FINANCIAL CONDITION
AUGLAIZE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2007

Mary Taylor, CPA
Auditor of State

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AUGLAIZE COUNTY

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AUGLAIZE COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units**,** each major fund, and the aggregate remaining fund information of Auglaize County (the County), as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Auglaize County, as of December 31, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, Motor Vehicle Gas Tax Fund, Jobs & Family Services Fund, and MRDD Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2008, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The schedule of federal awards receipts and expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the schedule of federal awards receipts and expenditures 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 22, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED

As management of Auglaize County (the County), we offer readers of the County's financial statement this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2007.

Financial Highlights

The assets of the County exceed liabilities at December 31, 2007 by $67,514,772. Of this amount $22,603,094 may be used to meet ongoing obligations. As of December 31, 2007, the County's governmental funds reported net assets of $63,097,637, an increase of $18,863,140 in comparison with the prior year. At the end of the current fiscal year the unreserved fund balance for the general fund was $3,806,393 which is available for spending at the County's discretion. The County's outstanding debt, not considering any additions, decreased by $296,823 in governmental activities and decreased $5,000 in business type activities. In the general fund actual revenues were 2.6 percent higher than budgeted and expenditures were 12.43 percent less than the budgeted amount.

Overview Of The Financial Statements

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

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

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

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

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

> **Governmental Funds**: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating a government's near-term financial requirements.
>
> Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

Notes to the Financial Statements- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 29-70.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $67,514,772 as of December 31, 2007.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
Assets						
Current and Other Assets	$35,315,676	$32,612,020	$1,263,273	$1,547,860	$36,578,949	$34,159,880
Capital Assets, Net	41,451,435	23,704,604	3,867,743	3,764,825	45,319,178	27,469,429
Total Assets	76,767,111	56,316,624	5,131,016	5,312,685	81,898,127	61,629,309
Liabilities						
Current and Other Liabilities	7,946,122	8,388,913	344,825	382,221	8,290,947	8,771,134
Long-Term Liabilities	5,723,352	3,693,214	369,056	353,402	6,092,408	4,046,616
Total Liabilities	13,669,474	12,082,127	713,881	735,623	14,383,355	12,817,750
Net Assets						
Invested in Capital Assets Net of Related Debt	41,071,435	23,294,607	3,840,242	3,732,325	44,911,673	27,026,932
Restricted	19,840,479	16,960,812			19,840,479	16,960,812
Unrestricted	2,185,723	3,979,078	576,893	844,737	2,762,620	4,823,815
Total Net Assets (December 31, 2006 restated – See Note 3 To the Basic Financial Statements	$63,097,637	$44,234,497	$4,417,135	$4,577,062	$67,514,772	$48,811,559

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

The largest portion of the County's net assets, 67 percent, reflects its investment in capital assets (land, buildings, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

As of December 31, 2007, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Analysis of the County's Operation – The following table provides a summary of the County's operations for 2007. The County's financial position improved for both governmental-type and business-type activities. The more significant changes are as follows:

