Refunding Bonds were issued June 1, 2005, for the purpose of advance refunding the \$125,000 outstanding County Fairgrounds Bonds.

Compensated absences will be paid from the General Fund, and the Motor Vehicle License and Gas Tax, Human Services, Community Mental Health, Mental Retardation Levy, Other Legislative and Executive, Ditch Maintenance, Other Health and Other Human Services Funds.

Changes in the long-term obligations reported for business-type activities during 2006 were as follows:

| <u>Types/Issues</u> | <u>Balance 1/1/06</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance 12/31/06</u> | <u>Due Witin One Year</u> |
|------------------------------|---------------------------|------------------|------------------|-----------------------------|-------------------------------|
| <u>Notes Payable:</u> | | | | | |
| Landfill Compactor \$299,100 | \$114,700 | \$0 | \$114,700 | \$0 | \$0 |
| <u>Loans Payable:</u> | | | | | |
| 0.00% - OWDA Loan \$820,238 | 809,955 | 150 | 41,012 | 769,093 | 41,012 |
| 0.00% - OPWC Loan \$227,160 | 170,370 | 0 | 11,358 | 159,012 | 11,358 |
| Total Loans Payable | \$980,325 | \$150 | \$52,370 | \$928,105 | \$52,370 |

(continued)

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

| Types/Issues | Balance 1/1/06 | Increases | Decreases | Balance 12/31/06 | Due Within One Year |
|-------------------------------------------------|---------------------------|-------------------------|-------------------------|---------------------------|---------------------------|
| <u>General Obligation Bonds Payable:</u> | | | | | |
| 3.75% to 5.50% - 1996 Landfill | | | | | |
| Improvement Bonds \$4,880,000 | \$225,000 | \$0 | \$225,000 | \$0 | \$0 |
| 3.00 to 3.60 % - Landfill Improvement | | | | | |
| Refunding Bonds \$3,445,000 | 3,195,000 | 0 | 0 | 3,195,000 | 200,000 |
| Unamortized Gain | (199,171) | 0 | (18,107) | (181,064) | 0 |
| Premium on Debt Issue | 6,946 | 0 | 631 | 6,315 | 0 |
| Total General Obligation Bonds Payable | <u>3,227,775</u> | <u>0</u> | <u>207,524</u> | <u>3,020,251</u> | <u>200,000</u> |
| <u>Other Long-Term Obligations:</u> | | | | | |
| Compensated Absences Payable | 39,774 | 10,786 | 6,381 | 44,179 | 29,660 |
| Landfill Closure and Postclosure | 2,419,588 | 146,736 | 0 | 2,566,324 | 0 |
| Total Other Long-Term Obligations | <u>2,459,362</u> | <u>157,522</u> | <u>6,381</u> | <u>2,610,503</u> | <u>29,660</u> |
| Total - Business-Type Activities | <u>\$6,782,162</u> | <u>\$157,672</u> | <u>\$380,975</u> | <u>\$6,558,859</u> | <u>\$282,030</u> |

The 2006 Landfill Compactor Note was reissued on March 13, 2006, in the amount of \$57,350 for the purchase of a landfill compactor. The note was issued at a 4.11 percent interest rate and reached maturity on March 13, 2007, therefore was a short-term liability.

The County has an OWDA Loan and an OPWC Loan outstanding at December 31, 2006, in the amounts of \$769,093, and \$159,012 for a total of \$928,105. The OWDA Loan bears an interest rate of 0 percent with final maturity on January 1, 2026. The loans were issued for the construction of the West Elkton sewer system and to refund the County's three outstanding OWDA Loans at December 31, 2003.

The OPWC Loan bears an interest rate of 0 percent and is payable in semi-annual installments through 2021. The OPWC Loan was originally received by the Village of West Elkton during 1994 and 1995 in the amount of \$299,755, and was assumed by the County in 2000, when the village could not repay the loan. Current operations of the Sewer Fund are expected to provide sufficient cash flows to fund debt service requirements.

The 1996 Landfill Improvement General Obligation Bonds were paid off during 2006 in the amount of \$225,000 from the Landfill Fund.

The 2005 Landfill Improvement Refunding Bonds were issued June 1, 2005, for the purpose of advance refunding the 1996 Landfill Improvement Bonds in the amount of \$3,195,000. The amortized bond premium for 2006 was \$631 and the unamortized amount is \$6,315. The bonds will be repaid from the Landfill Fund.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

The Landfill Improvement Refunding Bonds are being paid with user charges which are received in the Landfill Enterprise Fund.

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt should not exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The effects of the debt limitations at December 31, 2006, are an overall legal debt margin of \$18,141,967 and an unvoted legal debt margin of \$7,856,787.

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

| Governmental Activities | | | | |
|-------------------------|------------------------------------|------------------|--------------------------------------------------|------------------|
| Year | General Obligation Serial Bonds | | General Obligation Capital Appreciation Bonds | |
| | Principal | Interest | Principal | Interest |
| 2007 | \$440,000 | \$64,520 | \$0 | \$0 |
| 2008 | 450,000 | 53,470 | 0 | 0 |
| 2009 | 460,000 | 40,850 | 0 | 0 |
| 2010 | 45,000 | 27,050 | 125,000 | 200,000 |
| 2011 | 50,000 | 25,581 | 115,000 | 210,000 |
| 2012-2016 | 290,000 | 97,255 | 0 | 0 |
| 2017-2021 | 270,000 | 37,158 | 0 | 0 |
| Totals | <u>\$2,005,000</u> | <u>\$345,884</u> | <u>\$240,000</u> | <u>\$410,000</u> |

| Business-Type Activities | | | |
|--------------------------|------------------|--------------------------|------------------|
| Year | Loans Payable | General Obligation Bonds | |
| | Principal | Principal | Interest |
| 2007 | \$52,370 | \$200,000 | \$107,650 |
| 2008 | 52,370 | 295,000 | 101,650 |
| 2009 | 52,370 | 300,000 | 92,800 |
| 2010 | 52,370 | 310,000 | 83,800 |
| 2011 | 52,370 | 320,000 | 74,035 |
| 2012-2016 | 261,850 | 1,770,000 | 197,942 |
| 2017-2021 | 250,492 | 0 | 0 |
| 2022-2026 | 153,913 | 0 | 0 |
| Totals | <u>\$928,105</u> | <u>\$3,195,000</u> | <u>\$657,877</u> |

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 17 - SHORT-TERM OBLIGATIONS

Changes in the short-term obligations during 2006 were as follows:

| Fund Type/Fund/Issue | Interest Rate | Balance at January 1, 2006 | Increases | Decreases | Balance at December 31, 2006 |
|-----------------------------------------|------------------|----------------------------------|------------------|------------------|------------------------------------|
| <u>Governmental:</u> | | | | | |
| Motor Vehicle License and Gas Tax | | | | | |
| Flood Damage | 2.85% | \$0 | \$400,000 | \$0 | \$400,000 |
| Mental Retardation Levy | | | | | |
| Mental Retardation Development | 3.35% | 204,500 | 0 | 204,500 | 0 |
| Other Public Works | | | | | |
| Albert Ditch Construction | 2.90% | 3,757 | 4,500 | 3,757 | 4,500 |
| Other Public Works | | | | | |
| Drainage Backhoe | 2.99% | 10,000 | 10,000 | 10,000 | 10,000 |
| Other Public Safety | | | | | |
| Console Equipment | 2.92% | 40,000 | 38,230 | 40,000 | 38,230 |
| Ditch and Guardrail Construction | | | | | |
| Brock Ditch | 3.49% | 0 | 54,795 | 0 | 54,795 |
| Human Services | | | | | |
| Electronic Documentation Data Equipment | 4.25% | 0 | 60,000 | 0 | 60,000 |
| Total Governmental Funds | | <u>\$258,257</u> | <u>\$567,525</u> | <u>\$258,257</u> | <u>\$567,525</u> |
| <u>Business-Type Activities:</u> | | | | | |
| Landfill Compactor Note | 4.11% | \$0 | \$57,350 | \$0 | \$57,350 |
| Land Acquisition Note | 3.35% | 50,000 | 0 | 50,000 | 0 |
| Total Business-Type Funds | | <u>\$50,000</u> | <u>\$57,350</u> | <u>\$50,000</u> | <u>\$57,350</u> |

All of the notes are backed by the full faith and credit of the County and will mature within one year. The Flood Damage Note will be paid through the Motor Vehicle License and Gas Tax Fund. The Mental Retardation Development Note was paid through the Mental Retardation Levy Fund. The Albert Ditch Construction Note and Drainage Backhoe Note will be paid from the Other Public Works Nonmajor Fund. The Console Equipment Note will be paid from the Other Public Safety Nonmajor Fund. The Brock Ditch Note will be paid from the Ditch and Guardrail Construction Nonmajor Fund. The Electronic Documentation Data Equipment Note will be paid from the Human Services Fund. The Landfill Compactor Note will be paid from the Landfill Fund. The Land Acquisition Note was paid through the Landfill Fund. The notes are issued in anticipation of long-term bond financing, and the County intends to refinance the notes until such bonds are issued. The liability for the notes is presented in the funds that received the note proceeds.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 18 - INTERFUND ASSETS/LIABILITIES

Interfund balances at December 31, 2006, consisted of the following amounts and result from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be paid within one year.

| Interfund Payable | Interfund Receivable | | | Total |
|--------------------------|----------------------|--------------------------------|-----------------------|------------------|
| | General Fund | Motor Vehicle and Gas Tax Fund | Sewer Enterprise Fund | |
| Other Governmental Funds | \$4,563 | \$13,693 | \$14,564 | \$32,820 |
| Landfill Enterprise Fund | 187,384 | 0 | 0 | 187,384 |
| Total | <u>\$191,947</u> | <u>\$13,693</u> | <u>\$14,564</u> | <u>\$220,204</u> |

Interfund transfers for the year ended December 31, 2006, consisted of the following:

| Transfers From | Transfers To | | | Total |
|--------------------------|----------------------------|---------------------|--------------------------|--------------------|
| | Employees Health Insurance | Human Services Fund | Other Governmental Funds | |
| General Fund | \$29,117 | \$123,125 | \$530,136 | \$682,378 |
| Other Governmental Funds | 0 | 445,687 | 0 | 445,687 |
| Total | <u>\$29,117</u> | <u>\$568,812</u> | <u>\$530,136</u> | <u>\$1,128,065</u> |

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. The Transfers from Other Governmental Funds to the Human Service Fund was used to support the human service activities.

NOTE 19 - RELATED ORGANIZATIONS

Preble County Library Board

The Preble County Library Board is a related organization of the County. The County Officials (the Commissioners, the Probate Court and the Common Pleas Court) are responsible for appointing the trustees of the Library Board; however, the County Officials cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the County. Although the County does serve as the taxing authority and may issue tax related debt on behalf of the Library Board, its role is limited to a ministerial function. Once the Library Board determines to present a levy to the voters, including the determination of the rate and duration, the County must place the levy on the ballot. The Library may issue debt and determines its own budget. During 2006, the County did not make any significant financial contributions to the operation of the Library. Financial information for the Library may be obtained by writing to the Treasurer of the Preble County Library Board, 450 S. Barron Street, Eaton, Ohio 45320.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 19 - RELATED ORGANIZATIONS (Continued)

Preble Metropolitan Housing Authority

The Preble Metropolitan Housing Authority (PMHA) is a related organization to the County. The general purpose of the PMHA is to provide decent, safe, and sanitary housing for qualified persons within the County. The ability to influence operations depends on the County's representation on the Board. The PMHA Board is composed of five representatives: one member appointed by the County Common Pleas Court Judge; one member appointed by the County Commissioners; one member appointed by the County Probate Court Judge; and two members appointed by the Mayor of Eaton. During 2006, the County did not make any significant financial contributions to the operation of the PMHA. Financial information may be obtained by writing to Alice Flora, Director of the Preble Metropolitan Housing Authority, 100 East Main Street, Eaton, Ohio 45320.

NOTE 20 - JOINT VENTURE

Preble County Emergency Management Agency

The Preble County Emergency Management Agency (EMA) is a joint venture between the County, the City of Eaton, and townships and villages within the County. The degree of control exercised by any participating government is limited to its representation on the Board.

The Board is composed of the following seven members: one County Commissioner representing the Board of County Commissioners; five chief executives representing the municipal corporations and townships entering into the agreement; and one non-elected representative. The County contributed \$20,849 for the operation of the agency during 2006.

The EMA is a joint venture because its continued existence depends on contributed funding by the County. The EMA is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial statements can be obtained from Charles Biggs, Director of the EMA located at 6818 US 127 North, Eaton, Ohio 45320.

NOTE 21 - JOINTLY GOVERNED ORGANIZATION

West Central Ohio Network

The West Central Ohio Network (WestCON) is a jointly governed organization among Auglaize, Darke, Logan, Mercer, Miami, Preble, Shelby, and Union Counties. WestCON was formed to administer supported living services for persons with mental retardation or developmental disabilities in these counties. The executive committee consists of eight members that are the Superintendents of each local county board of mental retardation and development disabilities which is a WestCON member. Preble County made a payment of \$79,892 to West Central Ohio Network during 2006.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 22 - RISK SHARING POOL

County Risk Sharing Authority, Inc.

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

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board.

No county may have more than one representative on the board at any time. Each member county's control over the budgetary and financing of CORSA is limited to its voting authority and any representative it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payments of the certificates. The County does not have an equity interest in CORSA.

NOTE 23 - GROUP PURCHASING POOL

County Commissioner's Association of Ohio Service Corporation

The County is participating in the County Commissioner's Association of Ohio Workers' Compensation Group Rating Program as established under Section 4123.29 of the Ohio Revised Code. The County Commissioner's Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioner's Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates; approving the selection of a third party administrator; reviewing and approving proposed third party fees, fees for risk management services, and general management fees; determining ongoing responsibility of each participant; and performing any other acts and functions which may be delegated to it by the participating employers.

The group executive committee consists of seven members. Two members are the president and the treasurer of the CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member on the group executive committee in any year and each elected member shall be a County Commissioner.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 24 - CLOSURE AND POSTCLOSURE COSTS

State and federal laws and regulations require that the County place a final cover on its landfill when it stops accepting waste. These laws and regulations also require the County to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each year-end.

The \$2,566,324 reported as a landfill closure and postclosure care liability at December 31, 2006, represents the cumulative amount reported to date based on the use of 30.77 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$5,773,834 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2006. The County expects to close the landfill in the year 2044.

Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County is required by State and Federal laws and regulations to provide financial assurance for the closure and postclosure care liabilities.

NOTE 25 - CONTINGENT LIABILITIES

Litigation

The County is involved in a number of claims and lawsuits which may be classified as routine litigation in which minimal non-material damages are being sought. In addition, the County is a defendant in numerous other claims and lawsuits ranging from tort liability to civil rights litigation in which the County believes the amounts claimed are overstated and not fair estimates of the ultimate settlements, if any, of these claims. Amounts paid by the County in 2006 for litigation that was settled were not material.

Federal and State Grants

The County participates in a number of Federal and State assisted grant programs. The major programs are: Community Development Block Grant; Ohio Department of Human Services; and Ohio Commission of Aging. These programs are subject to financial and compliance audits by grantors or representatives. At December 31, 2006, the audits of certain programs had not been completed. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The County believes that disallowed claims, if any, will not have a material adverse effect on the County's financial position.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 26 - RELATED PARTY TRANSACTIONS

L & M Products has entered into a contractual agreement with the Preble County Board of Mental Retardation/Developmental Disabilities (MRDD), whereby the MRDD provides sheltered employment for mentally retarded or handicapped individuals in the County. The MRDD provides the workshop with personnel necessary for the operation of the habilitation services to the client, land and buildings for the operation of the center, maintenance and repair of the buildings and professional staff to supervise and train clients of L & M Products.

NOTE 27 - SUBSEQUENT EVENT

During April, May, and June 2007, the County reissued short-term notes in the amounts of \$20,642 for drainage backhoe equipment, \$15,000 for Albert Ditch construction, \$600,000 for flood damage repairs and various purposes, and \$165,000 for electronic documentation data system equipment, and issued new notes in the amounts of \$17,207 for emergency management agency vehicles and \$110,000 for computer equipment. The notes have interest rates of 4.24%, 3.99%, 3.99%, 4.24%, 4.24%, and 3.89%, respectively. The Console Equipment Note outstanding at December 31, 2006 was paid on April 17, 2007. The County also entered into an OPWC Loan in the amount of \$38,000 with a 0% interest rate on July 1, 2007.

NOTE 28 - DISCRETELY PRESENTED COMPONENT UNIT

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION - L & M Products (the "Company") is incorporated as a not-for-profit organization under the laws of the State of Ohio.

NATURE OF OPERATIONS - The Company provides employment, training, and rehabilitation opportunities in support of the Preble County, Ohio, Board of Mental Retardation and Developmental Disabilities (MRDD Board) programs. The Company enters into month-to-month contracts for assembly of component parts for local businesses and operates a concession stand at Hueston Woods State Park. Excess net revenues generated by these operations are used to fund rehabilitative programs, including nursing services and a senior/retirement program.

BASIS OF ACCOUNTING - The financial statements of the Company have been prepared on the accrual basis.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 28 - DISCRETELY PRESENTED COMPONENT UNIT (Continued)

BASIS OF PRESENTATION - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) 117, Financial Statements of Not-for-Profit Organizations. Under SFAS 117, the Company is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

USE OF ESTIMATES - The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ACCOUNTS RECEIVABLE - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from production contracts and other services. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable.

PROPERTY AND EQUIPMENT - Assets with a cost exceeding \$1,000 and a useful life exceeding one year, are recorded at cost; donated assets with a fair market value exceeding \$1,000 and a useful life exceeding one year are recorded at fair market value at the time of donation. Depreciation is computed principally using the straight-line methods over the estimated useful lives of the assets. Routine maintenance, repairs, and renewals are charged to income as incurred. Renewals and betterments that substantially increase the life of an asset are capitalized. At retirement or sale, the cost of assets, less the related accumulated depreciation, is removed from the accounts and resulting gains or losses are included in income.

CONTRIBUTIONS - Contributions, if any, are considered to be available for unrestricted use unless specifically restricted by the donor. Donated services, materials, and facilities are reflected as contributions in the accompanying statements at their estimated values at date of receipt. An equivalent expense is also recognized.

ADVERTISING - Advertising costs are expensed as incurred.

FUNCTIONAL ALLOCATION OF EXPENSES – The costs of providing the various programs have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs benefited based upon usage by each program.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 28 - DISCRETELY PRESENTED COMPONENT UNIT (Continued)

INCOME TAXES - The Company is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code, and does not currently conduct any activities which management believes would result in the imposition of the unrelated business income tax.

CASH AND CASH EQUIVALENTS - For purposes of reporting cash flows, the Company considers all checking accounts, savings accounts, and certificates of deposit to be cash equivalents.

CONCENTRATIONS OF CREDIT RISK

Financial instruments which subject the Company to concentrations of credit risk include cash accounts in financial institutions which may, from time to time, exceed federal insurance limits.

Two customers represent 43 percent of total assembly contract billings for 2006, and 33 percent of accounts receivable at December 31, 2006. In December, 2005, one of these customers, which represented 55 percent of billings for 2005 and 60 percent of accounts receivable at December 31, 2005, notified the Company that it would no longer utilize the Company's assembly services.

PROPERTY AND EQUIPMENT

Property and equipment consists of:

| <u>2006</u> | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Book Value</u> |
|-------------------------|------------------|-------------------------------------|-----------------------|
| Leasehold Improvements | \$76,534 | \$34,704 | \$41,830 |
| Machinery and Equipment | 166,952 | 122,490 | 44,462 |
| Total | <u>\$243,486</u> | <u>\$157,194</u> | <u>\$86,292</u> |

These assets are subject to general restrictions imposed by law or by the terms of various grants regarding use and disposal of such assets.