**Table 2
Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Totals	
Program Revenues:	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Charges for Services	$6,834,517	$5,922,619	$5,588,501	$6,043,003	$12,423,018	$11,965,622
Operating Grants	8,916,076	7,442,626			8,916,076	7,442,626
Capital Grants/Contributions	1,452,044	730,650	220,599		1,672,643	730,650
General Revenues:						
Property Taxes	6,072,760	6,391,087			6,072,760	6,391,087
Sales Tax	7,675,384	7,339,584			7,675,384	7,339,584
Intergovernmental	919,648	915,599			919,648	915,599
Gain/Loss on Sale of Assets	(51,296)	(117,660)		(1,260)	(51,296)	(118,920)
Miscellaneous	365,438	692,083	48,450	25,188	413,888	717,271
Interest	1,180,091	850,405			1,180,091	850,405
Total Revenues	33,364,662	30,166,993	5,857,550	6,066,931	39,222,212	36,233,924
Program Expenses						
General Government	6,832,765	6,587,407			6,832,765	6,587,407
Public Safety	5,152,069	5,535,535			5,152,069	5,535,535
Public Works	5,558,490	4,439,446			5,558,490	4,439,446
Health	7,568,690	5,791,261			7,568,690	5,791,261
Human Services	4,863,374	4,527,976			4,863,374	4,527,976
Other	2,020,627	1,218,060			2,020,627	1,218,060
Interest & Fiscal Charges	104,945	145,228			104,945	145,228
Sewer			401,989	351,115	401,989	351,115
County Home			5,615,488	5,954,776	5,615,488	5,954,776
Total Expenses	32,100,960	28,244,913	6,017,477	6,305,891	38,118,437	34,550,804
Changes in Net Assets	1,263,702	1,922,080	(159,927)	(238,960)	1,103,775	1,683,120
Net Assets January 1	61,833,935	42,312,417	4,577,062	4,816,022	66,410,997	47,128,439
Net Assets December 31 – December 31, 2006 Restated – See Note 3 of the Notes to the Basic Financial Statements	$63,097,637	$44,234,497	$4,417,135	$4,577,062	$67,514,772	$48,811,559

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for governmental activities for 2007 and 2006. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. This table also shows the cost of services for business type activities along with the related charges for services to offset the costs or providing the services.

Table 3
Total Costs versus Net Costs

	Governmental Type Activities			
	2007		2006	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Current:				
General Government:				
Legislative and Executive	$4,928,230	$3,262,395	$4,729,299	$3,053,740
Judicial	1,904,535	618,879	1,858,108	698,042
Public Safety	5,152,069	4,425,847	5,535,535	4,789,115
Public Works	5,558,490	(407,309)	4,439,446	(528,047)
Health	7,568,690	4,753,937	5,791,261	3,743,757
Human Services	4,863,374	121,802	4,527,976	1,032,123
Other	2,020,627	2,017,827	1,218,060	1,215,060
Interest and Fiscal Charges	104,945	104,945	145,228	145,228
Total Expenses	$32,100,960	$14,898,323	$28,244,913	$14,149,018
	Business Type Activities			
Auglaize Acres	$5,615,488	$184,068	$5,954,776	$184,385
Water and Sewer	401,989	24,309	351,115	78,503
Total Expenses	$6,017,477	$208,377	$6,305,891	$262,888

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

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

As of the end of the current fiscal year, Auglaize County's governmental funds reported total fund balances of $22,492,783. Of this $3,806,393 constitutes unreserved fund balance of the general fund, which is available for spending at the County's discretion. A portion of the fund balances are reserved to indicate that they are not available for new spending because they have already been committed in the amount of $241,242 to liquidate encumbrances of the prior period. The remainder of the fund balances includes $300,285 for debt service payments and $7,366,314 for usage by the County's permanent improvement fund.

The general fund is the chief operating fund of the county. At the end of the current fiscal year, the unreserved balance was $3,806,393 while the total fund balance was $4,595,642.

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

The MVGT fund balance decreased by $84,796 to $1,444,410. The decrease is due to an increase in expenditures. The JFS fund balance increased by $557,814 to $389,277. The increase is due to an increase in revenues. The MRDD fund balance increased by $575,197 to $2,835,274. The increase is due to a decrease in expenditures. The Permanent Improvement fund balance increased by $1,473,179 to $6,809,805. The increase is due to additional permissive tax revenue.

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

The county home (Auglaize Acres) net assets decreased by $136,260 to $289,130. In 2003 the facility became a Certified Long-term Care Facility. The various sewer fund net assets decreased by $23,667 to $4,128,005.

General Fund Budgeting Highlights

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

For the General Fund, actual budget basis revenues and other financing sources were $304,173 above final budget estimates of $11,845,750. Investment income revenue of $229,196 greater than estimated was the primary factor contributing this to this increase in actual over budgeted revenues.

Total actual expenditures and other financing uses were $1,866,413 less than the final budgeted expenditures. Actual General Government expenditures of $1,211,341 less than budgeted expenditures was the primary factor contributing to the decrease in actual versus budgeted expenditures.

Capital Assets And Debt Administration

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

	Governmental Activities		Business-Type		Total	
	2007	2006	2007	2006	2007	2006
Land & Improvements	$4,925,169	$5,255,918	$56,298	$54,908	$4,981,467	$5,310,826
Infrastructure	20,353,799	2,181,687	3,577,226	3,611,230	23,931,025	5,792,917
Buildings/Improvements	12,435,804	13,055,859	180,155	48,182	12,615,959	13,104,041
Construction in Progress	522,369	12,184			522,369	12,184
Equipment, Furniture/Fixtures	3,214,294	3,198,956	54,064	50,505	3,268,358	3,249,461
Total	$41,451,435	$23,704,604	$3,867,743	$3,764,825	$45,319,178	$27,469,429

Table 5
Outstanding Debt at Year End
Governmental Activities

	2007	2006
General Obligation Bonds		
Human Services	$380,000	$410,000
Special Assessment Bonds	1,005,000	1,170,000
Ohio Public Works Loan	81,832	86,946
Special Assessment Notes	522,049	401,359
Total	$1,988,881	$2,068,305

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

Economic Factors And Next Year's Budgets And Rates

The budget centers on a stable economic climate. The county unemployment rate is 4.8 percent a half percent less than the state rate of 5.3 percent (March 2008). The state legislature has indicated uncertainty regarding local government, local government revenue assistance and state funded grant programs which may require more local financial support.

In 2007 the employer rate for PERS increased to 13.85 percent.

Business-type activities should remain relatively unchanged for 2008.

Ditch note debt incurred since January 1, 2008 is $119,373.73.

Request For Information

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

FINANCIAL CONDITION
AUGLAIZE COUNTY

STATEMENT OF NET ASSETS
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Airport Authority	Auglaize Industries
Assets					
Equity in Pooled Cash and Cash Equivalents	$19,801,901	$591,736	$20,393,637		
Cash and Cash Equivalents in Segregated Accounts	200		200	$16,276	$722,063
Cash and Cash Equivalents With Fiscal Agent	549,447		549,447		
Materials and Supplies Inventory	543,599	27,762	571,361	18,254	
Accrued Interest Receivable	332,444		332,444		
Accounts Receivable	204,034	941,145	1,145,179	10,037	27,839
Internal Balances	317,268	(317,268)			
Due from Other Governments	4,126,434		4,126,434		
Prepaid Items	206,954	6,148	213,102		1,000
Sales Taxes Receivable	1,015,964		1,015,964		
Property Taxes Receivable	5,739,315		5,739,315		
Notes Receivable	951,067	13,750	964,817		
Special Assessments Receivable	1,527,049		1,527,049		
Non Depreciable Assets	2,449,774	56,298	2,506,072		
Depreciable Capital Assets, Net	39,001,661	3,811,445	42,813,106	65,149	42,498
Total Assets	76,767,111	5,131,016	81,898,127	109,716	793,400
Liabilities					
Accounts Payable	622,578	116,885	739,463	4,009	716
Contracts Payable	869,950		869,950		
Accrued Wages	602,306	149,392	751,698		
Due to Other Governments	167,931	37,660	205,591	314	1,179
Due to Clients		40,888	40,888		
Accrued Interest Payable	11,731		11,731		
Deferred Revenue	5,671,626		5,671,626	10,374	
Long-Term Liabilities:					
Due Within One Year	2,143,674	148,633	2,292,307		1,615
Due In More Than One Year	3,579,678	220,423	3,800,101		
Total Liabilities	13,669,474	713,881	14,383,355	14,697	3,510
Net Assets					
Invested in Capital Assets, Net of Related Debt	41,071,435	3,840,243	44,911,678	65,149	42,498
Restricted for:					
Capital Projects	7,366,314		7,366,314		
Debt Service	468,438		468,438		
Other Purposes	12,005,727		12,005,727	512	
Unrestricted (Deficit)	2,185,723	576,892	2,762,615	29,358	747,392
Total Net Assets	$63,097,637	$4,417,135	$67,514,772	$95,019	$789,890

See accompanying notes to the basic financial statements.