DONATED SERVICES AND FACILITIES

The MRDD Board pays the salaries and benefits of the Company's non-client staff, and provides the facilities for the operations of the Company. The Company reimburses the MRDD Board for a portion of these costs. The reimbursements are reported in the financial statements as subcontract labor and occupancy expense in the management and general category. The unreimbursed value of these items is reported as a contribution at fair value, and a corresponding expense is recognized. The donated portion is computed as follows:

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 28 - DISCRETELY PRESENTED COMPONENT UNIT (Continued)

| | 2006 |
|------------------------------------------------------------------------|-------------|
| Donated Services | |
| Salaries and benefits expense incurred by MRDD Board | \$1,142,027 |
| Donated Facilities | |
| Costs paid by MRDD Board | \$189,073 |
| Estimated Equivalent Rental Value of Facilities Owned by MRDD Board | 80,314 |
| Value of facilities donated by MRDD Board | \$269,387 |

RELATED PARTY TRANSACTIONS

Two board members are employed by customers of the Company. Per board policy, up to three consumers can have relatives on the board. At the end of 2006, three consumers had relatives on the board.

MRDD ENDOWMENT FUND

L&M Products is the funds custodian for an endowment fund established by the MRDD Board. As such, it collects contributions and the proceeds from fundraisers conducted by the MRDD board, and disburses funds pursuant to the terms of the endowment as requested by the MRDD Board. Activity for 2006 consists of:

| | |
|------------------------------------|---------|
| Account balance, December 31, 2005 | \$4,768 |
| Contributions | 2,554 |
| Withdrawals | (5,146) |
| Interest Income | 37 |
| Account balance, December 31, 2006 | \$2,213 |

NON-CASH INVESTING ACTIVITIES

In 2006, the Company transferred three fully depreciated vans with an original cost of \$71,671 to the MRDD Board.

COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES

PREBLE COUNTY, OHIO
NONMAJOR FUND DESCRIPTIONS

Special Revenue Funds

To account for the proceeds of specific revenue sources (other than for the private purpose trust or for major capital projects) that are legally restricted to expenditures for specific purposes.

Children Services

To account for various Federal and State grants, a county-wide tax levy, and Social Security payments. Major expenditures are for daily operations of foster homes, emergency shelters, medical costs, counseling and contracted services with other agencies.

Other Legislative and Executive

To account for all other legislative and executive activities not presented on an individual basis.

Other Judicial

To account for all other judicial activities not presented on an individual basis.

Other Public Safety

To account for all other public safety activities not presented on an individual basis.

Other Public Works

To account for all other public works activities not presented on an individual basis.

Other Health

To account for all other health activities not presented on an individual basis.

Other Human Services

To account for all other human services activities not presented on an individual basis.

Other Community and Economic Development

To account for all other community and economic development activities not presented on an individual basis.

Debt Service Fund

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

General Obligation Bond Retirement

To account for principal and interest payments of general obligation bonds.

(continued)

PREBLE COUNTY, OHIO
NONMAJOR FUND DESCRIPTIONS
(Continued)

Capital Projects Funds

To account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Issue II

To account for capital grants received from the Ohio Public Works Commission for an improvement project for multiple bridge and culvert replacements. Budgetary information has not been presented for this fund because the County did not anticipate any revenues or expenditures in 2006 and none occurred. The budgetary fund balance was \$2,800 at December 31, 2006.

Permanent Improvement

To account for monies received from the sale of County property that are used for construction and improvements to County buildings.

Building Construction

To account for financing and construction of various buildings in the County.

Ditch and Guardrail Construction

To account for the construction and improvements of various ditches and guardrails in the County.

Road and Bridge Construction

To account for the construction and improvements of various roads and bridges in the County.

PREBLE COUNTY, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2006

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--------------------------------------------------|--------------------------------------|----------------------------------|---------------------------------------|-----------------------------------------|
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$2,248,159 | \$441,339 | \$269,739 | \$2,959,237 |
| Cash and Cash Equivalents in Segregated Accounts | 99,835 | 0 | 0 | 99,835 |
| Receivables: | | | | |
| Property Taxes | 405,271 | 236,522 | 0 | 641,793 |
| Accounts | 24,771 | 0 | 0 | 24,771 |
| Special Assessments | 141,400 | 0 | 59,312 | 200,712 |
| Due From Other Governments | 821,165 | 13,139 | 4,291 | 838,595 |
| Materials and Supplies Inventory | 2,488 | 0 | 0 | 2,488 |
| Total Assets | \$3,743,089 | \$691,000 | \$333,342 | \$4,767,431 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$98,430 | \$0 | \$0 | \$98,430 |
| Contracts Payable | 120,615 | 0 | 0 | 120,615 |
| Accrued Salaries Payable | 38,849 | 0 | 0 | 38,849 |
| Due to Other Governments | 55,528 | 0 | 0 | 55,528 |
| Interfund Payable | 18,256 | 0 | 14,564 | 32,820 |
| Deferred Revenue | 1,304,691 | 249,812 | 59,312 | 1,613,815 |
| Notes Payable | 52,730 | 0 | 54,795 | 107,525 |
| Accrued Interest Payable | 1,548 | 0 | 534 | 2,082 |
| Total Liabilities | 1,690,647 | 249,812 | 129,205 | 2,069,664 |
| Fund Balances: | | | | |
| Reserved for Encumbrances | 417,134 | 0 | 57,569 | 474,703 |
| Unreserved | | | | |
| Undesignated, Reported in: | | | | |
| Special Revenue Funds | 1,635,308 | 0 | 0 | 1,635,308 |
| Debt Service Fund | 0 | 441,188 | 0 | 441,188 |
| Capital Projects Funds | 0 | 0 | 146,568 | 146,568 |
| Total Fund Balances | 2,052,442 | 441,188 | 204,137 | 2,697,767 |
| Total Liabilities and Fund Balances | \$3,743,089 | \$691,000 | \$333,342 | \$4,767,431 |

PREBLE COUNTY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|-----------------------------------------------------|--------------------------------------|----------------------------------|---------------------------------------|--------------------------------------------|
| Revenues: | | | | |
| Property Taxes | \$441,057 | \$244,729 | \$0 | \$685,786 |
| Charges for Services | 1,178,649 | 0 | 0 | 1,178,649 |
| Licenses and Permits | 60,212 | 0 | 0 | 60,212 |
| Fines and Forfeitures | 42,969 | 0 | 0 | 42,969 |
| Intergovernmental | 3,356,035 | 27,097 | 401,703 | 3,784,835 |
| Special Assessments | 143,451 | 0 | 11,746 | 155,197 |
| Interest | 2,025 | 0 | 7 | 2,032 |
| Other | 124,744 | 158,813 | 533 | 284,090 |
| Total Revenues | 5,349,142 | 430,639 | 413,989 | 6,193,770 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government: | | | | |
| Legislative and Executive | 927,473 | 0 | 0 | 927,473 |
| Judicial | 285,799 | 0 | 0 | 285,799 |
| Public Safety | 513,927 | 0 | 0 | 513,927 |
| Public Works | 172,756 | 0 | 0 | 172,756 |
| Health | 126,440 | 0 | 0 | 126,440 |
| Human Services | 2,179,275 | 0 | 0 | 2,179,275 |
| Community and Economic Development | 817,789 | 0 | 0 | 817,789 |
| Capital Outlay | 0 | 0 | 712,786 | 712,786 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 430,000 | 0 | 430,000 |
| Interest and Fiscal Charges | 4,707 | 74,341 | 534 | 79,582 |
| Current Refunding | 52,730 | 0 | 0 | 52,730 |
| Total Expenditures | 5,080,896 | 504,341 | 713,320 | 6,298,557 |
| Excess of Revenues Over (Under) Expenditures | 268,246 | (73,702) | (299,331) | (104,787) |
| Other Financing Sources (Uses): | | | | |
| Proceeds From Sale of Capital Assets | 0 | 0 | 120,000 | 120,000 |
| Current Refunding | (35,642) | 0 | 0 | (35,642) |
| Notes Issued | 35,642 | 0 | 0 | 35,642 |
| Transfers - In | 513,136 | 0 | 17,000 | 530,136 |
| Transfers - Out | (445,687) | 0 | 0 | (445,687) |
| Total Other Financing Sources (Uses) | 67,449 | 0 | 137,000 | 204,449 |
| Net Change in Fund Balances | 335,695 | (73,702) | (162,331) | 99,662 |
| Fund Balances at Beginning of Year | 1,716,747 | 514,890 | 366,468 | 2,598,105 |
| Fund Balances at End of Year | \$2,052,442 | \$441,188 | \$204,137 | \$2,697,767 |

PREBLE COUNTY, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2006

| | <u>Children Services</u> | <u>Other Legislative and Executive</u> | <u>Other Judicial</u> |
|--------------------------------------------------|------------------------------|------------------------------------------------|---------------------------|
| Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$336,155 | \$540,199 | \$150,135 |
| Cash and Cash Equivalents in Segregated Accounts | 0 | 0 | 0 |
| Receivables: | | | |
| Property Taxes | 405,271 | 0 | 0 |
| Accounts | 0 | 0 | 15,649 |
| Special Assessments | 0 | 0 | 0 |
| Due From Other Governments | 87,152 | 0 | 0 |
| Materials and Supplies Inventory | 0 | 0 | 0 |
| Total Assets | <u><u>\$828,578</u></u> | <u><u>\$540,199</u></u> | <u><u>\$165,784</u></u> |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts Payable | \$50,169 | \$0 | \$1,184 |
| Contracts Payable | 120,261 | 0 | 0 |
| Accrued Salaries Payable | 0 | 7,578 | 7,550 |
| Due to Other Governments | 0 | 10,692 | 10,146 |
| Interfund Payable | 4,563 | 13,693 | 0 |
| Deferred Revenue | 421,741 | 0 | 0 |
| Notes Payable | 0 | 0 | 0 |
| Accrued Interest Payable | 0 | 0 | 0 |
| Total Liabilities | <u>596,734</u> | <u>31,963</u> | <u>18,880</u> |
| Fund Balances: | | | |
| Reserved for Encumbrances | 156,530 | 8,068 | 3,880 |
| Unreserved | | | |
| Undesignated | <u>75,314</u> | <u>500,168</u> | <u>143,024</u> |
| Total Fund Balances | <u>231,844</u> | <u>508,236</u> | <u>146,904</u> |
| Total Liabilities and Fund Balances | <u><u>\$828,578</u></u> | <u><u>\$540,199</u></u> | <u><u>\$165,784</u></u> |

| Other Public Safety | Other Public Works | Other Health | Other Human Services | Other Community and Economic Development | Total Nonmajor Special Revenue Funds |
|---------------------------|--------------------------|-----------------|----------------------------|---------------------------------------------------|-----------------------------------------------|
| \$736,600 | \$42,770 | \$15,434 | \$264,549 | \$162,317 | \$2,248,159 |
| 99,835 | 0 | 0 | 0 | 0 | 99,835 |
| 0 | 0 | 0 | 0 | 0 | 405,271 |
| 8,290 | 416 | 0 | 416 | 0 | 24,771 |
| 0 | 141,400 | 0 | 0 | 0 | 141,400 |
| 115,815 | 0 | 0 | 0 | 618,198 | 821,165 |
| 0 | 0 | 0 | 2,488 | 0 | 2,488 |
| <u>\$960,540</u> | <u>\$184,586</u> | <u>\$15,434</u> | <u>\$267,453</u> | <u>\$780,515</u> | <u>\$3,743,089</u> |
| \$0 | \$0 | \$0 | \$0 | \$47,077 | \$98,430 |
| 0 | 0 | 0 | 0 | 354 | 120,615 |
| 580 | 3,885 | 2,279 | 16,500 | 477 | 38,849 |
| 825 | 5,697 | 3,450 | 23,407 | 1,311 | 55,528 |
| 0 | 0 | 0 | 0 | 0 | 18,256 |
| 123,352 | 141,400 | 0 | 0 | 618,198 | 1,304,691 |
| 38,230 | 14,500 | 0 | 0 | 0 | 52,730 |
| 1,148 | 400 | 0 | 0 | 0 | 1,548 |
| <u>164,135</u> | <u>165,882</u> | <u>5,729</u> | <u>39,907</u> | <u>667,417</u> | <u>1,690,647</u> |
| 72,093 | 4,285 | 4,366 | 95,041 | 72,871 | 417,134 |
| <u>724,312</u> | <u>14,419</u> | <u>5,339</u> | <u>132,505</u> | <u>40,227</u> | <u>1,635,308</u> |
| <u>796,405</u> | <u>18,704</u> | <u>9,705</u> | <u>227,546</u> | <u>113,098</u> | <u>2,052,442</u> |
| <u>\$960,540</u> | <u>\$184,586</u> | <u>\$15,434</u> | <u>\$267,453</u> | <u>\$780,515</u> | <u>\$3,743,089</u> |

PREBLE COUNTY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006

| | Children Services | Other Legislative and Executive | Other Judicial |
|-------------------------------------------------|-------------------------|---------------------------------------|-------------------------|
| Revenues: | | | |
| Property Taxes | \$368,042 | \$73,015 | \$0 |
| Charges for Services | 147,814 | 359,566 | 270,174 |
| Licenses and Permits | 0 | 0 | 0 |
| Fines and Forfeitures | 0 | 0 | 0 |
| Intergovernmental | 1,046,997 | 408,326 | 1,050 |
| Special Assessments | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Total Revenues | <u>1,562,853</u> | <u>840,907</u> | <u>271,224</u> |
| Expenditures: | | | |
| Current: | | | |
| General Government | | | |
| Legislative and Executive | 0 | 927,473 | 0 |
| Judicial | 0 | 0 | 285,799 |
| Public Safety | 0 | 0 | 0 |
| Public Works | 0 | 0 | 0 |
| Health | 0 | 0 | 0 |
| Human Services | 1,333,484 | 0 | 0 |
| Community and Economic Development | 0 | 0 | 0 |
| Debt Service: | | | |
| Interest and Fiscal Charges | 0 | 0 | 0 |
| Current Refunding | 0 | 0 | 0 |
| Total Expenditures | <u>1,333,484</u> | <u>927,473</u> | <u>285,799</u> |
| Excess of Revenues Over (Under) Expenditures | <u>229,369</u> | <u>(86,566)</u> | <u>(14,575)</u> |
| Other Financing Sources (Uses): | | | |
| Current Refunding | 0 | 0 | 0 |
| Notes Issued | 0 | 0 | 0 |
| Transfers - In | 220,664 | 0 | 0 |
| Transfers - Out | (286,676) | 0 | 0 |
| Total Other Financing Sources (Uses) | <u>(66,012)</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balances | 163,357 | (86,566) | (14,575) |
| Fund Balances (Deficit) at Beginning of Year | <u>68,487</u> | <u>594,802</u> | <u>161,479</u> |
| Fund Balances at End of Year | <u><u>\$231,844</u></u> | <u><u>\$508,236</u></u> | <u><u>\$146,904</u></u> |

| Other Public Safety | Other Public Works | Other Health | Other Human Services | Other Community and Economic Development | Total Nonmajor Special Revenue Funds |
|---------------------------|--------------------------|-----------------|----------------------------|---------------------------------------------------|-----------------------------------------------|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$441,057 |
| 203,796 | 30,919 | 4,080 | 162,300 | 0 | 1,178,649 |
| 7,613 | 0 | 52,599 | 0 | 0 | 60,212 |
| 31,213 | 0 | 11,756 | 0 | 0 | 42,969 |
| 375,530 | 0 | 0 | 642,939 | 881,193 | 3,356,035 |
| 0 | 143,451 | 0 | 0 | 0 | 143,451 |
| 2,025 | 0 | 0 | 0 | 0 | 2,025 |
| 56,750 | 0 | 25,465 | 5,149 | 37,380 | 124,744 |
| <u>676,927</u> | <u>174,370</u> | <u>93,900</u> | <u>810,388</u> | <u>918,573</u> | <u>5,349,142</u> |
| 0 | 0 | 0 | 0 | 0 | 927,473 |
| 0 | 0 | 0 | 0 | 0 | 285,799 |
| 513,927 | 0 | 0 | 0 | 0 | 513,927 |
| 0 | 172,756 | 0 | 0 | 0 | 172,756 |
| 0 | 0 | 126,440 | 0 | 0 | 126,440 |
| 0 | 0 | 0 | 845,791 | 0 | 2,179,275 |
| 0 | 0 | 0 | 0 | 817,789 | 817,789 |
| 2,654 | 2,053 | 0 | 0 | 0 | 4,707 |
| 38,230 | 14,500 | 0 | 0 | 0 | 52,730 |
| <u>554,811</u> | <u>189,309</u> | <u>126,440</u> | <u>845,791</u> | <u>817,789</u> | <u>5,080,896</u> |
| <u>122,116</u> | <u>(14,939)</u> | <u>(32,540)</u> | <u>(35,403)</u> | <u>100,784</u> | <u>268,246</u> |
| 0 | (35,642) | 0 | 0 | 0 | (35,642) |
| 0 | 35,642 | 0 | 0 | 0 | 35,642 |
| 0 | 255,000 | 15,000 | 22,472 | 0 | 513,136 |
| 0 | 0 | 0 | (159,011) | 0 | (445,687) |
| <u>0</u> | <u>255,000</u> | <u>15,000</u> | <u>(136,539)</u> | <u>0</u> | <u>67,449</u> |
| 122,116 | 240,061 | (17,540) | (171,942) | 100,784 | 335,695 |
| 674,289 | (221,357) | 27,245 | 399,488 | 12,314 | 1,716,747 |
| <u>\$796,405</u> | <u>\$18,704</u> | <u>\$9,705</u> | <u>\$227,546</u> | <u>\$113,098</u> | <u>\$2,052,442</u> |

PREBLE COUNTY, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2006

| | <u>Issue II</u> | <u>Permanent Improvement</u> | <u>Building Construction</u> |
|-----------------------------------------------|---------------------------|----------------------------------|----------------------------------|
| Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$2,800 | \$230,861 | \$7,519 |
| Receivables: | | | |
| Special Assessments | 0 | 0 | 0 |
| Due From Other Governments | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Assets | <u><u>\$2,800</u></u> | <u><u>\$230,861</u></u> | <u><u>\$7,519</u></u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Interfund Payable | \$0 | \$14,564 | \$0 |
| Deferred Revenue | 0 | 0 | 0 |
| Notes Payable | 0 | 0 | 0 |
| Accrued Interest Payable | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Liabilities | <u>0</u> | <u>14,564</u> | <u>0</u> |
| Fund Balances: | | | |
| Reserved for Encumbrances | 0 | 35,921 | 745 |
| Unreserved: | | | |
| Undesignated (Deficit) | <u>2,800</u> | <u>180,376</u> | <u>6,774</u> |
| Total Fund Balances (Deficit) | <u>2,800</u> | <u>216,297</u> | <u>7,519</u> |
| Total Liabilities and Fund Balances | <u><u>\$2,800</u></u> | <u><u>\$230,861</u></u> | <u><u>\$7,519</u></u> |

| <u>Ditch and Guardrail Construction</u> | <u>Road and Bridge Construction</u> | <u>Total Nonmajor Capital Projects Funds</u> |
|-------------------------------------------------|---------------------------------------------|----------------------------------------------------------|
| \$28,559 | \$0 | \$269,739 |
| 59,312 | 0 | 59,312 |
| <u>0</u> | <u>4,291</u> | <u>4,291</u> |
| <u><u>\$87,871</u></u> | <u><u>\$4,291</u></u> | <u><u>\$333,342</u></u> |
| | | |
| \$0 | \$0 | \$14,564 |
| 59,312 | 0 | 59,312 |
| 54,795 | 0 | 54,795 |
| <u>534</u> | <u>0</u> | <u>534</u> |
| <u>114,641</u> | <u>0</u> | <u>129,205</u> |
| | | |
| 20,903 | 0 | 57,569 |
| <u>(47,673)</u> | <u>4,291</u> | <u>146,568</u> |
| <u>(26,770)</u> | <u>4,291</u> | <u>204,137</u> |
| <u><u>\$87,871</u></u> | <u><u>\$4,291</u></u> | <u><u>\$333,342</u></u> |

PREBLE COUNTY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Issue II</u> | <u>Permanent Improvement</u> | <u>Building Construction</u> |
|----------------------------------------------|-----------------------|----------------------------------|----------------------------------|
| Revenues: | | | |
| Intergovernmental | \$0 | \$0 | \$0 |
| Special Assessments | 0 | 0 | 0 |
| Interest | 0 | 0 | 7 |
| Other | 0 | 533 | 0 |
| Total Revenues | <u>0</u> | <u>533</u> | <u>7</u> |
| Expenditures: | | | |
| Capital Outlay | 0 | 274,285 | 8,137 |
| Debt Service: | | | |
| Interest and Fiscal Charges | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Expenditures | <u>0</u> | <u>274,285</u> | <u>8,137</u> |
| Excess of Revenues Over (Under) Expenditures | <u>0</u> | <u>(273,752)</u> | <u>(8,130)</u> |
| Other Financing Sources: | | | |
| Proceeds From Sale of Capital Assets | 0 | 120,000 | 0 |
| Transfers - In | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Other Financing Sources | <u>0</u> | <u>120,000</u> | <u>0</u> |
| Net Change in Fund Balances | 0 | (153,752) | (8,130) |
| Fund Balances (Deficit) at Beginning of Year | <u>2,800</u> | <u>370,049</u> | <u>15,649</u> |
| Fund Balances (Deficit) at End of Year | <u><u>\$2,800</u></u> | <u><u>\$216,297</u></u> | <u><u>\$7,519</u></u> |

| Ditch and Guardrail Construction | Road and Bridge Construction | Total Nonmajor Capital Projects Funds |
|----------------------------------------|------------------------------------|------------------------------------------------|
| \$235,275 | \$166,428 | \$401,703 |
| 11,746 | 0 | 11,746 |
| 0 | 0 | 7 |
| 0 | 0 | 533 |
| <u>247,021</u> | <u>166,428</u> | <u>413,989</u> |
| 268,227 | 162,137 | 712,786 |
| 534 | 0 | 534 |
| <u>268,761</u> | <u>162,137</u> | <u>713,320</u> |
| <u>(21,740)</u> | <u>4,291</u> | <u>(299,331)</u> |
| 0 | 0 | 120,000 |
| 17,000 | 0 | 17,000 |
| <u>17,000</u> | <u>0</u> | <u>137,000</u> |
| (4,740) | 4,291 | (162,331) |
| <u>(22,030)</u> | <u>0</u> | <u>366,468</u> |
| <u><u>(\$26,770)</u></u> | <u><u>\$4,291</u></u> | <u><u>\$204,137</u></u> |

PREBLE COUNTY, OHIO
AGENCY FUND DESCRIPTIONS

To account for assets held by the County as an agent for individuals, private organizations, and/or other governmental units.