STATEMENT OF ACTIVITIES
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2007

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Current:				
General Government:				
Legislative and Executive	$4,928,230	$1,283,766	$382,069	
Judicial	1,904,535	1,217,416	68,240	
Public Safety	5,152,069	454,189	253,413	18,620
Public Works	5,558,490	3,093,500	1,736,170	1,136,129
Health	7,568,690	633,937	1,930,816	250,000
Human Services	4,863,374	148,909	4,545,368	47,295
Other	2,020,627	2,800		
Interest and Fiscal Charges	104,945			
Total Governmental Activities	32,100,960	6,834,517	8,916,076	1,452,044
Business-Type Activities:				
Auglaize Acres	5,615,488	5,277,211		154,209
Water & Sewer	401,989	311,290		66,390
Total Business-Type Activities	6,017,477	5,588,501		220,599
Total - Primary Government	$38,118,437	$12,423,018	$8,916,076	$1,672,643
Component Units				
Airport Authority	$227,965	$212,856		
Auglaize Industries	322,274	288,349		
Total Component Units	$550,239	$501,205		

General Revenues
Property Taxes Levied for:
General Purposes
Other Purposes
Sales Tax Levied for:
General Purposes
Other Purposes
Capital Outlay
Intergovernmental
Loss/Gain on Sale of Capital Asset
Investment Earnings
Miscellaneous
Total General Revenues

Change in Net Assets

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

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Airport Authority	Auglaize Industries
($3,262,395)		($3,262,395)		
(618,879)		(618,879)		
(4,425,847)		(4,425,847)		
407,309		407,309		
(4,753,937)		(4,753,937)		
(121,802)		(121,802)		
(2,017,827)		(2,017,827)		
(104,945)		(104,945)		
(14,898,323)		(14,898,323)		
	($184,068)	(184,068)		
	(24,309)	(24,309)		
	(208,377)	(208,377)		
(14,898,323)	(208,377)	(15,106,700)		
			($15,109)	
				($33,925)
			(15,109)	(33,925)
2,109,409		2,109,409		
3,963,351		3,963,351		
5,071,028		5,071,028		
760,281		760,281		
1,844,075		1,844,075		
919,648		919,648		
(51,296)		(51,296)	800	
1,180,091		1,180,091	651	59,220
365,438	48,450	413,888	12,368	24,366
16,162,025	48,450	16,210,475	13,819	83,586
1,263,702	(159,927)	1,103,775	(1,290)	49,661
61,833,935	4,577,062	66,410,997	96,309	740,229
$63,097,637	$4,417,135	$67,514,772	$95,019	$789,890

FINANCIAL CONDITION
AUGLAIZE COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	General	MVGT	Job and Family Services
Assets			
Equity in Pooled Cash and Cash Equivalents	$2,912,943	$1,347,362	$143,785
Cash and Cash Equivalents With Fiscal Agent			
Due From Other Governments	639,167	2,239,282	515,969
Materials and Supplies Inventory	60,602	447,239	29,490
Accrued Interest Receivable	64,443		
Accounts Receivable	64,596	18,898	
Due From Other Funds	1,028,887	15,892	20,088
Prepaid Items	83,407	9,471	49,460
Sales Taxes Receivable	745,038		
Property Taxes Receivable	1,930,937		
Note Receivable	19,200		
Special Assessments Receivable			
Total Assets	$7,549,220	$4,078,144	$758,792
Liabilities			
Accounts Payable	$129,493	$85,796	$78,647
Contracts Payable	22,558	764,280	
Accrued Wages	309,954	85,596	62,215
Intergovernmental Payable	95,247	25,603	16,205
Due to Other Funds	5,472	1,434	76,880
Deferred Revenue	2,390,854	1,671,025	135,568
Total Liabilities	2,953,578	2,633,734	369,515
Fund Balances			
Reserved for Encumbrances	86,823		14,066
Reserved for Notes Receivable	19,200		
Reserved for Interfund Receivable (Long-Term)	683,226		
Unreserved:			
Undesignated, Reported in:			
General Fund	3,806,393		
Special Revenue Funds		1,444,410	375,211
Debt Service Funds			
Capital Projects Funds			
Total Fund Balances	4,595,642	1,444,410	389,277
Total Liabilities and Fund Balances	$7,549,220	$4,078,144	$758,792

See accompanying notes to the basic financial statements.