Health

To account for the funds and subfunds of the Board of Health for which the County Auditor is the ex officio fiscal agent as required under Section 1515.23 of the Ohio Revised Code. The following funds are combined into the Health Fund:

- C&FHS Medicaid
- Preble County Child and Family Health Grant
- Preventive Health and Health Services
- Swimming Pool
- Immunization Action Plan
- Rural Health Outreach Demonstration Program
- Food Service
- Solid Waste
- Trailer Park
- Water Systems
- Women and Independent Children
- Welcome Home Newborn
- Public Health Infrastructure
- Regular Children Passenger

Payroll Distribution

To account for payroll taxes and other related payroll deductions accumulated from all funds for distribution to other governmental units and private organizations.

Soil and Water Conservation

To account for the funds and subfunds of the Soil and Water Conservation District, established under Chapter 1515, Revised Code, for which the County Auditor is fiscal agent.

Forfeited Land Sales

To account for receipts from a foreclosure sale. The money belongs to the individuals. The money is distributed to cover various real estate taxes.

Disaster Services

Provides emergency management coordination for the County, bringing together volunteers and contractors from the private sector with emergency responders and other government officials. The County is serving as fiscal agent for this program.

(Continued)

PREBLE COUNTY, OHIO
AGENCY FUND DESCRIPTIONS
(Continued)

Emergency Planning Committee - Right to Know

To account for revenue received through SARA Title III legislation regarding the public's right to know about local chemicals. It also provides hazardous materials training and equipment for emergency responders. The County is serving as fiscal agent for this organization.

Family and Children's First Council

To account for the activities for the family and children's first council.

Housing Trust

To account for additional service fees charged by the County Recorder payable to the State of Ohio.

Law Library

To account for a percent of all fines collected by the County distributed to the Law Library, as outlined by State statute. Annually, any unused monies are refunded to the various participating governments.

Undivided General Tax

To account for monies apportioned to local governments in the County (including Preble County itself). The following funds are included in this fund:

- Homestead and Rollback
- Undivided General Personal Tax
- Undivided General Personal Property Tax (Delinquent)
- Trailer Tax
- Cigarette Tax
- Estate Tax
- Out of County Estate Tax
- Auto Vehicle License Tax
- Treasurer of State
- Township Gas Tax
- Fines
- Out of County Ditches

Fines

To account for receipts from Municipal Court fines and costs that are distributed to other funds, i.e., Law Library, General Fund, Dog and Kennel and Motor Vehicle and Gas Tax. The Railroad Crossing Fund is included in this fund.

(Continued)

PREBLE COUNTY, OHIO
AGENCY FUND DESCRIPTIONS
(Continued)

Local Government

To account for the collection of shared revenues within the State of Ohio that represent a portion of State income taxes, State sales taxes, and corporate franchise taxes. These monies are returned to the County and subsequently apportioned to various local governments on a monthly basis. These monies are allocated by the budget commission according to the alternate method.

Council on Aging

To account for receipts and distribution of tax revenue.

Sheriff Agency

To account for the activities of the inmate work release account and foreclosure account.

Alimony and Child Support

To account for the collection and distribution of alimony and child support payments.

County Court Agency

To account for Clerk of Courts fees, Probate Court fees, Juvenile Court fees, and County Municipal Court fees to be distributed to other governments.

Health and Life Insurance

To account for employee deductions and employer contributions accumulated from all funds for health and life insurance.

Undivided General Real Estate Escrow

To account for the receipt of the advance payment of real estate taxes from taxpayers that must be held in escrow by the County Treasurer.

PREBLE COUNTY, OHIO
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006

| | Beginning Balance 1/1/2006 | Additions | Reductions | Ending Balance 12/31/2006 |
|--------------------------------------------|----------------------------------|--------------------|--------------------|---------------------------------|
| HEALTH | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$426,956 | \$1,694,373 | \$1,706,576 | \$414,753 |
| Receivables: | | | | |
| Property Taxes | 298,813 | 297,002 | 298,813 | 297,002 |
| Special Assessments | 996 | 1,057 | 996 | 1,057 |
| Due From Other Governments | 15,184 | 13,149 | 15,184 | 13,149 |
| Total Assets | <u>\$741,949</u> | <u>\$2,005,581</u> | <u>\$2,021,569</u> | <u>\$725,961</u> |
| Liabilities: | | | | |
| Accrued Salaries Payable | \$31,388 | \$31,014 | \$31,388 | \$31,014 |
| Due to Other Governments | 16,303 | 43,769 | 16,303 | 43,769 |
| Deposits Held and Due to Others | 694,258 | 370,887 | 413,967 | 651,178 |
| Total Liabilities | <u>\$741,949</u> | <u>\$445,670</u> | <u>\$461,658</u> | <u>\$725,961</u> |
| PAYROLL DISTRIBUTION | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$64,732</u> | <u>\$7,499</u> | <u>\$0</u> | <u>\$72,231</u> |
| Liabilities: | | | | |
| Undistributed Money | <u>\$64,732</u> | <u>\$7,499</u> | <u>\$0</u> | <u>\$72,231</u> |
| SOIL AND WATER CONSERVATION | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$12,716</u> | <u>\$291,370</u> | <u>\$278,346</u> | <u>\$25,740</u> |
| Liabilities: | | | | |
| Accrued Salaries Payable | \$6,610 | \$11,761 | \$6,610 | \$11,761 |
| Due to Other Governments | 9,352 | 10,253 | 9,352 | 10,253 |
| Undistributed Money | (3,246) | 28,986 | 22,014 | 3,726 |
| Total Liabilities | <u>\$12,716</u> | <u>\$51,000</u> | <u>\$37,976</u> | <u>\$25,740</u> |
| FORFEITED LAND SALES | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$29,042</u> | <u>\$0</u> | <u>\$0</u> | <u>\$29,042</u> |
| Liabilities: | | | | |
| Deposits Held and Due to Others | <u>\$29,042</u> | <u>\$0</u> | <u>\$0</u> | <u>\$29,042</u> |

(Continued)

PREBLE COUNTY, OHIO
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006
 (Continued)

| | Beginning Balance 1/1/2006 | Additions | Reductions | Ending Balance 12/31/2006 |
|---------------------------------------------------|----------------------------------|-----------|------------|---------------------------------|
| DISASTER SERVICES | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$92,794 | \$336,775 | \$392,143 | \$37,426 |
| Liabilities: | | | | |
| Accounts Payable | \$185 | \$0 | \$185 | \$0 |
| Contracts Payable | 71 | 0 | 71 | 0 |
| Accrued Salaries Payable | 1,920 | 1,990 | 1,920 | 1,990 |
| Due to Other Governments | 22,777 | 2,853 | 22,777 | 2,853 |
| Undistributed Money | 67,841 | 24,953 | 60,211 | 32,583 |
| Total Liabilities | \$92,794 | \$29,796 | \$85,164 | \$37,426 |
| EMERGENCY PLANNING COMMITTEE-RIGHT TO KNOW | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$58,194 | \$15,930 | \$13,002 | \$61,122 |
| Liabilities: | | | | |
| Undistributed Money | \$58,194 | \$15,930 | \$13,002 | \$61,122 |
| FAMILY AND CHILDREN'S FIRST COUNCIL | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$52,723 | \$254,024 | \$249,588 | \$57,159 |
| Liabilities: | | | | |
| Accrued Salaries Payable | \$1,581 | \$1,581 | \$1,581 | \$1,581 |
| Due to Other Governments | 2,394 | 2,252 | 2,394 | 2,252 |
| Deposits Held and Due to Others | 48,748 | 8,411 | 3,833 | 53,326 |
| Total Liabilities | \$52,723 | \$12,244 | \$7,808 | \$57,159 |
| HOUSING TRUST | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$63,709 | \$222,501 | \$233,514 | \$52,696 |
| Liabilities: | | | | |
| Deposits Held and Due to Others | \$63,709 | \$644 | \$11,657 | \$52,696 |
| LAW LIBRARY | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents in Segregated Accounts | \$0 | \$51,381 | \$51,381 | \$0 |
| Liabilities: | | | | |
| Accounts Payable | \$4,046 | \$0 | \$4,046 | \$0 |
| Deposits Held and Due to Others | (4,046) | 4,046 | 0 | 0 |
| Total Liabilities | \$0 | \$4,046 | \$4,046 | \$0 |

(Continued)

PREBLE COUNTY, OHIO
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006
 (Continued)

| | Beginning Balance 1/1/2006 | Additions | Reductions | Ending Balance 12/31/2006 |
|--------------------------------------------|----------------------------------|----------------------|----------------------|---------------------------------|
| UNDIVIDED GENERAL TAX | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,020,362 | \$68,046,704 | \$67,629,115 | \$1,437,951 |
| Receivables: | | | | |
| Property Taxes | 42,474,985 | 41,856,010 | 42,474,985 | 41,856,010 |
| Accounts | 12,637 | 17,808 | 12,637 | 17,808 |
| Special Assessments | 844,780 | 909,380 | 844,780 | 909,380 |
| Due from Other Governments | 1,725,763 | 1,616,962 | 1,725,763 | 1,616,962 |
| Total Assets | <u>\$46,078,527</u> | <u>\$112,446,864</u> | <u>\$112,687,280</u> | <u>\$45,838,111</u> |
| Liabilities: | | | | |
| Accrued Salaries Payable | \$79 | \$78 | \$79 | \$78 |
| Due to Other Governments | 45,058,276 | 44,400,272 | 45,058,276 | 44,400,272 |
| Undistributed Money | 1,020,172 | 588,552 | 170,963 | 1,437,761 |
| Total Liabilities | <u>\$46,078,527</u> | <u>\$44,988,902</u> | <u>\$45,229,318</u> | <u>\$45,838,111</u> |
| FINES | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,115 | \$154,896 | \$154,896 | \$1,115 |
| Receivables: | | | | |
| Accounts | 13,854 | 10,762 | 13,854 | 10,762 |
| Total Assets | <u>\$14,969</u> | <u>\$165,658</u> | <u>\$168,750</u> | <u>\$11,877</u> |
| Liabilities: | | | | |
| Undistributed Money | \$1,115 | \$0 | \$0 | \$1,115 |
| Deposits Held and Due to Others | 13,854 | 10,762 | 13,854 | 10,762 |
| Total Liabilities | <u>\$14,969</u> | <u>\$10,762</u> | <u>\$13,854</u> | <u>\$11,877</u> |
| LOCAL GOVERNMENT | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$0 | \$1,772,442 | \$1,772,442 | \$0 |
| Due From Other Governments | 503,067 | 512,090 | 503,067 | 512,090 |
| Total Assets | <u>\$503,067</u> | <u>\$2,284,532</u> | <u>\$2,275,509</u> | <u>\$512,090</u> |
| Liabilities: | | | | |
| Due to Other Governments | <u>\$503,067</u> | <u>\$512,090</u> | <u>\$503,067</u> | <u>\$512,090</u> |
| COUNCIL ON AGING | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$23,011 | \$717,970 | \$723,406 | \$17,575 |
| Due from Other Governments | 34,980 | 31,014 | 34,980 | 31,014 |
| Total Assets | <u>\$57,991</u> | <u>\$748,984</u> | <u>\$758,386</u> | <u>\$48,589</u> |
| Liabilities: | | | | |
| Undistributed Money | \$34,980 | \$31,014 | \$34,980 | \$31,014 |
| Deposits Held and Due to Others | 23,011 | 17,575 | 23,011 | 17,575 |
| Total Liabilities | <u>\$57,991</u> | <u>\$48,589</u> | <u>\$57,991</u> | <u>\$48,589</u> |

(Continued)

PREBLE COUNTY, OHIO
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006
 (Continued)

| | Beginning Balance 1/1/2006 | Additions | Reductions | Ending Balance 12/31/2006 |
|--------------------------------------------------|----------------------------------|-------------|-------------|---------------------------------|
| SHERIFF AGENCY | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents in Segregated Accounts | \$99,542 | \$3,447,670 | \$3,454,769 | \$92,443 |
| Liabilities: | | | | |
| Deposits Held and Due to Others | \$99,542 | \$3,447,670 | \$3,454,769 | \$92,443 |
| ALIMONY AND CHILD SUPPORT | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents in Segregated Accounts | \$1,594 | \$372,210 | \$372,231 | \$1,573 |
| Liabilities: | | | | |
| Deposits Held and Due to Others | \$1,594 | \$372,210 | \$372,231 | \$1,573 |
| COUNTY COURT AGENCY | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents in Segregated Accounts | \$676,853 | \$5,932,542 | \$5,952,767 | \$656,628 |
| Receivables: | | | | |
| Accounts | 85,626 | 0 | 85,626 | 0 |
| Total Assets | \$762,479 | \$5,932,542 | \$6,038,393 | \$656,628 |
| Liabilities: | | | | |
| Deposits Held and Due to Others | \$762,479 | \$5,932,542 | \$6,038,393 | \$656,628 |
| HEALTH AND LIFE INSURANCE | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$54,426 | \$2,181,912 | \$2,164,847 | \$71,491 |
| Liabilities: | | | | |
| Undistributed Money | \$54,426 | \$2,181,912 | \$2,164,847 | \$71,491 |
| UNDIVIDED GENERAL REAL ESTATE ESCROW | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$31,540 | \$13,263 | \$5,376 | \$39,427 |
| Liabilities: | | | | |
| Undistributed Money | \$31,540 | \$13,263 | \$5,376 | \$39,427 |

(Continued)

PREBLE COUNTY, OHIO
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006
 (Continued)

| | Beginning Balance 1/1/2006 | Additions | Reductions | Ending Balance 12/31/2006 |
|--------------------------------------------------|----------------------------------|----------------------|----------------------|---------------------------------|
| TOTAL AGENCY FUNDS | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,931,320 | \$75,709,659 | \$75,323,251 | \$2,317,728 |
| Cash and Cash Equivalents in Segregated Accounts | 777,989 | 9,803,803 | 9,831,148 | 750,644 |
| Receivables: | | | | |
| Property Taxes | 42,773,798 | 42,153,012 | 42,773,798 | 42,153,012 |
| Accounts | 112,117 | 28,570 | 112,117 | 28,570 |
| Special Assessments | 845,776 | 910,437 | 845,776 | 910,437 |
| Due From Other Governments | 2,278,994 | 2,173,215 | 2,278,994 | 2,173,215 |
| Total Assets | <u>\$48,719,994</u> | <u>\$130,778,696</u> | <u>\$131,165,084</u> | <u>\$48,333,606</u> |
| Liabilities: | | | | |
| Accounts Payable | \$4,231 | \$0 | \$4,231 | \$0 |
| Contracts Payable | 71 | 0 | 71 | 0 |
| Accrued Salaries Payable | 41,578 | 46,424 | 41,578 | 46,424 |
| Due to Other Governments | 45,612,169 | 44,971,489 | 45,612,169 | 44,971,489 |
| Undistributed Money | 1,329,754 | 2,892,109 | 2,471,393 | 1,750,470 |
| Deposits Held and Due to Others | 1,732,191 | 10,164,747 | 10,331,715 | 1,565,223 |
| Total Liabilities | <u>\$48,719,994</u> | <u>\$58,074,769</u> | <u>\$58,461,157</u> | <u>\$48,333,606</u> |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Budget | Actual | Variance Positive (Negative) |
|-----------------------------------|------------------|-------------------|------------------------------------|
| Revenues: | | | |
| Property Taxes | \$1,818,010 | \$1,945,454 | \$127,444 |
| Permissive Sales Tax | 4,365,000 | 4,439,688 | 74,688 |
| Charges for Services | 1,710,780 | 1,605,630 | (105,150) |
| Licenses and Permits | 3,550 | 3,194 | (356) |
| Fines and Forfeitures | 71,656 | 66,212 | (5,444) |
| Intergovernmental | 1,094,000 | 1,180,675 | 86,675 |
| Interest | 350,000 | 645,796 | 295,796 |
| Other | 417,962 | 349,297 | (68,665) |
| Total Revenues | 9,830,958 | 10,235,946 | 404,988 |
| Expenditures: | | | |
| Current: | | | |
| General Government | | | |
| Legislative and Executive | | | |
| County Commissioners | | | |
| Personal Services | 372,611 | 360,213 | 12,398 |
| Materials and Supplies | 5,699 | 5,684 | 15 |
| Charges and Services | 144,764 | 141,033 | 3,731 |
| Capital Purchases | 28,873 | 6,333 | 22,540 |
| Other | 50,103 | 45,112 | 4,991 |
| Total County Commissioners | 602,050 | 558,375 | 43,675 |
| Microfilm | | | |
| Personal Services | 83,698 | 83,265 | 433 |
| Materials and Supplies | 2,851 | 2,665 | 186 |
| Charges and Services | 2,200 | 2,100 | 100 |
| Other | 3,477 | 2,790 | 687 |
| Total Microfilm | 92,226 | 90,820 | 1,406 |
| County Auditor | | | |
| Personal Services | 185,934 | 185,764 | 170 |
| Materials and Supplies | 2,418 | 2,056 | 362 |
| Charges and Services | 3,151 | 2,582 | 569 |
| Other | 1,625 | 1,625 | 0 |
| Total County Auditor | 193,128 | 192,027 | 1,101 |
| County Treasurer | | | |
| Personal Services | 67,236 | 66,930 | 306 |
| Materials and Supplies | 7,058 | 6,622 | 436 |
| Charges and Services | 13,878 | 13,527 | 351 |
| Total County Treasurer | \$88,172 | \$87,079 | \$1,093 |