MRDD	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
$2,456,679	$6,571,946	$6,221,085	$19,653,800
549,447			549,447
363,432		368,584	4,126,434
6,268			543,599
		268,001	332,444
		120,540	204,034
		81,026	1,145,893
47,942		16,674	206,954
	270,926		1,015,964
3,808,378			5,739,315
		931,867	951,067
		1,527,049	1,527,049
7,232,146	6,842,872	9,534,826	35,996,000
85,050	3,049	228,345	610,380
36,000	30,018	17,094	869,950
96,208		44,462	598,435
14,858		14,980	166,893
292		755,289	839,367
4,164,464		2,056,281	10,418,192
4,396,872	33,067	3,116,451	13,503,217
19,764		120,589	241,242
		931,867	951,067
			683,226
			3,806,393
2,815,510		4,509,125	9,144,256
		300,285	300,285
	6,809,805	556,509	7,366,314
2,835,274	6,809,805	6,418,375	22,492,783
$7,232,146	$6,842,872	$9,534,826	$35,996,000

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2007

Total Governmental Funds Balances

Amounts reported for governmental activities in the statement of net assets are different because:		$22,492,783
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		41,451,435
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Grants	$1,999,947	
Property Tax	67,680	
Sales Tax	218,386	
Special Assessments	1,520,763	
Interest	268,001	
Charges for Services - licenses	671,780	
Total		4,746,557
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(380,000)	
Special Assessment Bonds	(1,005,000)	
Special Assessment Notes	(522,049)	
Compensated Absences	(1,662,992)	
Ohio Public Works Loan	(81,832)	
Claims Payable	(2,066,745)	
Accrued Interest Payable	(11,731)	
Total		(5,730,349)
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.		137,211
Net Assets of Governmental Activities		$63,097,637

See accompanying notes to the basic financial statements.

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FINANCIAL CONDITION
AUGLAIZE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	MVGT	Job and Family Services
Revenues			
Property Taxes	$1,987,367		
Sales Tax	5,071,028	$511,655	
Interest	1,130,400	29,601	
Licenses and Permits	2,887		
Fines and Forfeitures	540,322	49,650	
Intergovernmental	1,390,591	4,005,300	$3,270,128
Charges for Services	1,574,859	270,691	
Special Assessments			
Other	263,737	61,709	299,910
Total Revenues	11,961,191	4,928,606	3,570,038
Expenditures			
Current:			
General Government:			
Legislative and Executive	3,414,361		
Judicial	1,607,875		
Public Safety	4,628,683		
Public Works	353,565	5,043,143	
Health	94,897		
Human Services	380,325		3,012,601
Other	1,861,347		
Capital Outlay			
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	12,341,053	5,043,143	3,012,601
Excess of Revenues Over/(Under) Expenditures	(379,862)	(114,537)	557,437
Other Financing Sources (Uses)			
Sale of Fixed Assets	2,738	29,741	377
Other Financing Sources	525		
Proceeds from Notes			
Transfers In	92,700		
Transfers Out	(181,000)		
Total Other Financing Sources (Uses)	(85,037)	29,741	377
Net Change in Fund Balances	(464,899)	(84,796)	557,814
Fund Balances (Deficits) Beginning of Year (Restated - See Note 3)	5,060,541	1,529,206	(168,537)
Fund Balances End of Year	$4,595,642	$1,444,410	$389,277

See accompanying notes to the basic financial statements.