(Continued)

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

| | Budget | Actual | Variance Positive (Negative) |
|-----------------------------------|-----------------|-----------------|------------------------------------|
| Prosecutor | | | |
| Personal Services | \$491,235 | \$488,097 | \$3,138 |
| Materials and Supplies | 23,616 | 21,989 | 1,627 |
| Charges and Services | 28,624 | 21,552 | 7,072 |
| Other | 32,253 | 30,305 | 1,948 |
| Total Prosecutor | 575,728 | 561,943 | 13,785 |
| Bureau of Inspection | | | |
| Charges and Services | 129,820 | 105,190 | 24,630 |
| Data Processing | | | |
| Personal Services | 16,661 | 16,614 | 47 |
| Materials and Supplies | 7,159 | 5,154 | 2,005 |
| Charges and Services | 21,815 | 18,347 | 3,468 |
| Other | 4,329 | 2,005 | 2,324 |
| Total Data Processing | 49,964 | 42,120 | 7,844 |
| Board of Elections | | | |
| Personal Services | 98,230 | 97,787 | 443 |
| Materials and Supplies | 49,313 | 49,313 | 0 |
| Charges and Services | 69,262 | 69,262 | 0 |
| Capital Purchases | 2,240 | 2,240 | 0 |
| Other | 610 | 610 | 0 |
| Total Board of Elections | 219,655 | 219,212 | 443 |
| Building Maintenance | | | |
| Personal Services | 195,549 | 194,630 | 919 |
| Materials and Supplies | 20,856 | 20,608 | 248 |
| Charges and Services | 184,953 | 179,490 | 5,463 |
| Other | 200 | 0 | 200 |
| Total Building Maintenance | 401,558 | 394,728 | 6,830 |
| Recorder | | | |
| Personal Services | 121,518 | 120,463 | 1,055 |
| Materials and Supplies | 4,881 | 3,506 | 1,375 |
| Charges and Services | 2,589 | 1,956 | 633 |
| Total Recorder | 128,988 | 125,925 | 3,063 |
| Rural Zoning | | | |
| Personal Services | 14,150 | 13,200 | 950 |
| Materials and Supplies | 3,675 | 2,872 | 803 |
| Charges and Services | 4,843 | 3,586 | 1,257 |
| Capital Purchases | 1,544 | 1,544 | 0 |
| Other | 800 | 454 | 346 |
| Total Rural Zoning | \$25,012 | \$21,656 | \$3,356 |

(Continued)

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

| | Budget | Actual | Variance Positive (Negative) |
|-----------------------------------------------------------|---------------|---------------|------------------------------------|
| Insurance | | | |
| Charges and Services | \$657,731 | \$629,100 | \$28,631 |
| Total General Government Legislative and Executive | 3,164,032 | 3,028,175 | 135,857 |
| General Government Judicial | | | |
| Appeals Court | | | |
| Other | 36,757 | 35,766 | 991 |
| Common Pleas Court | | | |
| Personal Services | 131,502 | 131,087 | 415 |
| Materials and Supplies | 3,472 | 3,216 | 256 |
| Charges and Services | 199,961 | 189,434 | 10,527 |
| Capital Purchases | 3,632 | 3,632 | 0 |
| Other | 1,700 | 294 | 1,406 |
| Total Common Pleas Court | 340,267 | 327,663 | 12,604 |
| Jury Commission | | | |
| Personal Services | 600 | 600 | 0 |
| Materials and Supplies | 1,400 | 1,237 | 163 |
| Total Jury Commission | 2,000 | 1,837 | 163 |
| Adult Probation | | | |
| Materials and Supplies | 1,000 | 897 | 103 |
| Other | 28 | 0 | 28 |
| Total Adult Probation | 1,028 | 897 | 131 |
| Common Pleas Referee | | | |
| Personal Services | 68,651 | 68,598 | 53 |
| Juvenile Court | | | |
| Personal Services | 370,510 | 368,389 | 2,121 |
| Materials and Supplies | 17,853 | 17,272 | 581 |
| Charges and Services | 204,484 | 183,700 | 20,784 |
| Capital Purchases | 4,825 | 4,825 | 0 |
| Other | 21,458 | 19,421 | 2,037 |
| Total Juvenile Court | 619,130 | 593,607 | 25,523 |
| Probate Court | | | |
| Personal Services | 102,664 | 101,988 | 676 |
| Materials and Supplies | 11,389 | 11,365 | 24 |
| Charges and Services | 1,556 | 1,356 | 200 |
| Other | 2,475 | 2,445 | 30 |
| Total Probate Court | \$118,084 | \$117,154 | \$930 |

(Continued)

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

| | Budget | Actual | Variance Positive (Negative) |
|---------------------------------|--------------------|--------------------|------------------------------------|
| Clerk of Courts | | | |
| Personal Services | \$173,717 | \$169,166 | \$4,551 |
| Materials and Supplies | 7,900 | 7,164 | 736 |
| Charges and Services | 37,600 | 37,549 | 51 |
| Other | 500 | 314 | 186 |
| Total Clerk of Courts | 219,717 | 214,193 | 5,524 |
| Municipal Court | | | |
| Personal Services | 123,014 | 121,301 | 1,713 |
| Charges and Services | 95,333 | 94,499 | 834 |
| Other | 14,232 | 14,232 | 0 |
| Total Municipal Court | 232,579 | 230,032 | 2,547 |
| Law Library | | | |
| Personal Services | 10,490 | 5,427 | 5,063 |
| Miscellaneous | | | |
| Personal Services | 55,597 | 55,597 | 0 |
| Charges and Services | 14,033 | 13,730 | 303 |
| Other | 134,932 | 134,126 | 806 |
| Total Miscellaneous | 204,562 | 203,453 | 1,109 |
| Total General Government | | | |
| Judicial | 1,853,265 | 1,798,627 | 54,638 |
| Public Safety | | | |
| Coroner | | | |
| Personal Services | 53,955 | 53,352 | 603 |
| Materials and Supplies | 2,000 | 1,783 | 217 |
| Charges and Services | 62,050 | 60,715 | 1,335 |
| Other | 5,074 | 4,802 | 272 |
| Total Coroner | 123,079 | 120,652 | 2,427 |
| Sheriff Dispatch | | | |
| Personal Services | 351,634 | 350,704 | 930 |
| Materials and Supplies | 1,937 | 1,426 | 511 |
| Charges and Services | 1,584 | 1,584 | 0 |
| Total Sheriff Dispatch | 355,155 | 353,714 | 1,441 |
| Sheriff | | | |
| Personal Services | 2,616,860 | 2,613,646 | 3,214 |
| Materials and Supplies | 114,542 | 113,089 | 1,453 |
| Charges and Services | 682,908 | 670,358 | 12,550 |
| Capital Purchases | 187,815 | 184,408 | 3,407 |
| Other | 5,348 | 5,298 | 50 |
| Total Sheriff | \$3,607,473 | \$3,586,799 | \$20,674 |

(Continued)

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

| | Budget | Actual | Variance Positive (Negative) |
|----------------------------|------------------|------------------|------------------------------------|
| Building Regulations | | | |
| Personal Services | \$172,611 | \$172,242 | \$369 |
| Materials and Supplies | 3,480 | 3,367 | 113 |
| Charges and Services | 2,500 | 2,268 | 232 |
| Capital Purchases | 300 | 300 | 0 |
| Other | 1,525 | 1,475 | 50 |
| Total Building Regulations | <u>180,416</u> | <u>179,652</u> | <u>764</u> |
| Sheriff's Rotary Fund | | | |
| Personal Services | 6,520 | 3,885 | 2,635 |
| Total Public Safety | <u>4,272,643</u> | <u>4,244,702</u> | <u>27,941</u> |
| Public Works | | | |
| Highways | | | |
| Charges and Services | 49,680 | 49,680 | 0 |
| Health | | | |
| Tuberculosis | | | |
| Other | 1,000 | 1,000 | 0 |
| Vital Statistics | | | |
| Charges and Services | 85,138 | 69,715 | 15,423 |
| Total Health | <u>86,138</u> | <u>70,715</u> | <u>15,423</u> |
| Human Services | | | |
| Soldier's Relief | | | |
| Personal Services | 26,585 | 25,537 | 1,048 |
| Materials and Supplies | 1,200 | 1,127 | 73 |
| Charges and Services | 128,172 | 123,909 | 4,263 |
| Other | 1,704 | 1,479 | 225 |
| Total Soldier's Relief | <u>157,661</u> | <u>152,052</u> | <u>5,609</u> |
| Veteran's Services | | | |
| Personal Services | 95,839 | 93,467 | 2,372 |
| Charges and Services | 40,700 | 39,526 | 1,174 |
| Other | 3,697 | 3,176 | 521 |
| Total Veteran's Services | <u>\$140,236</u> | <u>\$136,169</u> | <u>\$4,067</u> |

(Continued)

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

| | Budget | Actual | Variance Positive (Negative) |
|----------------------------------------------------------|------------|-------------|------------------------------------|
| County Recreation Charges and Services | \$594 | \$594 | \$0 |
| Total Human Services | 298,491 | 288,815 | 9,676 |
| Intergovernmental Agriculture Charges and Services | 276,662 | 276,662 | 0 |
| Total Expenditures | 10,000,911 | 9,757,376 | 243,535 |
| Excess of Revenues Over (Under) Expenditures | (169,953) | 478,570 | 648,523 |
| Other Financing Sources (Uses): | | | |
| Advances - In | 0 | 118,130 | 118,130 |
| Transfers - In | 113,750 | 0 | (113,750) |
| Transfers - Out | (411,305) | (410,378) | 927 |
| Total Other Financing Sources (Uses) | (297,555) | (292,248) | 5,307 |
| Net Change in Fund Balance | (467,508) | 186,322 | 653,830 |
| Fund Balance at Beginning of Year | 653,264 | 653,264 | 0 |
| Prior Year Encumbrances Appropriated | 411,607 | 411,607 | 0 |
| Fund Balance at End of Year | \$597,363 | \$1,251,193 | \$653,830 |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
MOTOR VEHICLE AND GAS TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|----------------------------------------------|---------------------|-------------------------|------------------------------------|
| Revenues: | | | |
| Charges for Services | \$175,000 | \$285,900 | \$110,900 |
| Fines and Forfeitures | 40,000 | 38,952 | (1,048) |
| Intergovernmental | 4,150,000 | 3,952,321 | (197,679) |
| Interest | 42,000 | 33,855 | (8,145) |
| Other | 5,000 | 3,131 | (1,869) |
| Total Revenues | <u>4,412,000</u> | <u>4,314,159</u> | <u>(97,841)</u> |
| Expenditures: | | | |
| Current: | | | |
| Public Works | | | |
| Engineer | | | |
| Personal Services | 1,830,376 | 1,792,086 | 38,290 |
| Materials and Supplies | 808,642 | 743,340 | 65,302 |
| Charges and Services | 1,751,523 | 1,570,589 | 180,934 |
| Capital Purchases | 511,129 | 507,157 | 3,972 |
| Other | 12,305 | 11,685 | 620 |
| Total Public Works | <u>4,913,975</u> | <u>4,624,857</u> | <u>289,118</u> |
| Debt Service: | | | |
| Principal Retirement | 800,000 | 800,000 | 0 |
| Interest and Fiscal Charges | 24,971 | 24,971 | 0 |
| Total Debt Service | <u>824,971</u> | <u>824,971</u> | <u>0</u> |
| Total Expenditures | <u>5,738,946</u> | <u>5,449,828</u> | <u>289,118</u> |
| Excess of Revenues Over (Under) Expenditures | (1,326,946) | (1,135,669) | 191,277 |
| Other Financing Sources: | | | |
| Notes Issued | <u>1,000,000</u> | <u>1,000,000</u> | <u>0</u> |
| Net Change in Fund Balance | (326,946) | (135,669) | 191,277 |
| Fund Balance at Beginning of Year | 63,703 | 63,703 | 0 |
| Prior Year Encumbrances Appropriated | <u>263,917</u> | <u>263,917</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$674</u></u> | <u><u>\$191,951</u></u> | <u><u>\$191,277</u></u> |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
HUMAN SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|----------------------------------------------|--------------------------|-------------------------|------------------------------------|
| Revenues: | | | |
| Charges for Services | \$418,000 | \$183,695 | (\$234,305) |
| Intergovernmental | <u>3,088,775</u> | <u>3,301,505</u> | <u>212,730</u> |
| Total Revenues | <u>3,506,775</u> | <u>3,485,200</u> | <u>(21,575)</u> |
| Expenditures: | | | |
| Current: | | | |
| Human Services | | | |
| Public Assistance | | | |
| Personal Services | 1,999,948 | 1,920,892 | 79,056 |
| Materials and Supplies | 71,252 | 67,630 | 3,622 |
| Charges and Services | 2,195,139 | 1,975,300 | 219,839 |
| Capital Purchases | 127,214 | 126,975 | 239 |
| Other | <u>196,927</u> | <u>196,927</u> | <u>0</u> |
| Total Expenditures | <u>4,590,480</u> | <u>4,287,724</u> | <u>302,756</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(1,083,705)</u> | <u>(802,524)</u> | <u>281,181</u> |
| Other Financing Sources (Uses): | | | |
| Notes Issued | 225,000 | 225,000 | 0 |
| Transfers - In | 719,893 | 568,812 | (151,081) |
| Transfers - Out | <u>(22,588)</u> | <u>0</u> | <u>22,588</u> |
| Total Other Financing Sources (Uses) | <u>922,305</u> | <u>793,812</u> | <u>(128,493)</u> |
| Net Changes in Fund Balance | (161,400) | (8,712) | 152,688 |
| Fund Balance at Beginning of Year | 2,208 | 2,208 | 0 |
| Prior Year Encumbrances Appropriated | <u>147,034</u> | <u>147,034</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>(\$12,158)</u></u> | <u><u>\$140,530</u></u> | <u><u>\$152,688</u></u> |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
COMMUNITY MENTAL HEALTH FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|----------------------------------------|-------------------------|-------------------------|------------------------------------|
| Revenues: | | | |
| Property Taxes | \$268,560 | \$263,484 | (\$5,076) |
| Charges for Services | 9,944 | 13,907 | 3,963 |
| Intergovernmental | 2,709,042 | 2,406,279 | (302,763) |
| Gifts and Donations | 0 | 1,000 | 1,000 |
| Other | 0 | 89,082 | 89,082 |
| Total Revenues | <u>2,987,546</u> | <u>2,773,752</u> | <u>(213,794)</u> |
| Expenditures: | | | |
| Current: | | | |
| Health | | | |
| 648 Board | | | |
| Personal Services | 227,666 | 223,756 | 3,910 |
| Materials and Supplies | 8,995 | 7,662 | 1,333 |
| Charges and Services | 2,981,509 | 2,415,511 | 565,998 |
| Capital Purchases | 1,689 | 1,689 | 0 |
| Other | 15,841 | 15,205 | 636 |
| Total Health | <u>3,235,700</u> | <u>2,663,823</u> | <u>571,877</u> |
| Human Services | | | |
| Treatment Alternatives to Street Crime | | | |
| Personal Services | 191,829 | 189,886 | 1,943 |
| Materials and Supplies | 2,100 | 2,094 | 6 |
| Charges and Services | 51,102 | 42,588 | 8,514 |
| Other | 19,375 | 18,182 | 1,193 |
| Total Human Services | <u>264,406</u> | <u>252,750</u> | <u>11,656</u> |
| Total Expenditures | <u>3,500,106</u> | <u>2,916,573</u> | <u>583,533</u> |
| Net Change in Fund Balance | (512,560) | (142,821) | 369,739 |
| Fund Balance at Beginning of Year | 401,779 | 401,779 | 0 |
| Prior Year Encumbrances Appropriated | 314,343 | 314,343 | 0 |
| Fund Balance at End of Year | <u><u>\$203,562</u></u> | <u><u>\$573,301</u></u> | <u><u>\$369,739</u></u> |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
MENTAL RETARDATION LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|----------------------------------------------|---------------------------|---------------------------|------------------------------------|
| Revenues: | | | |
| Property Taxes | \$1,067,840 | \$1,040,380 | (\$27,460) |
| Charges for Services | 10,000 | 11,821 | 1,821 |
| Intergovernmental | 988,892 | 1,248,642 | 259,750 |
| Other | <u>141,500</u> | <u>3,685</u> | <u>(137,815)</u> |
| Total Revenues | <u>2,208,232</u> | <u>2,304,528</u> | <u>96,296</u> |
| Expenditures: | | | |
| Current: | | | |
| Human Services | | | |
| Mental Retardation Levy | | | |
| Personal Services | 1,713,754 | 1,690,715 | 23,039 |
| Materials and Supplies | 14,153 | 11,767 | 2,386 |
| Charges and Services | 408,101 | 402,096 | 6,005 |
| Capital Purchases | <u>243,835</u> | <u>152,192</u> | <u>91,643</u> |
| Total Human Services | <u>2,379,843</u> | <u>2,256,770</u> | <u>123,073</u> |
| Debt Service | | | |
| Principal Retirement | 224,700 | 204,500 | 20,200 |
| Interest and Fiscal Charges | <u>3,654</u> | <u>3,654</u> | <u>0</u> |
| Total Debt Service | <u>228,354</u> | <u>208,154</u> | <u>20,200</u> |
| Total Expenditures | <u>2,608,197</u> | <u>2,464,924</u> | <u>143,273</u> |
| Excess of Revenues Over (Under) Expenditures | (399,965) | (160,396) | 239,569 |
| Other Financing Sources: | | | |
| Notes Issued | <u>210,000</u> | <u>0</u> | <u>(210,000)</u> |
| Net Change in Fund Balance | (189,965) | (160,396) | 29,569 |
| Fund Balance at Beginning of Year | 1,667,292 | 1,667,292 | 0 |
| Prior Year Encumbrances Appropriated | <u>29,044</u> | <u>29,044</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$1,506,371</u></u> | <u><u>\$1,535,940</u></u> | <u><u>\$29,569</u></u> |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
(BUDGET BASIS)
SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--------------------------------------|-----------------|-----------------|---------------------------------------------|
| Revenues: | | | |
| Charges for Services | \$272,541 | \$105,012 | (\$167,529) |
| Grants | 5,000 | 12,565 | 7,565 |
| OWDA Loans Issued | 0 | 150 | 150 |
| | <u>277,541</u> | <u>117,727</u> | <u>(159,814)</u> |
| Total Revenues | | | |
| Expenses: | | | |
| Personal Services | 4,919 | 3,650 | 1,269 |
| Materials and Supplies | 5,705 | 4,535 | 1,170 |
| Charges and Services | 223,627 | 60,416 | 163,211 |
| Capital Purchases | 125,092 | 112,037 | 13,055 |
| Miscellaneous | 2,643 | 2,114 | 529 |
| Debt Service: | | | |
| Principal Retirement | 52,370 | 52,370 | 0 |
| | <u>414,356</u> | <u>235,122</u> | <u>179,234</u> |
| Total Expenses | | | |
| Net Change in Fund Equity | (136,815) | (117,395) | 19,420 |
| Fund Equity at Beginning of Year | 83,445 | 83,445 | 0 |
| Prior Year Encumbrances Appropriated | 105,481 | 105,481 | 0 |
| | <u>\$52,111</u> | <u>\$71,531</u> | <u>\$19,420</u> |
| Fund Equity at End of Year | | | |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
(BUDGET BASIS)
LANDFILL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Budget | Actual | Variance Positive (Negative) |
|------------------------------------------|--------------------|--------------------|------------------------------------|
| Revenues: | | | |
| Charges for Services | \$3,114,300 | \$3,266,521 | \$152,221 |
| Grants | 0 | 9,000 | 9,000 |
| Interest | 850 | 28,341 | 27,491 |
| Notes Issued | 68,000 | 57,350 | (10,650) |
| Total Revenues | <u>3,183,150</u> | <u>3,361,212</u> | <u>178,062</u> |
| Expenses: | | | |
| Personal Services | 507,885 | 462,235 | 45,650 |
| Materials and Supplies | 230,200 | 159,130 | 71,070 |
| Charges and Services | 2,363,049 | 2,155,233 | 207,816 |
| Capital Purchases | 207,500 | 196,320 | 11,180 |
| Debt Service: | | | |
| Principal Retirement | 341,432 | 389,700 | (48,268) |
| Interest and Fiscal Charges | 121,093 | 122,768 | (1,675) |
| Total Expenses | <u>3,771,159</u> | <u>3,485,386</u> | <u>285,773</u> |
| Excess of Revenues Over (Under) Expenses | (588,009) | (124,174) | 463,835 |
| Non-Operating Expenses: | | | |
| Advances - Out | 0 | (100,000) | (100,000) |
| Net Change in Fund Equity | (588,009) | (224,174) | 363,835 |
| Fund Equity at Beginning of Year | 1,760,277 | 1,760,277 | 0 |
| Prior Year Encumbrances Appropriated | 476,477 | 476,477 | 0 |
| Fund Equity at End of Year | <u>\$1,648,745</u> | <u>\$2,012,580</u> | <u>\$363,835</u> |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
CHILDREN SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Budget | Actual | Variance Positive (Negative) |
|----------------------------------------------|-----------------|------------------|------------------------------------|
| Revenues: | | | |
| Property Taxes | \$393,200 | \$363,693 | (\$29,507) |
| Charges for Services | 131,202 | 147,814 | 16,612 |
| Intergovernmental | 1,000,674 | 1,019,631 | 18,957 |
| Total Revenues | 1,525,076 | 1,531,138 | 6,062 |
| Expenditures: | | | |
| Current: | | | |
| Human Services | | | |
| Children Services Special Levy | | | |
| Charges and Services | 1,634,689 | 1,564,102 | 70,587 |
| Excess of Revenues Over (Under) Expenditures | (109,613) | (32,964) | 76,649 |
| Other Financing Sources (Uses): | | | |
| Transfers - In | 220,568 | 220,664 | 96 |
| Transfers - Out | (286,676) | (286,676) | 0 |
| Total Other Financing Sources (Uses) | (66,108) | (66,012) | 96 |
| Net Change in Fund Balance | (175,721) | (98,976) | 76,745 |
| Fund Balance at Beginning of Year | 123,155 | 123,155 | 0 |
| Prior Year Encumbrances Appropriated | 111,011 | 111,011 | 0 |
| Fund Balance at End of Year | <u>\$58,445</u> | <u>\$135,190</u> | <u>\$76,745</u> |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
OTHER LEGISLATIVE AND EXECUTIVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--------------------------------------------------------|------------------|------------------|------------------------------------|
| Revenues: | | | |
| Property Taxes | \$61,000 | \$73,015 | \$12,015 |
| Charges for Services | 319,600 | 359,566 | 39,966 |
| Intergovernmental | 0 | 408,326 | 408,326 |
| Total Revenues | <u>380,600</u> | <u>840,907</u> | <u>460,307</u> |
| Expenditures: | | | |
| Current: | | | |
| General Government | | | |
| Legislative and Executive | | | |
| Real Estate Assessment | | | |
| Personal Services | 183,861 | 180,315 | 3,546 |
| Materials and Supplies | 8,221 | 5,682 | 2,539 |
| Charges and Services | 407,749 | 182,352 | 225,397 |
| Other | 27,045 | 26,177 | 868 |
| Total Real Estate Assessment | <u>626,876</u> | <u>394,526</u> | <u>232,350</u> |
| Ohio Election Commission | | | |
| Charges and Services | 600 | 260 | 340 |
| Geographical Information System | | | |
| Personal Services | 44,961 | 32,181 | 12,780 |
| HAVA | | | |
| Charges and Services | 12,682 | 12,682 | 0 |
| Capital Purchases | 0 | 408,326 | (408,326) |
| Total HAVA | <u>12,682</u> | <u>421,008</u> | <u>(408,326)</u> |
| Delinquent Real Estate and Tax Collection | | | |
| Personal Services | 33,773 | 33,207 | 566 |
| Charges and Services | 48,634 | 44,605 | 4,029 |
| Other | 7,615 | 7,606 | 9 |
| Total Delinquent Real Estate and Tax Collection | <u>90,022</u> | <u>85,418</u> | <u>4,604</u> |
| Total Expenditures | <u>775,141</u> | <u>933,393</u> | <u>(158,252)</u> |
| Net Change in Fund Balance | (394,541) | (92,486) | 302,055 |
| Fund Balance at Beginning of Year | 539,357 | 539,357 | 0 |
| Prior Year Encumbrances Appropriated | 85,259 | 85,259 | 0 |
| Fund Balance at End of Year | <u>\$230,075</u> | <u>\$532,130</u> | <u>\$302,055</u> |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
OTHER JUDICIAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|-------------------------------------------|------------------|------------------|------------------------------------|
| Revenues: | | | |
| Charges for Services | \$318,000 | \$269,446 | (\$48,554) |
| Intergovernmental | <u>700</u> | <u>1,050</u> | <u>350</u> |
| Total Revenues | <u>318,700</u> | <u>270,496</u> | <u>(48,204)</u> |
| Expenditures: | | | |
| Current: | | | |
| General Government | | | |
| Judicial | | | |
| Court Computerization | | | |
| Charges and Services | <u>139,491</u> | <u>79,044</u> | <u>60,447</u> |
| Court Computerization-Legal Research | | | |
| Other | <u>3,300</u> | <u>1,140</u> | <u>2,160</u> |
| Probate Court - Conduct of Business | | | |
| Capital Purchases | <u>600</u> | <u>250</u> | <u>350</u> |
| Certificate of Title Administration | | | |
| Personal Services | 171,102 | 164,492 | 6,610 |
| Materials and Supplies | 5,747 | 5,026 | 721 |
| Charges and Services | 24,113 | 23,412 | 701 |
| Capital Purchases | <u>7,626</u> | <u>7,140</u> | <u>486</u> |
| Total Certificate of Title Administration | <u>208,588</u> | <u>200,070</u> | <u>8,518</u> |
| CASA/GAL Program | | | |
| Personal Services | 574 | 375 | 199 |
| Other | <u>1,190</u> | <u>397</u> | <u>793</u> |
| Total CASA/GAL Program | <u>1,764</u> | <u>772</u> | <u>992</u> |
| Court Training | | | |
| Personal Services | <u>7,540</u> | <u>2,695</u> | <u>4,845</u> |
| Total Expenditures | <u>361,283</u> | <u>283,971</u> | <u>77,312</u> |
| Net Change in Fund Balance | (42,583) | (13,475) | 29,108 |
| Fund Balance at Beginning of Year | 155,300 | 155,300 | 0 |
| Prior Year Encumbrances Appropriated | <u>2,937</u> | <u>2,937</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$115,654</u> | <u>\$144,762</u> | <u>\$29,108</u> |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
OTHER PUBLIC WORKS FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|----------------------------------------------|------------------|-----------------|------------------------------------|
| Revenues: | | | |
| Charges for Services | \$20,000 | \$35,338 | \$15,338 |
| Special Assessments | 146,935 | 143,451 | (3,484) |
| | <u>166,935</u> | <u>178,789</u> | <u>11,854</u> |
| Total Revenues | | | |
| Expenditures: | | | |
| Current: | | | |
| Public Works | | | |
| Ditch Maintenance | | | |
| Personal Services | 167,900 | 144,939 | 22,961 |
| Materials and Supplies | 15,456 | 14,361 | 1,095 |
| Charges and Services | 13,430 | 12,153 | 1,277 |
| Capital Purchases | 5,143 | 4,024 | 1,119 |
| Other | 1,000 | 239 | 761 |
| | <u>202,929</u> | <u>175,716</u> | <u>27,213</u> |
| Total Ditch Maintenance | | | |
| Debt Service: | | | |
| Principal Retirement | 63,899 | 63,899 | 0 |
| Interest and Fiscal Charges | 1,890 | 1,890 | 0 |
| | <u>65,789</u> | <u>65,789</u> | <u>0</u> |
| Total Debt Service | | | |
| Total Expenditures | <u>268,718</u> | <u>241,505</u> | <u>27,213</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(101,783)</u> | <u>(62,716)</u> | <u>39,067</u> |
| Other Financing Sources: | | | |
| Notes Issued | 49,500 | 50,142 | 642 |
| Advances - In | 14,000 | 0 | (14,000) |
| | <u>63,500</u> | <u>50,142</u> | <u>(13,358)</u> |
| Total Other Financing Sources | | | |
| Net Change in Fund Balance | (38,283) | (12,574) | 25,709 |
| Fund Balance at Beginning of Year | 50,780 | 50,780 | 0 |
| Prior Year Encumbrances Appropriated | 277 | 277 | 0 |
| | <u>51,057</u> | <u>51,057</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$12,774</u> | <u>\$38,483</u> | <u>\$25,709</u> |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
OTHER PUBLIC SAFETY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Budget | Actual | Variance Positive (Negative) |
|-------------------------------------------------|------------------|------------------|------------------------------------|
| Revenues: | | | |
| Charges for Services | \$117,000 | \$119,306 | \$2,306 |
| Licenses and Permits | 38,000 | 7,613 | (30,387) |
| Fines and Forfeitures | 1,075 | 1,376 | 301 |
| Intergovernmental | 380,900 | 375,530 | (5,370) |
| Interest | 4,004 | 2,006 | (1,998) |
| Other | 56,750 | 56,750 | 0 |
| Total Revenues | 597,729 | 562,581 | (35,148) |
| Expenditures: | | | |
| Current: | | | |
| Public Safety | | | |
| 9-1-1 Emergency Services | | | |
| Personal Services | 4,000 | 3,687 | 313 |
| Charges and Services | 26,732 | 19,458 | 7,274 |
| Capital Purchases | 105,096 | 90,934 | 14,162 |
| Other | 1,000 | 927 | 73 |
| Total 9-1-1 Emergency Services | 136,828 | 115,006 | 21,822 |
| Felony Delinquent Care and Custody | | | |
| Personal Services | 17,814 | 17,006 | 808 |
| Charges and Services | 359,444 | 280,591 | 78,853 |
| Total Felony Delinquent Care and Custody | 377,258 | 297,597 | 79,661 |
| Jail Inmates Commissary | | | |
| Materials and Supplies | 8,000 | 7,938 | 62 |
| Charges and Services | 26,626 | 26,087 | 539 |
| Total Jail Inmates Commissary | 34,626 | 34,025 | 601 |
| Concealed Handgun | | | |
| Materials and Supplies | 10,000 | 780 | 9,220 |
| Charges and Services | 30,296 | 6,383 | 23,913 |
| Total Concealed Handgun | 40,296 | 7,163 | 33,133 |
| Enforcement and Education | | | |
| Charges and Services | 1,703 | 1,098 | 605 |
| Sheriff | | | |
| Capital Purchases | 20,000 | 20,000 | 0 |
| Byrne Memorial Grant | | | |
| Capital Purchases | 10,597 | 10,597 | 0 |
| Total Public Safety | 621,308 | 485,486 | 135,822 |
| Debt Service: | | | |
| Principal Retirement | 78,230 | 78,230 | 0 |
| Interest and Fiscal Charges | 2,284 | 2,284 | 0 |
| Total Debt Service | 80,514 | 80,514 | 0 |
| Total Expenditures | 701,822 | 566,000 | 135,822 |
| Excess of Revenues Over (Under) Expenditures | (104,093) | (3,419) | 100,674 |
| Other Financing Sources: | | | |
| Notes Issued | 38,230 | 38,230 | 0 |
| Net Changes in Fund Balance | (65,863) | 34,811 | 100,674 |
| Fund Balance at Beginning of Year | 574,980 | 574,980 | 0 |
| Prior Year Encumbrances Appropriated | 54,531 | 54,531 | 0 |
| Fund Balance at End of Year | \$563,648 | \$664,322 | \$100,674 |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
OTHER HEALTH FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|----------------------------------------------|-----------------|----------------|------------------------------------|
| Revenues: | | | |
| Charges for Services | \$2,586 | \$4,267 | \$1,681 |
| Licenses and Permits | 78,400 | 72,366 | (6,034) |
| Fines and Forfeitures | 12,000 | 11,756 | (244) |
| Other | 25,400 | 25,525 | 125 |
| | <u>118,386</u> | <u>113,914</u> | <u>(4,472)</u> |
| Total Revenues | | | |
| Expenditures: | | | |
| Current: | | | |
| Health | | | |
| Dog and Kennel | | | |
| Personal Services | 96,560 | 93,160 | 3,400 |
| Materials and Supplies | 2,000 | 1,967 | 33 |
| Charges and Services | 28,676 | 27,544 | 1,132 |
| Capital Purchases | 709 | 709 | 0 |
| Other | 2,227 | 2,123 | 104 |
| | <u>130,172</u> | <u>125,503</u> | <u>4,669</u> |
| Total Dog and Kennel | | | |
| Marriage License | | | |
| Charges and Services | 4,915 | 4,915 | 0 |
| | <u>4,915</u> | <u>4,915</u> | <u>0</u> |
| Total Expenditures | <u>135,087</u> | <u>130,418</u> | <u>4,669</u> |
| Excess of Revenues Over (Under) Expenditures | (16,701) | (16,504) | 197 |
| Other Financing Sources: | | | |
| Transfers - In | 24,311 | 15,000 | (9,311) |
| | <u>24,311</u> | <u>15,000</u> | <u>(9,311)</u> |
| Net Changes in Fund Balance | 7,610 | (1,504) | (9,114) |
| Fund Balance at Beginning of Year | 7,266 | 7,266 | 0 |
| Prior Year Encumbrances Appropriated | 70 | 70 | 0 |
| | <u>7,336</u> | <u>7,336</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$14,946</u> | <u>\$5,832</u> | <u>(\$9,114)</u> |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
OTHER HUMAN SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|----------------------------------------------|------------------|------------------|------------------------------------|
| Revenues: | | | |
| Charges for Services | \$153,672 | \$161,691 | \$8,019 |
| Intergovernmental | 797,825 | 642,939 | (154,886) |
| Other | 5,000 | 5,149 | 149 |
| Total Revenues | <u>956,497</u> | <u>809,779</u> | <u>(146,718)</u> |
| Expenditures: | | | |
| Current: | | | |
| Human Services | | | |
| Victim Witness | | | |
| Personal Services | 92,398 | 86,853 | 5,545 |
| Materials and Supplies | 4,016 | 3,613 | 403 |
| Charges and Services | 20,103 | 14,191 | 5,912 |
| Capital Purchases | 2,000 | 1,785 | 215 |
| Other | 2,767 | 1,422 | 1,345 |
| Total Victim Witness | <u>121,284</u> | <u>107,864</u> | <u>13,420</u> |
| Ohio Children's Trust | | | |
| Charges and Services | 16,188 | 16,188 | 0 |
| Child Support Enforcement | | | |
| Personal Services | 526,951 | 507,323 | 19,628 |
| Materials and Supplies | 11,065 | 10,789 | 276 |
| Charges and Services | 448,098 | 293,029 | 155,069 |
| Capital Purchases | 5,000 | 4,175 | 825 |
| Total Child Support Enforcement | <u>991,114</u> | <u>815,316</u> | <u>175,798</u> |
| Indigent Guardianship | | | |
| Charges and Services | 10,000 | 6,658 | 3,342 |
| Total Expenditures | <u>1,138,586</u> | <u>946,026</u> | <u>192,560</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(182,089)</u> | <u>(136,247)</u> | <u>45,842</u> |
| Other Financing Sources (Uses): | | | |
| Transfers - In | 22,472 | 22,472 | 0 |
| Transfers - Out | (159,011) | (159,011) | 0 |
| Total Other Financing Sources (Uses) | <u>(136,539)</u> | <u>(136,539)</u> | <u>0</u> |
| Net Change in Fund Balance | <u>(318,628)</u> | <u>(272,786)</u> | <u>45,842</u> |
| Fund Balance at Beginning of Year | 336,503 | 336,503 | 0 |
| Prior Year Encumbrances Appropriated | 100,326 | 100,326 | 0 |
| Fund Balance at End of Year | <u>\$118,201</u> | <u>\$164,043</u> | <u>\$45,842</u> |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
OTHER COMMUNITY AND ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Budget | Actual | Variance Positive (Negative) |
|----------------------------------------------|-----------------------|------------------------|------------------------------------|
| Revenues: | | | |
| Intergovernmental | \$1,712,821 | \$881,193 | (\$831,628) |
| Other | 34,791 | 37,380 | 2,589 |
| Total Revenues | <u>1,747,612</u> | <u>918,573</u> | <u>(829,039)</u> |
| Expenditures: | | | |
| Current: | | | |
| Community and Economic Development CDBG | | | |
| Personal Services | 3,575 | 3,181 | 394 |
| Charges and Services | 1,137,240 | 824,883 | 312,357 |
| Total CDBG | 1,140,815 | 828,064 | 312,751 |
| Community Corrections Planning Board | | | |
| Personal Services | 14,634 | 14,401 | 233 |
| CDBG Chip Fund | | | |
| Charges and Services | 743,580 | 184,718 | 558,862 |
| Total Expenditures | <u>1,899,029</u> | <u>1,027,183</u> | <u>871,846</u> |
| Excess of Revenues Over (Under) Expenditures | (151,417) | (108,610) | 42,807 |
| Other Financing Sources: | | | |
| Transfers - In | 4,790 | 0 | (4,790) |
| Net Change in Fund Balance | (146,627) | (108,610) | 38,017 |
| Fund Balance at Beginning of Year | 8,154 | 8,154 | 0 |
| Prior Year Encumbrances Appropriated | 142,822 | 142,822 | 0 |
| Fund Balance at End of Year | <u><u>\$4,349</u></u> | <u><u>\$42,366</u></u> | <u><u>\$38,017</u></u> |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
GENERAL OBLIGATION BOND RETIREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|-----------------------------------|-------------------------|-------------------------|------------------------------------|
| Revenues: | | | |
| Property Taxes | \$210,956 | \$243,206 | \$32,250 |
| Intergovernmental | 26,500 | 27,097 | 597 |
| Other | 158,813 | 158,813 | 0 |
| | <u>396,269</u> | <u>429,116</u> | <u>32,847</u> |
| Total Revenues | | | |
| Expenditures: | | | |
| Debt Service: | | | |
| Principal Retirement | 430,000 | 430,000 | 0 |
| Interest and Fiscal Charges | 74,341 | 74,341 | 0 |
| | <u>504,341</u> | <u>504,341</u> | <u>0</u> |
| Total Expenditures | | | |
| Net Change in Fund Balance | (108,072) | (75,225) | 32,847 |
| Fund Balance at Beginning of Year | <u>510,413</u> | <u>510,413</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$402,341</u></u> | <u><u>\$435,188</u></u> | <u><u>\$32,847</u></u> |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
PERMANENT IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|----------------------------------------------|------------------------|-------------------------|------------------------------------|
| Revenues: | | | |
| Other | <u>\$0</u> | <u>\$40,461</u> | <u>\$40,461</u> |
| Expenditures: | | | |
| Capital Outlay | | | |
| Charges and Services | 83,023 | 82,764 | 259 |
| Capital Purchases | <u>257,169</u> | <u>256,097</u> | <u>1,072</u> |
| Total Expenditures | <u>340,192</u> | <u>338,861</u> | <u>1,331</u> |
| Excess of Revenues Over (Under) Expenditures | (340,192) | (298,400) | 41,792 |
| Other Financing Sources: | | | |
| Proceeds from Sale of Capital Assets | <u>0</u> | <u>120,000</u> | <u>120,000</u> |
| Net Change in Fund Balance | (340,192) | (178,400) | 161,792 |
| Fund Balance at Beginning of Year | 254,915 | 254,915 | 0 |
| Prior Year Encumbrances Appropriated | <u>118,426</u> | <u>118,426</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$33,149</u></u> | <u><u>\$194,941</u></u> | <u><u>\$161,792</u></u> |