MRDD	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
$4,034,560			$6,021,927
	$1,844,075		7,426,758
4,866		$59,667	1,224,534
			2,887
		36,155	626,127
1,408,271		2,872,544	12,946,834
		1,854,300	3,699,850
		797,476	797,476
4,986		273,535	903,877
5,452,683	1,844,075	5,893,677	33,650,270
		407,423	3,821,784
		247,191	1,855,066
		514,879	5,143,562
		1,011,599	6,408,307
4,127,498		1,403,605	5,626,000
		1,464,345	4,857,271
		157,569	2,018,916
	370,896	346,513	717,409
		296,823	296,823
		103,967	103,967
4,127,498	370,896	5,953,914	30,849,105
1,325,185	1,473,179	(60,237)	2,801,165
12		10,895	43,763
			525
		217,399	217,399
		900,000	992,700
(750,000)		(90,000)	(1,021,000)
(749,988)		1,038,294	233,387
575,197	1,473,179	978,057	3,034,552
2,260,077	5,336,626	5,440,318	19,458,231
$2,835,274	$6,809,805	$6,418,375	$22,492,783

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2007

Net Change in Fund Balances - Total Governmental Funds		$3,034,552
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current year.		
Construction in progress	$510,185	
Depreciable capital assets	3,272,897	
Depreciation expense	(3,371,667)	411,415
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
Sale of capital assets	(43,763)	
Loss on sale of capital assets	(51,296)	(95,059)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(94,212)	
Permissive Taxes	(4,371)	
Grants	401,106	
Special Assessments	(357,377)	
Interest	(44,443)	
Charges for Services - Licenses	(67,239)	(166,536)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. statement of net assets.		296,823
Note proceeds are other financing sources in governmental funds, but the issuance increases long-term liabilities on the statement of net assets.		
Notes payable		(217,399)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
Accrued Interest		(978)
Some expenses reported in the statement of activities, such as compensated absences and claims payable do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(58,519)	
Claims Payable	(2,066,745)	(2,125,264)
The internal service funds used by management to charge the costs of insurance and workers' compensation to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated		126,148
Change in Net Assets of Governmental Activities		$1,263,702

See accompanying notes to the basic financial statements.

AUGLAIZE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Taxes	$1,958,900	$1,958,900	$1,942,649	($16,251)
Sales tax	5,058,280	5,058,280	5,074,284	16,004
Charges for services	1,479,450	1,479,450	1,550,222	70,772
License and permits	2,930	2,930	2,887	(43)
Fines and forfeitures	480,000	480,000	542,075	62,075
Intergovernmental	1,369,890	1,369,890	1,439,463	69,573
Investment income	850,000	850,000	1,079,196	229,196
Other operating income	575,300	585,300	423,184	(162,116)
Total Revenues	11,774,750	11,784,750	12,053,960	269,210
Expenditures				
Current:				
General Government:				
Legislative and Executive	4,522,688	4,244,021	3,581,936	662,085
Judicial	2,159,700	2,060,063	1,600,807	459,256
Public Safety	5,139,716	5,209,400	4,711,064	498,336
Public Works	490,274	462,274	366,344	95,930
Health	107,485	107,485	101,336	6,149
Human Services	565,366	567,405	384,601	182,804
Other	1,732,000	2,142,000	1,906,728	235,272
Total Expenditures	14,717,229	14,792,648	12,652,816	2,139,832
Excess of Revenues (Under) Expenditures	(2,942,479)	(3,007,898)	(598,856)	2,409,042
Other Financing Sources (Uses)				
Proceeds from Sale of Fixed Assets	1,000	1,000	2,738	1,738
Other Financing Sources			525	525
Transfers In	60,000	60,000	92,700	32,700
Transfers Out	(298,000)	(222,581)	(181,000)	41,581
Advances Out			(315,000)	(315,000)
Total Other Financing Sources (Uses)	(237,000)	(161,581)	(400,037)	(238,456)
Net Change in Fund Balance	(3,179,479)	(3,169,479)	(998,893)	2,170,586
Fund Balance Beginning of Year (Restated - See Note 3)	3,277,701	3,277,701	3,277,701	
Prior Year Encumbrances Appropriated	124,328	124,328	124,328	
Fund Balance End of Year	$222,550	$232,550	$2,403,136	$2,170,586