PREBLE COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 (BUDGET BASIS)
 BUILDING CONSTRUCTION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--------------------------------------|---------------------|-----------------------|------------------------------------|
| Revenues: | | | |
| Interest | \$0 | \$7 | \$7 |
| Expenditures: | | | |
| Capital Outlay | | | |
| Capital Purchases | <u>15,257</u> | <u>8,882</u> | <u>6,375</u> |
| Net Change in Fund Balance | (15,257) | (8,875) | 6,382 |
| Fund Balance at Beginning of Year | 14,903 | 14,903 | 0 |
| Prior Year Encumbrances Appropriated | <u>745</u> | <u>745</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$391</u></u> | <u><u>\$6,773</u></u> | <u><u>\$6,382</u></u> |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
DITCH AND GUARDRAIL CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|----------------------------------------------|-----------------------|-----------------------|------------------------------------|
| Revenues: | | | |
| Intergovernmental | \$11,712 | \$11,746 | \$34 |
| Special Assessments | 300,000 | 235,275 | (64,725) |
| | <u>311,712</u> | <u>247,021</u> | <u>(64,691)</u> |
| Total Revenues | | | |
| Expenditures: | | | |
| Capital Outlay | | | |
| Charges and Services | 22,725 | 22,725 | 0 |
| Capital Purchases | 365,960 | 277,478 | 88,482 |
| | <u>388,685</u> | <u>300,203</u> | <u>88,482</u> |
| Total Expenditures | | | |
| Excess of Revenues Over (Under) Expenditures | <u>(76,973)</u> | <u>(53,182)</u> | <u>23,791</u> |
| Other Financing Sources (Uses): | | | |
| Notes Issued | 54,828 | 54,795 | (33) |
| Advances - Out | 0 | (18,130) | (18,130) |
| | <u>54,828</u> | <u>36,665</u> | <u>(18,163)</u> |
| Total Other Financing Sources (Uses) | | | |
| Net Change in Fund Balance | (22,145) | (16,517) | 5,628 |
| Fund Balance at Beginning of Year | 2,030 | 2,030 | 0 |
| Prior Year Encumbrances Appropriated | <u>22,145</u> | <u>22,145</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$2,030</u></u> | <u><u>\$7,658</u></u> | <u><u>\$5,628</u></u> |

PREBLE COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 (BUDGET BASIS)
 ROAD AND BRIDGE CONSTRUCTION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|-----------------------------------|-------------------------|-------------------|------------------------------------|
| Revenues: | | | |
| Intergovernmental | <u>\$471,000</u> | <u>\$162,137</u> | <u>(\$308,863)</u> |
| Expenditures: | | | |
| Capital Outlay | | | |
| Charges and Services | 12,077 | 6,029 | 6,048 |
| Capital Purchases | <u>187,348</u> | <u>156,108</u> | <u>31,240</u> |
| Total Expenditures | <u>199,425</u> | <u>162,137</u> | <u>37,288</u> |
| Net Change in Fund Balance | 271,575 | 0 | (271,575) |
| Fund Balance at Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$271,575</u></u> | <u><u>\$0</u></u> | <u><u>(\$271,575)</u></u> |

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL
(BUDGET BASIS)
EMPLOYEES HEALTH INSURANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|------------------------------------------|-------------------------|-------------------------|------------------------------------|
| Revenues: | | | |
| Charges for Services | <u>\$0</u> | <u>\$6,175</u> | <u>\$6,175</u> |
| Expenses: | | | |
| Charges and Services | 6,000 | 2,688 | 3,312 |
| Claims | <u>144,666</u> | <u>144,666</u> | <u>0</u> |
| Total Expenses | <u>150,666</u> | <u>147,354</u> | <u>3,312</u> |
| Excess of Revenues Over (Under) Expenses | (150,666) | (141,179) | 9,487 |
| Transfers - In | <u>15,000</u> | <u>29,117</u> | <u>14,117</u> |
| Net Change in Fund Equity | (135,666) | (112,062) | 23,604 |
| Fund Equity at Beginning of Year | 435,370 | 435,370 | 0 |
| Prior Year Encumbrances Appropriated | <u>140,990</u> | <u>140,990</u> | <u>0</u> |
| Fund Equity at End of Year | <u><u>\$440,694</u></u> | <u><u>\$464,298</u></u> | <u><u>\$23,604</u></u> |

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STATISTICAL TABLES

This part of Preble County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

| <u>CONTENTS</u> | <u>PAGES</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Financial Trends | 131-139 |
| These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. | |
| Revenue Capacity | 140 |
| This schedule contains information to help the reader assess the County's most significant local revenue source, the sales tax. | |
| Debt Capacity | 141-147 |
| These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. | |
| Demographic and Economic Information | 148-149 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place. | |
| Operating information | 150-154 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs. | |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented *GASB Statement No. 34* in 2003. Schedules presenting government-wide information include information beginning in that year.

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PREBLE COUNTY, OHIO
NET ASSETS BY COMPONENT
LAST FIVE YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> |
|------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities: | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$11,445,721 | \$9,765,286 | \$8,086,383 | \$5,718,611 | \$6,180,583 |
| Restricted for: | | | | | |
| Capital Projects | 318,244 | 510,567 | 727,140 | 1,531,646 | 1,741,828 |
| Debt Service | 442,868 | 526,000 | 639,928 | 759,123 | 868,666 |
| Other Purposes | 9,670,381 | 9,249,264 | 8,900,214 | 6,932,000 | 6,769,810 |
| Unrestricted | <u>2,991,059</u> | <u>2,795,653</u> | <u>3,099,417</u> | <u>3,098,158</u> | <u>2,934,596</u> |
| <i>Total Governmental Activities Net Assets</i> | <u>24,868,273</u> | <u>22,846,770</u> | <u>21,453,082</u> | <u>18,039,538</u> | <u>18,495,483</u> |
| Business-Type Activities: | | | | | |
| Invested in Capital Assets, Net of Related Debt | 2,066,143 | 1,962,966 | 1,874,232 | 690,478 | 800,248 |
| Unrestricted (Deficit) | <u>(2,450,784)</u> | <u>(3,072,093)</u> | <u>(4,078,263)</u> | <u>(4,624,154)</u> | <u>(4,992,548)</u> |
| <i>Total Business-Type Activities Net Assets (Deficit)</i> | <u>(384,641)</u> | <u>(1,109,127)</u> | <u>(2,204,031)</u> | <u>(3,933,676)</u> | <u>(4,192,300)</u> |
| Primary Government: | | | | | |
| Invested in Capital Assets, Net of Related Debt | 13,511,864 | 11,728,252 | 9,960,615 | 6,409,089 | 6,980,831 |
| Restricted | 10,431,493 | 10,285,831 | 10,267,282 | 9,222,769 | 9,380,304 |
| Unrestricted (Deficit) | <u>540,275</u> | <u>(276,440)</u> | <u>(978,846)</u> | <u>(1,525,996)</u> | <u>(2,057,952)</u> |
| <i>Total Primary Government Net Assets</i> | <u>\$24,483,632</u> | <u>\$21,737,643</u> | <u>\$19,249,051</u> | <u>\$14,105,862</u> | <u>\$14,303,183</u> |

PREBLE COUNTY, OHIO
 CHANGES IN NET ASSETS
 LAST FOUR YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

| | 2006 | 2005 | 2004 | 2003 |
|-------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Expenses | | | | |
| Governmental Activities: | | | | |
| General Government | \$5,719,163 | \$5,586,317 | \$5,448,014 | \$5,420,030 |
| Public Safety | 4,249,767 | 4,633,405 | 3,950,235 | 4,221,470 |
| Public Works | 4,490,494 | 4,094,666 | 3,901,296 | 4,712,095 |
| Health | 2,241,353 | 2,645,059 | 2,354,935 | 2,630,328 |
| Human Services | 9,019,385 | 8,832,263 | 8,371,298 | 8,043,728 |
| Community and Economic Development | 817,789 | 617,043 | 134,390 | 515,767 |
| Intergovernmental | 275,454 | 262,724 | 270,562 | 277,162 |
| Interest and Fiscal Charges | 174,629 | 165,240 | 161,379 | 146,030 |
| <i>Total Governmental Activities Expenses</i> | <u>26,988,034</u> | <u>26,836,717</u> | <u>24,592,109</u> | <u>25,966,610</u> |
| Business-Type Activities: | | | | |
| Sewer | 52,190 | 245,792 | 38,225 | 56,433 |
| Landfill | 2,602,014 | 2,475,294 | 2,198,865 | 2,626,601 |
| <i>Total Business-Type Activities Expenses</i> | <u>2,654,204</u> | <u>2,721,086</u> | <u>2,237,090</u> | <u>2,683,034</u> |
| <i>Total Primary Government Expenses</i> | <u>29,642,238</u> | <u>29,557,803</u> | <u>26,829,199</u> | <u>28,649,644</u> |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services: | | | | |
| General Government | 2,128,613 | 2,090,035 | 2,208,863 | 2,495,313 |
| Public Safety | 433,629 | 494,477 | 623,972 | 522,488 |
| Public Works | 507,350 | 404,487 | 285,373 | 339,319 |
| Health | 82,342 | 175,044 | 217,374 | 179,951 |
| Human Services | 523,242 | 463,281 | 473,357 | 849,376 |
| Total Charges for Services | <u>3,675,176</u> | <u>3,627,324</u> | <u>3,808,939</u> | <u>4,386,447</u> |
| Operating Grants and Contributions: | | | | |
| General Government | 412,776 | 18,238 | 11,585 | 32,925 |
| Public Safety | 376,624 | 390,472 | 369,734 | 256,372 |
| Public Works | 3,797,222 | 3,775,007 | 4,321,976 | 3,570,625 |
| Health | 2,292,029 | 2,333,929 | 1,900,814 | 2,043,429 |
| Human Services | 6,327,633 | 6,527,142 | 6,769,089 | 5,383,859 |
| Community and Economic Development | 763,821 | 1,016,851 | 487,270 | 216,153 |
| Total Operating Grants and Contributions | <u>13,970,105</u> | <u>14,061,639</u> | <u>13,860,468</u> | <u>11,503,363</u> |
| Capital Grants and Assessments: | | | | |
| Public Safety | 7 | 236 | 162 | 4,061 |
| Public Works | 260,068 | 423,238 | 512,835 | 324,930 |
| Health | 0 | 0 | 0 | 284,175 |
| Total Capital Grants and Assessments | <u>260,075</u> | <u>423,474</u> | <u>512,997</u> | <u>613,166</u> |
| <i>Total Governmental Activities Program Revenues</i> | <u>17,905,356</u> | <u>18,112,437</u> | <u>18,182,404</u> | <u>16,502,976</u> |
| Business-Type Activities: | | | | |
| Charges for Services: | | | | |
| Sewer | 121,431 | 50,111 | 21,052 | 19,997 |
| Landfill | 3,222,446 | 3,377,653 | 3,147,712 | 2,789,948 |
| Total Charges for Services | <u>\$3,343,877</u> | <u>\$3,427,764</u> | <u>\$3,168,764</u> | <u>\$2,809,945</u> |

(continued)

PREBLE COUNTY, OHIO
 CHANGES IN NET ASSETS
 LAST FOUR YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (CONTINUED)

| | 2006 | 2005 | 2004 | 2003 |
|--------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Operating Grants and Contributions | | | | |
| Sewer | \$0 | \$298,704 | \$0 | \$0 |
| Landfill | 5,000 | 78,892 | 45,000 | 36,000 |
| Total Operating Grants and Contributions | 5,000 | 377,596 | 45,000 | 36,000 |
| Capital Grants and Assessments | | | | |
| Sewer | 0 | 0 | 600,000 | 0 |
| <i>Total Business-Type Activities Program Revenues</i> | <u>3,348,877</u> | <u>3,805,360</u> | <u>3,813,764</u> | <u>2,845,945</u> |
| <i>Total Primary Government Program Revenues</i> | <u>21,254,233</u> | <u>21,917,797</u> | <u>21,996,168</u> | <u>19,348,921</u> |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | (9,082,678) | (8,724,280) | (6,409,705) | (9,463,634) |
| Business-Type Activities | 694,673 | 1,084,274 | 1,576,674 | 162,911 |
| <i>Total Primary Government Net Expense</i> | <u>(8,388,005)</u> | <u>(7,640,006)</u> | <u>(4,833,031)</u> | <u>(9,300,723)</u> |
| General Revenues | | | | |
| Governmental Activities | | | | |
| Property Taxes Levied For: | | | | |
| General Purposes | 2,008,262 | 1,651,272 | 1,717,534 | 1,615,805 |
| Community Mental Health | 272,773 | 257,270 | 279,087 | 254,982 |
| Children Services | 380,402 | 355,980 | 388,207 | 350,646 |
| Mental Retardation | 1,043,780 | 1,013,280 | 1,082,040 | 1,019,001 |
| Retirement of Debt | 241,623 | 220,826 | 233,888 | 217,879 |
| Permissive Sales Tax Levied for General Purposes | 4,388,892 | 4,436,627 | 4,150,454 | 4,002,410 |
| Grants and Entitlements not Restricted to | | | | |
| Specific Programs | 1,176,909 | 1,104,905 | 1,292,091 | 1,292,547 |
| Unrestricted Investment Earnings | 772,727 | 423,906 | 206,911 | 160,541 |
| Gifts and Donations | 1,000 | 0 | 0 | 0 |
| Gain on Sale of Capital Assets | 115,448 | 0 | 0 | 0 |
| Other | 702,365 | 653,902 | 473,037 | 93,878 |
| <i>Total Governmental Activities General Revenues</i> | <u>11,104,181</u> | <u>10,117,968</u> | <u>9,823,249</u> | <u>9,007,689</u> |
| Business-Type Activities: | | | | |
| Unrestricted Investment Earnings | 29,813 | 10,630 | 2,689 | 2,537 |
| Other | 0 | 0 | 150,282 | 93,176 |
| <i>Total Business-Type Activities General Revenues</i> | <u>29,813</u> | <u>10,630</u> | <u>152,971</u> | <u>95,713</u> |
| <i>Total Primary Government General Revenues</i> | <u>11,133,994</u> | <u>10,128,598</u> | <u>9,976,220</u> | <u>9,103,402</u> |
| Change in Net Assets | | | | |
| Governmental Activities | 2,021,503 | 1,393,688 | 3,413,544 | (455,945) |
| Business-Type Activities | 724,486 | 1,094,904 | 1,729,645 | 258,624 |
| <i>Total Primary Government Changes in Net Assets</i> | <u>\$2,745,989</u> | <u>\$2,488,592</u> | <u>\$5,143,189</u> | <u>(\$197,321)</u> |

PREBLE COUNTY, OHIO
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST FOUR YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
|--------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| General Government | \$2,541,389 | \$2,108,273 | \$2,220,448 | \$2,528,238 |
| Public Safety | 810,260 | 885,185 | 993,868 | 782,921 |
| Public Works | 4,564,640 | 4,602,732 | 5,120,184 | 4,234,874 |
| Health | 2,374,371 | 2,508,973 | 2,118,188 | 2,507,555 |
| Human Services | 6,850,875 | 6,990,423 | 7,242,446 | 6,233,235 |
| Community and Economic Development | <u>763,821</u> | <u>1,016,851</u> | <u>487,270</u> | <u>216,153</u> |
| <i>Total Governmental Activities Program Revenues</i> | <u>17,905,356</u> | <u>18,112,437</u> | <u>18,182,404</u> | <u>16,502,976</u> |
| Business-Type Activities: | | | | |
| Charges for Services: | | | | |
| Sewer | 121,431 | 50,111 | 21,052 | 19,997 |
| Landfill | 3,222,446 | 3,377,653 | 3,147,712 | 2,789,948 |
| Operating Grants and Contributions: | | | | |
| Sewer | 0 | 298,704 | 0 | 0 |
| Landfill | 5,000 | 78,892 | 45,000 | 36,000 |
| Capital Grants and Assessments: | | | | |
| Sewer | <u>0</u> | <u>0</u> | <u>600,000</u> | <u>0</u> |
| <i>Total Business-Type Activities Program Revenues</i> | <u>3,348,877</u> | <u>3,805,360</u> | <u>3,813,764</u> | <u>2,845,945</u> |
| <i>Total Primary Government Program Revenues</i> | <u>\$21,254,233</u> | <u>\$21,917,797</u> | <u>\$21,996,168</u> | <u>\$19,348,921</u> |

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PREBLE COUNTY, OHIO
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> |
|--------------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| General Fund | | | | |
| Reserved | \$183,157 | \$129,866 | \$192,824 | \$283,532 |
| Unreserved | <u>2,148,552</u> | <u>1,977,578</u> | <u>2,140,304</u> | <u>2,519,811</u> |
| <i>Total General Fund</i> | <u>2,331,709</u> | <u>2,107,444</u> | <u>2,333,128</u> | <u>2,803,343</u> |
| All Other Governmental Funds | | | | |
| Reserved | 1,057,925 | 550,441 | 1,161,245 | 886,219 |
| Unreserved, Undesignated (Deficit), Reported in: | | | | |
| Special Revenue Funds | 5,114,809 | 5,264,621 | 3,372,830 | 2,351,697 |
| Debt Service Funds | 441,188 | 514,890 | 614,271 | 740,106 |
| Capital Projects Funds | <u>146,568</u> | <u>264,881</u> | <u>546,185</u> | <u>1,587,733</u> |
| <i>Total All Other Governmental Funds</i> | <u>6,760,490</u> | <u>6,594,833</u> | <u>5,694,531</u> | <u>5,565,755</u> |
| <i>Total Governmental Funds</i> | <u><u>\$9,092,199</u></u> | <u><u>\$8,702,277</u></u> | <u><u>\$8,027,659</u></u> | <u><u>\$8,369,098</u></u> |

| <u>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$226,553 | \$295,717 | \$256,861 | \$336,137 | \$279,711 | \$277,874 |
| <u>2,493,689</u> | <u>2,867,818</u> | <u>2,829,864</u> | <u>2,018,500</u> | <u>3,257,870</u> | <u>3,951,583</u> |
| <u>2,720,242</u> | <u>3,163,535</u> | <u>3,086,725</u> | <u>2,354,637</u> | <u>3,537,581</u> | <u>4,229,457</u> |
| 980,472 | 1,101,029 | 762,225 | 1,215,171 | 664,570 | 532,322 |
| 4,195,412 | 3,768,124 | 4,907,279 | 4,383,924 | 5,302,722 | 5,147,077 |
| 837,476 | 882,917 | 932,387 | 985,390 | 846,550 | 818,193 |
| <u>1,575,022</u> | <u>1,719,301</u> | <u>1,223,358</u> | <u>1,068,462</u> | <u>(28,278)</u> | <u>(138,364)</u> |
| <u>7,588,382</u> | <u>7,471,371</u> | <u>7,825,249</u> | <u>7,652,947</u> | <u>6,785,564</u> | <u>6,359,228</u> |
| <u>\$10,308,624</u> | <u>\$10,634,906</u> | <u>\$10,911,974</u> | <u>\$10,007,584</u> | <u>\$10,323,145</u> | <u>\$10,588,685</u> |