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
AUGLAIZE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
MVGT FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues				
Sales tax	$510,000	$510,000	$512,381	$2,381
Charges for services	150,000	150,000	243,994	93,994
Fines and forfeitures	50,000	50,000	49,998	(2)
Intergovernmental	3,850,000	3,850,000	3,963,562	113,562
Investment income	20,000	20,000	30,086	10,086
Other operating income	38,500	38,500	47,615	9,115
Total Revenues	4,618,500	4,618,500	4,847,636	229,136
Expenditures				
Current:				
Public Works				
Personal services	2,383,629	2,333,059	2,256,182	76,877
Materials and supplies	1,230,307	1,282,547	1,171,062	111,485
Charges and services	1,310,328	1,316,473	1,243,679	72,794
Capital outlay and equipment	349,198	348,861	348,861	
Other operating expense	10,000	2,522	2,522	
Total Expenditures	5,283,462	5,283,462	5,022,306	261,156
Excess of Revenues (Under) Expenditures	(664,962)	(664,962)	(174,670)	490,292
Other Financing Sources				
Proceeds from Sale of Fixed Assets			29,741	29,741
Net Change in Fund Balance	(664,962)	(664,962)	(144,929)	520,033
Fund Balance Beginning of Year	644,661	644,661	644,661	
Prior Year Encumbrances Appropriated	22,800	22,800	22,800	
Fund Balance End of Year	$2,499	$2,499	$522,532	$520,033

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
AUGLAIZE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
JOB AND FAMILY SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	**Final**	**Actual**	
Revenues				
Intergovernmental	$2,908,465	$2,908,465	$2,335,922	($572,543)
Other operating income	511,000	511,000	322,156	(188,844)
Total Revenues	3,419,465	3,419,465	2,658,078	(761,387)
Expenditures				
Current:				
Human Services				
Personal services	1,983,218	1,848,218	1,502,691	345,527
Materials and supplies	93,217	93,217	81,405	11,812
Charges and services	1,381,869	1,636,869	1,299,283	337,586
Capital outlay and equipment	137,105	97,105	56,006	41,099
Other operating expense	370,641	290,641	147,526	143,115
Total Expenditures	3,966,050	3,966,050	3,086,911	879,139
Excess of Revenues (Under) Expenditures	(546,585)	(546,585)	(428,833)	117,752
Other Financing Sources (Uses)				
Proceeds from Sale of Fixed Assets			377	377
Transfers In	100,000	100,000		(100,000)
Total Other Financing Sources	100,000	100,000	377	(99,623)
Net Change in Fund Balance	(446,585)	(446,585)	(428,456)	18,129
Fund Balance Beginning of Year	172,909	172,909	172,909	
Prior Year Encumbrances Appropriated	273,677	273,677	273,677	
Fund Balance End of Year	$1	$1	$18,130	$18,129

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
AUGLAIZE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
MRDD FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Taxes	$3,998,173	$3,998,173	$3,953,700	($44,473)
Intergovernmental	1,134,084	1,134,084	1,155,126	21,042
Investment income			4,946	4,946
Other operating income	5,000	15,000	7,169	(7,831)
Total Revenues	5,137,257	5,147,257	5,120,941	(26,316)
Expenditures				
Current:				
Health				
Personal services	2,954,491	2,849,491	2,711,911	137,580
Materials and supplies	132,450	152,450	122,162	30,288
Charges and services	1,632,596	1,717,596	1,565,738	151,858
Capital outlay and equipment	61,000	61,000	23,332	37,668
Total Expenditures	4,780,537	4,780,537	4,423,143	357,394
Excess of Revenues Over (Under) Expenditures	356,720	366,720	697,798	331,078
Other Financing Sources (Uses)				
Operating Transfers Out		(750,000)	(750,000)	
Proceeds from Sale of Fixed Assets			12	12
Total Other Financing Sources (Uses)		(750,000)	(749,988)	12
Net Change in Fund Balance	356,720	(383,280)	(52,190)	331,090
Fund Balance Beginning of Year	2,117,232	2,117,232	2,117,232	
Prior Year Encumbrances Appropriated	101,197	101,197	101,197	
Fund Balance End of Year	$2,575,149	$1,835,149	$2,166,239	$331,090