PREBLE COUNTY, OHIO
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | 2006 | 2005 | 2004 | 2003 |
|---------------------------------------------------------|-------------------------|-------------------------|---------------------------|-----------------------------|
| Revenues | | | | |
| Property Taxes | \$3,957,639 | \$3,591,114 | \$3,615,204 | \$3,508,374 |
| Permissive Sales Tax | 4,388,892 | 4,436,627 | 4,150,454 | 4,002,410 |
| Charges for Services | 3,297,904 | 3,264,081 | 3,442,982 | 3,732,003 |
| Licenses and Permits | 63,456 | 78,163 | 90,336 | 65,716 |
| Fines and Forfeitures | 130,567 | 117,643 | 145,258 | 210,371 |
| Intergovernmental | 15,798,330 | 15,354,304 | 14,782,878 | 13,110,189 |
| Special Assessments | 155,197 | 129,540 | 119,441 | 126,703 |
| Interest | 755,928 | 435,844 | 219,554 | 227,428 |
| Gifts and Donations | 1,000 | 0 | 0 | 0 |
| Other | 702,365 | 653,902 | 473,037 | 363,087 |
| <i>Total Revenues</i> | <u>29,251,278</u> | <u>28,061,218</u> | <u>27,039,144</u> | <u>25,346,281</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 5,948,734 | 5,436,557 | 5,418,937 | 5,523,104 |
| Public Safety | 4,563,808 | 4,872,201 | 4,347,251 | 4,182,682 |
| Public Works | 4,655,674 | 4,210,397 | 4,214,217 | 4,651,339 |
| Health | 2,251,877 | 2,640,776 | 2,407,487 | 2,690,693 |
| Human Services | 9,077,808 | 8,975,708 | 8,639,321 | 8,187,333 |
| Community and Economic Development | 817,789 | 617,043 | 134,390 | 515,767 |
| Other | 0 | 0 | 0 | 0 |
| Capital Outlay | 712,786 | 694,100 | 1,398,311 | 656,020 |
| Intergovernmental | 275,454 | 262,724 | 270,562 | 277,162 |
| Debt Service: | | | | |
| Principal Retirement | 442,358 | 436,866 | 494,322 | 520,000 |
| Interest and Fiscal Charges | 118,221 | 112,403 | 124,094 | 114,629 |
| Current Refunding | 252,730 | 3,104 | 0 | 0 |
| <i>Total Expenditures</i> | <u>29,117,239</u> | <u>28,261,879</u> | <u>27,448,892</u> | <u>27,318,729</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>134,039</u> | <u>(200,661)</u> | <u>(409,748)</u> | <u>(1,972,448)</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds From Sale of Capital Assets | 120,000 | 0 | 0 | 0 |
| Inception of Capital Lease | 0 | 0 | 73,500 | 0 |
| General Obligation Bonds Issued | 0 | 0 | 0 | 0 |
| Current Refunding | (635,642) | 0 | 0 | 0 |
| Notes Issued | 800,642 | 888,372 | 0 | 65,000 |
| Refunding Bonds Issued | 0 | 125,000 | 0 | 0 |
| Premium on Debt Issued | 0 | 318 | 0 | 0 |
| Payment to Refunded Bond Escrow Agent | 0 | (122,214) | 0 | 0 |
| Discount on Refunding Bonds | 0 | 0 | 0 | 0 |
| Premium on Refunding Bonds | 0 | 0 | 0 | 0 |
| Transfers-In | 1,098,948 | 484,387 | 471,904 | 211,447 |
| Transfers-Out | (1,128,065) | (500,584) | (477,095) | (243,525) |
| <i>Total Other Financing Sources (Uses)</i> | <u>255,883</u> | <u>875,279</u> | <u>68,309</u> | <u>32,922</u> |
| <i>Net Change in Fund Balances</i> | <u><u>\$389,922</u></u> | <u><u>\$674,618</u></u> | <u><u>(\$341,439)</u></u> | <u><u>(\$1,939,526)</u></u> |
| Debt Service as a Percentage of Noncapital Expenditures | 2.99% | 2.05% | 2.45% | 2.42% |

| 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| \$3,237,536 | \$2,908,386 | \$4,302,220 | \$4,496,751 | \$4,380,316 | \$4,277,298 |
| 3,788,125 | 3,932,793 | 3,965,677 | 3,723,541 | 3,435,141 | 3,506,552 |
| 3,880,134 | 3,310,274 | 3,466,909 | 2,821,500 | 2,962,098 | 3,748,717 |
| 61,194 | 63,313 | 67,120 | 65,859 | 62,080 | 60,519 |
| 133,891 | 208,089 | 200,416 | 149,220 | 208,416 | 192,963 |
| 15,265,855 | 13,234,029 | 10,428,967 | 11,046,409 | 9,085,263 | 9,322,979 |
| 85,247 | 131,503 | 139,479 | 214,445 | 201,277 | 185,249 |
| 362,564 | 765,092 | 925,118 | 646,994 | 786,443 | 692,093 |
| 0 | 0 | 8,547 | 7,803 | 0 | 0 |
| 445,379 | 382,135 | 184,145 | 265,247 | 259,667 | 166,555 |
| 27,259,925 | 24,935,614 | 23,688,598 | 23,437,769 | 21,380,701 | 22,152,925 |
| 4,789,818 | 5,179,037 | 4,280,712 | 5,221,841 | 4,909,065 | 3,946,887 |
| 4,511,957 | 4,597,401 | 4,583,154 | 4,364,072 | 3,668,337 | 3,202,474 |
| 3,569,577 | 3,630,173 | 3,356,047 | 3,622,233 | 3,293,890 | 3,062,046 |
| 2,852,425 | 1,865,454 | 1,468,818 | 2,100,113 | 2,146,321 | 1,980,154 |
| 8,857,951 | 8,092,728 | 7,034,462 | 6,265,276 | 6,039,855 | 7,642,402 |
| 280,558 | 226,321 | 219,312 | 572,144 | 309,864 | 160,762 |
| 267,941 | 400,789 | 179,089 | 246,961 | 216,772 | 285,068 |
| 2,589,829 | 936,874 | 896,843 | 701,495 | 11,236 | 79,344 |
| 329,480 | 251,489 | 292,235 | 266,110 | 261,634 | 234,720 |
| 355,000 | 260,000 | 246,108 | 237,609 | 232,967 | 222,332 |
| 278,787 | 226,212 | 230,481 | 241,065 | 254,957 | 280,608 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 28,683,323 | 25,666,478 | 22,787,261 | 23,838,919 | 21,344,898 | 21,096,797 |
| (1,423,398) | (730,864) | 901,337 | (401,150) | 35,803 | 1,056,128 |
| 100,252 | 490,670 | 34,000 | 92,000 | 120,000 | 1,801,698 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 759,111 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 120,000 | 0 | 0 | 0 | 0 | 0 |
| 3,245,889 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| (3,352,510) | 0 | 0 | 0 | 0 | 0 |
| (3,606) | 0 | 0 | 0 | 0 | 0 |
| 240,428 | 0 | 0 | 0 | 0 | 0 |
| 339,969 | 661,250 | 1,128,052 | 1,479,661 | 817,616 | 751,969 |
| (352,417) | (698,124) | (1,158,999) | (1,486,072) | (1,238,959) | (1,150,098) |
| 1,097,116 | 453,796 | 3,053 | 85,589 | (301,343) | 1,403,569 |
| (\$326,282) | (\$277,068) | \$904,390 | (\$315,561) | (\$265,540) | \$2,459,697 |
| 2.43% | 1.97% | 2.18% | 2.07% | 2.29% | 2.39% |

PREBLE COUNTY, OHIO
SALES TAX COLLECTIONS BY INDUSTRY (CATEGORY)
DECEMBER 31, 2006 (1)

| | <u>2006</u> | <u>Percentage of Collections</u> |
|------------------------------------------------------------------------------------|---------------------------|--------------------------------------|
| Effective Rate as of December 31, 2006 | 1.50% | |
| Effective Date of Current Tax Rate | May 1, 1994 | |
| Collections by Industry: | | |
| Construction | \$6,563 | 0.15% |
| Manufacturing | 200,012 | 4.56% |
| Wholesale Trade | 39,737 | 0.90% |
| Retail Trade: | | |
| Motor Vehicle and Parts Dealers (2) | 996,545 | 22.71% |
| Furniture and Home Furnishings Store | 62,189 | 1.42% |
| Electronic and Appliance Stores | 101,570 | 2.31% |
| Building Material and Garden Equipment and Supplies | 323,191 | 7.36% |
| Food and Beverage Stores | 145,467 | 3.31% |
| Health and Personal Care Stores | 61,760 | 1.41% |
| Gasoline Stations | 197,356 | 4.50% |
| Clothing and Clothing Accessories Stores | 32,014 | 0.73% |
| Sporting Goods, Hobby, Book, and Music Stores | 13,064 | 0.30% |
| General Merchandise Stores | 559,423 | 12.75% |
| Miscellaneous Store Retailers | 300,970 | 6.86% |
| Nonstore Retailers | 188,652 | 4.30% |
| Information (including telecommunications) | 317,945 | 7.24% |
| Finance and Insurance | 11,811 | 0.27% |
| Real Estate, and Rental and Leasing of Property | 67,581 | 1.54% |
| Professional, Scientific and Technical Services | 14,122 | 0.32% |
| Administrative and Support Services, and Waste Management and Remediation Services | 184,633 | 4.21% |
| Education, Health Care and Social Assistance | 1,031 | 0.02% |
| Arts, Entertainment, and Recreation | 15,284 | 0.35% |
| Accommodation and Food Services | 344,835 | 7.86% |
| Other Services | 134,500 | 3.06% |
| Unclassified (3) | <u>68,637</u> | <u>1.56%</u> |
| <i>Total Collections</i> | <u><u>\$4,388,892</u></u> | <u><u>100.00%</u></u> |

(1) Information prior to 2006 not available.

(2) Sales tax on sales of motor vehicle and watercraft, which is paid via the County Clerk of Courts, is included in this figure. Thus, tax collected from dealer sales as well as "casual" (consumer-to-consumer) sales are included.

(3) Industry data is not provided when there are either no businesses within the particular industry or the number of businesses within the industry fall below the reporting threshold. The collections are instead folded into the "Unclassified" category.

Source: Ohio Department of Taxation

PREBLE COUNTY, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 DECEMBER 31, 2006

| Jurisdiction | Long-Term Debt Outstanding | Percentage Applicable To Preble County (2) | Amount Applicable To Preble County |
|--------------------------------------------|-------------------------------|-----------------------------------------------------|---------------------------------------------|
| Direct: | | | |
| Preble County | | | |
| General Obligation Bonds | \$2,423,296 | 100.00% | \$2,423,296 |
| Notes Payable | 1,368,167 | 100.00% | 1,368,167 |
| Capital Leases | 34,954 | 100.00% | 34,954 |
| <i>Total Direct</i> | <u>3,826,417</u> | | <u>3,826,417</u> |
| Overlapping: | | | |
| Eaton Community School District (1) | | | |
| General Obligation Bonds | 28,669,985 | 100% | 28,669,985 |
| Preble Shawnee Local School District (1) | | | |
| General Obligation Bonds | 3,200,000 | 95.82% | 3,066,240 |
| Notes Payable | 225,000 | 95.82% | 215,595 |
| Tri-County North Local School District (1) | | | |
| General Obligation Bonds | 490,000 | 92.55% | 453,495 |
| Notes Payable | 735,000 | 92.55% | 680,243 |
| Twin Valley Local School District (1) | | | |
| General Obligation Bonds | 3,115,000 | 100.00% | 3,115,000 |
| National Trail Local School District (1) | | | |
| General Obligation Bonds | 2,765,000 | 99.65% | 2,755,323 |
| Notes Payable | 319,226 | 99.65% | 318,109 |
| <i>Total Overlapping</i> | <u>39,519,211</u> | | <u>39,273,990</u> |
| <i>Total Direct and Overlapping Debt</i> | <u><u>\$43,345,628</u></u> | | <u><u>\$43,100,407</u></u> |

Source: Preble County Auditor

(1) The debt outstanding for the School Districts is at June 30, 2006.

(2) Percentages determined by dividing each overlapping subdivisions' assessed valuation within the County by the subdivisions' total assessed valuation.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

PREBLE COUNTY, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN YEARS

| | 2006 | 2005 | 2004 | 2003 |
|----------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Total Assessed Property Value | \$785,678,663 | \$739,322,660 | \$739,757,900 | \$729,136,590 |
| Debt Limit (1) | 18,141,967 | 16,983,067 | 16,993,948 | 16,728,415 |
| Total Debt Outstanding: | | | | |
| General Obligation Bonds Payable | 5,440,000 | 6,095,000 | 6,545,000 | 7,165,000 |
| Notes Payable | 1,425,517 | 1,311,329 | 1,604,460 | 1,825,947 |
| OPWC Loans Payable from Enterprise Fund Revenues | 159,012 | 170,370 | 181,728 | 193,086 |
| OWDA Loans Payable from Enterprise Fund Revenues | 769,093 | 809,955 | 239,881 | 176,308 |
| <i>Total Gross Indebtedness</i> | <u>7,793,622</u> | <u>8,386,654</u> | <u>8,571,069</u> | <u>9,360,341</u> |
| Exemptions: | | | | |
| General Obligation Bonds Payable | \$5,440,000 | 6,095,000 | 6,545,000 | 7,165,000 |
| Notes Payable | 1,425,517 | 1,311,329 | 1,604,460 | 1,825,947 |
| OPWC Loans Payable from Enterprise Fund Revenues | 159,012 | 170,370 | 181,728 | 193,086 |
| OWDA Loans Payable from Enterprise Fund Revenues | 769,093 | 809,955 | 239,881 | 176,308 |
| <i>Total Exemptions</i> | <u>7,793,622</u> | <u>8,386,654</u> | <u>8,571,069</u> | <u>9,360,341</u> |
| <i>Total Net Debt Applicable to Debt Limit</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Legal Debt Margin</i> | <u>\$18,141,967</u> | <u>\$16,983,067</u> | <u>\$16,993,948</u> | <u>\$16,728,415</u> |
| Legal Debt Margin Within Debt Limit | 100.00% | 100.00% | 100.00% | 100.00% |
| Unvoted Debt Limit (2) | \$7,856,787 | \$7,393,227 | \$7,397,579 | \$7,291,366 |
| Total Debt Outstanding: | | | | |
| General Obligation Bonds Payable | \$4,270,000 | 4,505,000 | 4,790,000 | 5,130,000 |
| Notes Payable | 1,425,517 | 1,311,329 | 1,604,460 | 1,825,947 |
| OPWC Loans Payable from Enterprise Fund Revenues | 159,012 | 170,370 | 181,728 | 193,086 |
| OWDA Loans Payable from Enterprise Fund Revenues | 769,093 | 809,955 | 239,881 | 176,308 |
| <i>Total Gross Indebtedness</i> | <u>6,623,622</u> | <u>6,796,654</u> | <u>6,816,069</u> | <u>7,325,341</u> |
| Exemptions: | | | | |
| General Obligation Bonds Payable | \$4,270,000 | 4,505,000 | 4,790,000 | 5,130,000 |
| Notes Payable | 1,425,517 | 1,311,329 | 1,604,460 | 1,825,947 |
| OPWC Loans Payable from Enterprise Fund Revenues | 159,012 | 170,370 | 181,728 | 193,086 |
| OWDA Loans Payable from Enterprise Fund Revenues | 769,093 | 809,955 | 239,881 | 176,308 |
| Amount Available in the Debt Service Fund for General Obligations | <u>441,188</u> | <u>514,890</u> | <u>614,271</u> | <u>740,106</u> |
| <i>Total Exemptions</i> | <u>6,623,622</u> | <u>6,796,654</u> | <u>6,816,069</u> | <u>7,325,341</u> |
| <i>Total Net Debt Applicable to Debt Limit</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Unvoted Legal Debt Margin</i> | <u>\$7,856,787</u> | <u>\$7,393,227</u> | <u>\$7,397,579</u> | <u>\$7,291,366</u> |
| Unvoted Legal Debt Margin Within Debt Limit | 100.00% | 100.00% | 100.00% | 100.00% |

(1) Ohio Bond Law sets a limit calculated as follows:
Three percent of the first \$100,000,000 of the tax valuation
One and one-half percent of the next \$200,000,000 of the tax valuation
Two and one-half percent of the amount of the tax valuation in excess of \$300,000,000

(2) Ohio Bond Law sets a limit of one percent of the tax valuation

Sources: Preble County Auditor

| 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>\$724,684,980</u> | <u>\$667,028,410</u> | <u>\$657,343,980</u> | <u>\$645,654,590</u> | <u>\$547,514,040</u> | <u>\$537,987,240</u> |
| 16,617,125 | 15,175,710 | 14,933,600 | 14,641,365 | 12,187,851 | 11,949,681 |
| 7,765,000 | 7,424,798 | 7,863,784 | 8,282,770 | 8,686,756 | 9,070,742 |
| 758,257 | 467,154 | 518,031 | 201,634 | 196,350 | 682,100 |
| 204,444 | 0 | 0 | 0 | 0 | 0 |
| 63,075 | 0 | 0 | 0 | 0 | 0 |
| <u>8,790,776</u> | <u>7,891,952</u> | <u>8,381,815</u> | <u>8,484,404</u> | <u>8,883,106</u> | <u>9,752,842</u> |
| 7,765,000 | 7,424,798 | 7,863,784 | 8,282,770 | 8,686,756 | 9,070,742 |
| 758,257 | 467,154 | 518,031 | 201,634 | 196,350 | 682,100 |
| 204,444 | 0 | 0 | 0 | 0 | 0 |
| 63,075 | 0 | 0 | 0 | 0 | 0 |
| <u>8,790,776</u> | <u>7,891,952</u> | <u>8,381,815</u> | <u>8,484,404</u> | <u>8,883,106</u> | <u>9,752,842</u> |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$16,617,125</u> | <u>\$15,175,710</u> | <u>\$14,933,600</u> | <u>\$14,641,365</u> | <u>\$12,187,851</u> | <u>\$11,949,681</u> |
| 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| \$7,246,850 | \$6,670,284 | \$6,573,440 | \$6,456,546 | \$5,475,140 | \$5,379,872 |
| 5,455,000 | 4,859,798 | 5,103,784 | 5,337,770 | 5,561,756 | 5,775,742 |
| 758,257 | 467,154 | 518,031 | 201,634 | 196,350 | 682,100 |
| 204,444 | 0 | 0 | 0 | 0 | 0 |
| 63,075 | 0 | 0 | 0 | 0 | 0 |
| <u>6,480,776</u> | <u>5,326,952</u> | <u>5,621,815</u> | <u>5,539,404</u> | <u>5,758,106</u> | <u>6,457,842</u> |
| 5,455,000 | 4,859,798 | 5,103,784 | 5,337,770 | 5,561,756 | 5,775,742 |
| 758,257 | 467,154 | 518,031 | 201,634 | 196,350 | 682,100 |
| 204,444 | 0 | 0 | 0 | 0 | 0 |
| 63,075 | 0 | 0 | 0 | 0 | 0 |
| <u>837,476</u> | <u>882,917</u> | <u>818,193</u> | <u>932,387</u> | <u>846,550</u> | <u>817,785</u> |
| <u>6,480,776</u> | <u>5,326,952</u> | <u>5,621,815</u> | <u>5,539,404</u> | <u>5,758,106</u> | <u>6,457,842</u> |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$7,246,850</u> | <u>\$6,670,284</u> | <u>\$6,573,440</u> | <u>\$6,456,546</u> | <u>\$5,475,140</u> | <u>\$5,379,872</u> |
| 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

PREBLE COUNTY, OHIO
RATIO OF OUTSTANDING DEBT TO
TOTAL PERSONAL INCOME AND DEBT PER CAPITA
LAST TEN YEARS

| Year | Governmental Activities | | | | Landfill Closure and Postclosure | General Obligation Bonds |
|------|--------------------------------|-------------------------------|--------------------------------|------------------|----------------------------------------|--------------------------------|
| | General Obligation Bonds | Long-Term Notes Payable | Short-Term Notes Payable | Capital Lease | | |
| 2006 | \$2,423,296 | \$800,642 | \$567,525 | \$34,954 | \$2,566,324 | \$3,020,251 |
| 2005 | 2,803,348 | 888,372 | 258,257 | 47,312 | 2,419,588 | 3,227,775 |
| 2004 | 3,181,362 | 0 | 1,357,000 | 59,178 | 2,210,791 | 3,432,840 |
| 2003 | 3,557,555 | 65,000 | 1,455,000 | 0 | 2,019,316 | 3,636,826 |
| 2002 | 3,923,437 | 120,000 | 205,824 | 0 | 1,872,317 | 3,835,812 |
| 2001 | 3,400,000 | 25,000 | 267,154 | 0 | 1,743,501 | 4,024,798 |
| 2000 | 3,660,000 | 0 | 518,031 | 0 | 1,606,306 | 4,203,784 |
| 1999 | 3,905,000 | 0 | 201,634 | 1,108 | 1,393,709 | 4,377,770 |
| 1998 | 4,140,000 | 0 | 256,350 | 3,717 | 1,193,962 | 4,546,756 |
| 1997 | 4,365,000 | 0 | 689,100 | 11,684 | 1,632,083 | 4,705,742 |

Business-Type Activities

| OWDA Loans | OPWC Loans | Long-Term Notes Payable | Short-Term Notes Payable | Total Debt | Percentage of Personal Income | Per Capita |
|---------------|---------------|-------------------------------|--------------------------------|---------------|-------------------------------------|---------------|
| \$769,093 | \$159,012 | \$0 | \$57,350 | \$10,398,447 | 1.67% | \$246 |
| 809,955 | 170,370 | 114,700 | 50,000 | 10,789,677 | 1.73 | 255 |
| 239,881 | 181,728 | 179,460 | 68,000 | 10,910,240 | 1.75 | 258 |
| 176,308 | 193,086 | 305,947 | 0 | 11,409,038 | 1.83 | 269 |
| 63,075 | 204,444 | 0 | 432,433 | 10,657,342 | 1.71 | 252 |
| 70,335 | 215,802 | 0 | 200,000 | 9,946,590 | 1.60 | 235 |
| 0 | 0 | 0 | 0 | 9,988,121 | 1.60 | 236 |
| 0 | 0 | 0 | 0 | 9,879,221 | 2.40 | 246 |
| 0 | 0 | 0 | 0 | 10,140,785 | 2.46 | 253 |
| 0 | 0 | 0 | 80,000 | 11,483,609 | 2.79 | 286 |

PREBLE COUNTY, OHIO
RATIO OF GENERAL OBLIGATION BONDED DEBT TO ESTIMATED TRUE
VALUE AND BONDED DEBT PER CAPITA
LAST TEN YEARS

| Year | Population (1) | | Estimated True Values of Taxable Property (2) | Gross Bonded Debt | Net Bonded Debt |
|------|----------------|---|--------------------------------------------------------|-------------------------|-----------------------|
| 2006 | 42,337 | b | \$2,283,196,159 | \$2,423,296 | \$2,423,296 |
| 2005 | 42,337 | b | 2,201,267,519 | 2,803,348 | 2,803,348 |
| 2004 | 42,337 | b | 2,248,038,022 | 3,181,362 | 3,181,362 |
| 2003 | 42,337 | b | 2,216,414,016 | 3,557,555 | 3,557,555 |
| 2002 | 42,337 | b | 2,208,561,828 | 3,923,437 | 3,923,437 |
| 2001 | 42,337 | b | 2,039,757,902 | 3,400,000 | 3,400,000 |
| 2000 | 42,337 | b | 1,960,708,102 | 3,660,000 | 3,660,000 |
| 1999 | 40,113 | a | 1,979,665,810 | 3,905,000 | 3,905,000 |
| 1998 | 40,113 | a | 1,699,968,410 | 4,140,000 | 4,140,000 |
| 1997 | 40,113 | a | 1,674,894,286 | 4,365,000 | 4,365,000 |

Sources:

(1) U. S. Bureau of Census, Census of Population.

(a) 1990 Federal Census

(b) 2000 Federal Census

(2) Preble County Auditor

| Ratio of Net Bonded Debt to Estimated True Values of Taxable Property | Net Bonded Debt Per Capita |
|-----------------------------------------------------------------------------------|----------------------------------|
| 0.11% | \$57.24 |
| 0.13 | 66.22 |
| 0.14 | 75.14 |
| 0.16 | 84.03 |
| 0.18 | 92.67 |
| 0.17 | 80.31 |
| 0.19 | 86.45 |
| 0.20 | 97.35 |
| 0.24 | 103.21 |
| 0.26 | 108.82 |

PREBLE COUNTY, OHIO
PRINCIPAL EMPLOYERS
2006 and 1997

2006

| Employer | Employees | Percentage of Total County Employment |
|------------------------------------|---------------|---------------------------------------------|
| Neaton Auto Products | 767 | 4.63% |
| Parker Hannifin Corporation | 543 | 3.28% |
| Henny Penny Corporation | 459 | 2.76% |
| Lewisburg Container | 286 | 1.73% |
| North American Nutrition | 272 | 1.64% |
| Zumstein Inc | 251 | 1.52% |
| Iams Company | 179 | 1.08% |
| Bullen Ultrasonics | 125 | 0.75% |
| Weyerhaeuser | 111 | 0.67% |
| Carlisle Engineered Products | 89 | 0.54% |
| Total | <u>3,082</u> | <u>18.60%</u> |
| Total Employment within the County | <u>16,566</u> | |

1997

| Employer | Employees | Percentage of Total County Employment |
|------------------------------------|---------------|---------------------------------------------|
| Parker Hannifan Corporation | 700 | 4.78% |
| Neaton Auto Products | 614 | 4.19% |
| Henny Penny Corporation | 450 | 3.07% |
| Lewisburg Container | 276 | 1.88% |
| Carl S. Akey, Incorporated | 270 | 1.84% |
| U.S. Precision Glass Company | 150 | 1.02% |
| Weyerhaeuser Corporation | 147 | 1.00% |
| Browning Manufacturing | 142 | 0.97% |
| IAMS | 135 | 0.92% |
| Morton International | 102 | 0.70% |
| Total | <u>2,986</u> | <u>20.37%</u> |
| Total Employment within the County | <u>14,650</u> | |

Source: Employer data provided to the County

PREBLE COUNTY, OHIO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN YEARS

| <u>Year</u> | <u>Population (1)</u> | <u>Total Personal Income (2)</u> | <u>Personal Income Per Capita (1)</u> | <u>Preble County Unemployment Rate</u> | <u>Total Assessed Property Value</u> |
|-------------|-----------------------|--------------------------------------|-----------------------------------------------|----------------------------------------------------|--------------------------------------------------|
| 2006 | 42,337 | \$622,480,911 | \$14,703 | 7.2% | \$785,678,663 |
| 2005 | 42,337 | 622,480,911 | 14,703 | 5.4 | 739,322,660 |
| 2004 | 42,337 | 622,480,911 | 14,703 | 6.1 | 739,757,900 |
| 2003 | 42,337 | 622,480,911 | 14,703 | 6.0 | 729,136,590 |
| 2002 | 42,337 | 622,480,911 | 14,703 | 4.6 | 724,684,980 |
| 2001 | 42,337 | 622,480,911 | 14,703 | 4.5 | 667,028,410 |
| 2000 | 42,337 | 622,480,911 | 14,703 | 4.2 | 657,343,980 |
| 1999 | 40,113 | 412,201,188 | 10,276 | 4.1 | 645,654,590 |
| 1998 | 40,113 | 412,201,188 | 10,276 | 4.0 | 547,514,040 |
| 1997 | 40,113 | 412,201,188 | 10,276 | 4.1 | 537,987,240 |

Sources:

(1) U. S. Bureau of Census, Census of Population.

(2) Computation of per capita personal income multiplied by population

PREBLE COUNTY, OHIO
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST FIVE YEARS

| | 2006 | 2005 | 2004 | 2003 | 2002 |
|-------------------------------------------------------|--------|--------|--------|--------|--------|
| General Government - Legislative and Executive | | | | | |
| Commissioners | | | | | |
| Courthouse - (square feet) | 2,912 | 2,912 | 1,728 | 1,728 | 1,728 |
| % of Total Courthouse (square feet) | 6.56% | 6.56% | 3.89% | 3.89% | 3.89% |
| Auditor | | | | | |
| Courthouse - (square feet) | 3,392 | 3,392 | 1,664 | 1,664 | 1,664 |
| % of Total Courthouse (square feet) | 7.64% | 7.64% | 3.75% | 3.75% | 3.75% |
| Recorder | | | | | |
| Courthouse - (square feet) | 1,536 | 1,536 | 1,536 | 1,536 | 1,536 |
| % of Total Courthouse (square feet) | 3.46% | 3.46% | 3.46% | 3.46% | 3.46% |
| Treasurer | | | | | |
| Courthouse - (square feet) | 704 | 704 | 704 | 704 | 704 |
| % of Total Courthouse (square feet) | 1.58% | 1.58% | 1.58% | 1.58% | 1.58% |
| Maintenance | | | | | |
| Courthouse - (square feet) | 2,144 | 2,144 | 2,144 | 2,144 | 2,144 |
| % of Total Courthouse (square feet) | 4.83% | 4.83% | 4.83% | 4.83% | 4.83% |
| Prosecutor | | | | | |
| Courthouse - (square feet) | 2,496 | 2,496 | 1,920 | 1,920 | 1,920 |
| % of Total Courthouse (square feet) | 5.62% | 5.62% | 4.32% | 4.32% | 4.32% |
| Building Department | | | | | |
| Courthouse - (square feet) | 1,056 | 1,056 | 1,056 | 1,056 | 1,056 |
| % of Total Courthouse (square feet) | 2.38% | 2.38% | 2.38% | 2.38% | 2.38% |
| Records Commission/Microfilm Department | | | | | |
| Courthouse - (square feet) | 3,328 | 3,328 | 576 | 576 | 576 |
| % of Total Courthouse (square feet) | 7.49% | 7.49% | 1.30% | 1.30% | 1.30% |
| Board of Elections | | | | | |
| Courthouse - (square feet) | 384 | 384 | 384 | 384 | 384 |
| % of Total Courthouse (square feet) | 0.86% | 0.86% | 0.86% | 0.86% | 0.86% |
| General Government - Judicial | | | | | |
| Clerk of Courts | | | | | |
| Courthouse - (square feet) | 1,536 | 1,536 | 1,536 | 1,536 | 1,536 |
| % of Total Courthouse (square feet) | 3.46% | 3.46% | 3.46% | 3.46% | 3.46% |
| Common Pleas Court | | | | | |
| Courthouse - (square feet) | 3,968 | 3,968 | 3,968 | 3,968 | 3,968 |
| % of Total Courthouse (square feet) | 8.93% | 8.93% | 8.93% | 8.93% | 8.93% |
| Probate Court | | | | | |
| Courthouse - (square feet) | 832 | 832 | 832 | 832 | 832 |
| % of Total Courthouse (square feet) | 1.87% | 1.87% | 1.87% | 1.87% | 1.87% |
| Law Library | | | | | |
| Courthouse - (square feet) | 768 | 768 | 768 | 768 | 768 |
| % of Total Courthouse (square feet) | 1.73% | 1.73% | 1.73% | 1.73% | 1.73% |
| Juvenile Court | | | | | |
| Courthouse - (square feet) | 1,792 | 1,792 | 1,792 | 1,792 | 1,792 |
| % of Total Courthouse (square feet) | 4.03% | 4.03% | 4.03% | 4.03% | 4.03% |
| Total Courthouse (square feet) | 44,424 | 44,424 | 44,424 | 44,424 | 44,424 |

(continued)

PREBLE COUNTY, OHIO
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST FIVE YEARS
 (CONTINUED)

| | 2006 | 2005 | 2004 | 2003 | 2002 |
|----------------------------------------------------------------|--------|--------|--------|--------|--------|
| Public Safety | | | | | |
| Sheriff | | | | | |
| Jail - (square feet) | 21,519 | 21,519 | 21,519 | 21,519 | 21,519 |
| Administrative Office - (square feet) | 8,809 | 8,809 | 8,809 | 8,809 | 8,809 |
| Disaster Services | | | | | |
| Administrative Office - (square feet) | 3,350 | 3,350 | 3,350 | 3,350 | 3,350 |
| Public Works | | | | | |
| Engineer | | | | | |
| Highway Department - (square feet) | 4,480 | 4,480 | 4,480 | 4,480 | 4,480 |
| Salt Storage Building - (square feet) | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 |
| Administrative Office - (square feet) | 7,448 | 7,448 | 7,448 | 7,448 | 7,448 |
| Highway Garages - (square feet) | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 |
| Bridge Department Garage - (square feet) | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 |
| County Road Miles | 253 | N/A | N/A | N/A | N/A |
| Township Road Miles | 426 | N/A | N/A | N/A | N/A |
| State Route Miles | 190 | 190 | 190 | 190 | 190 |
| Human Services | | | | | |
| MRDD | | | | | |
| Children Services | | | | | |
| Children Services Administrative Offices - (square feet) | 4,263 | 4,263 | 4,263 | 4,263 | 4,263 |
| Child Support Enforcement Agency | | | | | |
| CSEA Administrative Offices - (square feet) | 2,558 | 2,558 | 2,558 | 2,558 | 2,558 |
| Public Assistance | | | | | |
| Job and Family Services Administrative Offices - (square feet) | 8,526 | 8,526 | 8,526 | 8,526 | 8,526 |
| Workforce Investment Act | | | | | |
| Workforce Investment Administrative Offices - (square feet) | 1,705 | 1,705 | 1,705 | 1,705 | 1,705 |
| Health | | | | | |
| Dog and Kennel | | | | | |
| Dog Pound - (square feet) | 2,348 | 2,348 | 2,348 | 2,348 | 2,348 |
| Enterprise Funds | | | | | |
| Sewer Department # 2 | | | | | |
| Sewer Lines Laid - (in linear feet) | 4,000 | N/A | N/A | N/A | N/A |
| Sewer Department # 3 | | | | | |
| Sewer Lines Laid - (in linear feet) | 10,379 | N/A | N/A | N/A | N/A |
| Landfill | | | | | |
| Department Office - (square feet) | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 |

Source: Preble County Departments
 Information was not available prior to 2002.

PREBLE COUNTY, OHIO
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST FIVE YEARS

| | 2006 | 2005 | 2004 | 2003 | 2002 |
|-------------------------------------------------------|--------|--------|--------|--------|--------|
| General Government - Legislative and Executive | | | | | |
| Commissioners | | | | | |
| Number of Resolutions Passed | 749 | 832 | 805 | 745 | 751 |
| Number of Meetings | 104 | 104 | 104 | 104 | 104 |
| Auditor | | | | | |
| Number of Budgetary Checks Issued | 26,890 | 26,545 | 27,140 | 25,993 | 27,661 |
| Number of Personal Property Returns | 1,772 | N/A | N/A | N/A | N/A |
| Number of Exempt Conveyances | 883 | 982 | 1,158 | 1,043 | 1,009 |
| Number of Non-Exempt Conveyances | 1,099 | 1,193 | 1,207 | 1,137 | 1,180 |
| Number of Real Estate Transfers | 1,982 | 2,175 | 2,365 | 2,180 | 2,189 |
| Number of Parcels Billed | 65,501 | 64,447 | 67,409 | 66,157 | 64,966 |
| Prosecutor | | | | | |
| Number of Criminal Cases | 252 | N/A | N/A | N/A | N/A |
| Board of Elections | | | | | |
| Registered Voters | 27,666 | 27,425 | 28,137 | 26,685 | 28,108 |
| Registered Voters Last General Election | 16,190 | 12,539 | 21,559 | 9,159 | 11,967 |
| Percentage of Registered Voters that Voted | 58.52% | 45.72% | 76.62% | 34.32% | 42.58% |
| Recorder | | | | | |
| Number of Deeds Recorded | 2,083 | 2,340 | 2,408 | 2,324 | 2,372 |
| Number of Mortgages Recorded | 2,733 | 3,125 | 3,337 | 4,671 | 4,195 |
| Number of Military Discharges Recorded | 13 | 19 | 15 | 24 | 14 |
| General Government - Judicial | | | | | |
| Probate Court | | | | | |
| Number of Marriage Licenses Issued | 201 | 276 | 270 | 297 | 301 |
| Number of Civil Cases Filed | 7 | 8 | 15 | 4 | 18 |
| Number of Estates Filed | 232 | 243 | 270 | 265 | 280 |
| Number of Guardianships Filed | 24 | 32 | 33 | 20 | 41 |
| Juvenile Court | | | | | |
| Number of Delinquent Cases | 685 | 507 | 531 | 555 | 728 |
| Number of Unruly Cases | 95 | 82 | 75 | 78 | 74 |
| Number of Traffic Cases | 318 | 327 | 300 | 327 | 401 |
| Number of Abuse, Dependency, or Neglect Cases | 69 | 47 | 37 | 51 | 43 |
| Number of Paternity Cases (1) | 9 | 16 | 9 | 20 | 39 |
| Number of Custody Cases (1) | 104 | 88 | 87 | 71 | 65 |
| Number of Adult Cases Only | 5 | 13 | 15 | 15 | 16 |
| Number of Other (Court Contempt, etc.) Cases | 466 | 274 | 402 | 662 | 446 |
| Municipal Court | | | | | |
| Number of Civil Cases Filed | 590 | N/A | N/A | N/A | N/A |
| Number of Criminal Cases Filed | 252 | N/A | N/A | N/A | N/A |
| Number of Domestic Relation Cases Filed | 246 | N/A | N/A | N/A | N/A |
| Number of Appeal Cases Filed | 25 | N/A | N/A | N/A | N/A |
| Public Safety | | | | | |
| Sheriff | | | | | |
| Average Daily Jail Census | 71 | N/A | N/A | N/A | N/A |
| Number of Prisoners Booked | 2,283 | N/A | N/A | N/A | N/A |
| Number of Prisoners Released | 2,262 | N/A | N/A | N/A | N/A |
| Number of Citations Issued | 835 | N/A | N/A | N/A | N/A |
| Number of Court Security Hours | 2,080 | N/A | N/A | N/A | N/A |
| Coroner | | | | | |
| Number of Autopsies Performed | 53 | N/A | N/A | N/A | N/A |

(continued)

PREBLE COUNTY, OHIO
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST FIVE YEARS
 (CONTINUED)

| | 2006 | 2005 | 2004 | 2003 | 2002 |
|-----------------------------------------------------|--------|------|------|------|------|
| Public Works | | | | | |
| Engineer | | | | | |
| Miles of Roads Resurfaced | 14 | N/A | N/A | N/A | N/A |
| Number of Bridges Replaced/ Improved | 10 | N/A | N/A | N/A | N/A |
| Number of Culverts Built/ Replaced/ Improved | 62 | N/A | N/A | N/A | N/A |
| Human Services | | | | | |
| MRDD | | | | | |
| Number of Students Enrolled in Early Intervention | 32 | N/A | N/A | N/A | N/A |
| Number of Students Enrolled in Case Management | 326 | N/A | N/A | N/A | N/A |
| Number of Students Enrolled in Residential Supports | 61 | N/A | N/A | N/A | N/A |
| Number Served by Adult Workshop | 104 | N/A | N/A | N/A | N/A |
| Public Assistance | | | | | |
| Average Client Count - Food Stamps | 2,443 | N/A | N/A | N/A | N/A |
| Medicaid Caseload | 5,141 | N/A | N/A | N/A | N/A |
| Average Client Count - Day Care | 167 | N/A | N/A | N/A | N/A |
| Child Support Enforcement Agency | | | | | |
| Open Child Support Cases | 2,842 | N/A | N/A | N/A | N/A |
| Percentage of Child Support Collected | 74.18% | N/A | N/A | N/A | N/A |

Source: Preble County Departments
 Information was not available prior to 2002

PREBLE COUNTY, OHIO
COUNTY EMPLOYEES BY FUNCTION/PROGRAM
DECEMBER 31, 2006

| Function/Program | <i>2006</i> | |
|------------------------------------|-------------------|-------------------|
| | Full- Time | All |
| Governmental Activities | | |
| Legislative / Executive | 41 | 41 |
| Judicial | 29 | 29 |
| Public Safety | 70 | 71 |
| Public Works | 34 | 34 |
| Health | 7 | 8 |
| Human Services | 107 | 108 |
| Community and Economic Development | 1 | 1 |
| <i>Total Governmental</i> | <u>289</u> | <u>292</u> |
| Business-Type Activities | | |
| Sewer | 3 | 3 |
| Landfill | 6 | 6 |
| <i>Total Business-Type</i> | <u>9</u> | <u>9</u> |
| <i>Total Number of Employees</i> | <u><u>298</u></u> | <u><u>301</u></u> |

Source: County Payroll Records

Information prior to 2006 was not available.



Mary Taylor, CPA
Auditor of State

FINANCIAL CONDITION

PREBLE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 25, 2007**