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
AUGLAIZE COUNTY

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007

	Business Type Activities Enterprise Funds			Governmental Activities
	Auglaize Acres	Sewers	Total	Internal Service Funds
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	$125,336	$466,400	$591,736	$148,101
Cash and Cash Equivalents in Segregated Accounts				200
Receivables:				
Accounts	873,689	67,456	941,145	
Notes		13,750	13,750	
Due From Other Funds				10,742
Materials and Supplies Inventory	27,762		27,762	
Prepaid Items	6,084	64	6,148	
Total Current Assets	1,032,871	547,670	1,580,541	159,043
Non-current Assets:				
Capital Assets:				
Land	4,200	52,098	56,298	
Depreciable Capital Assets, Net	234,219	3,577,226	3,811,445	
Total Non-current Assets	238,419	3,629,324	3,867,743	
Total Assets	1,271,290	4,176,994	5,448,284	159,043
Liabilities				
Current Liabilities:				
Accounts Payable	95,635	21,250	116,885	12,198
Accrued Wages	149,392		149,392	3,871
Intergovernmental Payable	37,660		37,660	1,029
Due to Other Funds	317,268		317,268	
Due to Clients	40,649	239	40,888	
Claims Payable				
Notes Payable		5,000	5,000	
Compensated Absences Payable	143,633		143,633	3,023
Total Current Liabilities	784,237	26,489	810,726	20,121
Long-Term Liabilities:				
Compensated Absences Payable	197,923		197,923	1,711
Notes Payable		22,500	22,500	
Total Long-Term Liabilities	197,923	22,500	220,423	1,711
Total Liabilities	982,160	48,989	1,031,149	21,832
Net Assets				
Invested in Capital Assets, Net of Related Debt	238,419	3,601,824	3,840,243	
Unrestricted	50,711	526,181	576,892	137,211
Total Net Assets	$289,130	$4,128,005	$4,417,135	$137,211

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
AUGLAIZE COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business Type Activities Enterprise Funds			Governmental Activities
	Auglaize Acres	**Sewers**	**Total**	**Internal Service Funds**
Operating Revenues				
Charges for Services	$5,277,210	$311,290	$5,588,500	$4,272,937
Total Operating Revenues	5,277,210	311,290	5,588,500	4,272,937
Operating Expenses				
Personal Services	4,436,357		4,436,357	107,302
Contractual Services	543,680	283,695	827,375	3,962,863
Materials and Supplies	517,811	1,971	519,782	87,214
Other	77,425		77,425	498
Depreciation	35,620	116,323	151,943	
Capital Outlay	4,595		4,595	152
Total Operating Expenses	5,615,488	401,989	6,017,477	4,158,029
Operating (Loss)	(338,278)	(90,699)	(428,977)	114,908
Non-Operating Revenues (Expenses)				
Capital Contribution	154,209	66,390	220,599	
Other Non Operating	47,809	642	48,451	12,601
Transfers Out				(2,700)
Transfers In				31,000
Total Non-Operating Revenues (Expenses)	202,018	67,032	269,050	40,901
Change in Net Assets	(136,260)	(23,667)	(159,927)	155,809
Net Assets Beginning of Year	425,390	4,151,672	4,577,062	(18,598)
Net Assets End of Year	$289,130	$4,128,005	$4,417,135	$137,211

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
AUGLAIZE COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business Type Activities Enterprise Funds			Governmental Activities
	Auglaize Acres	**Sewers**	**Total**	**Internal Service Fund**
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	$5,277,210	$311,290	$5,588,500	$95,140
Cash Received from Interfund Services Provided				4,177,796
Cash Payments to Employees for Services	(4,409,607)		(4,409,607)	(111,637)
Cash Payments for Goods and Services	(963,057)	(281,539)	(1,244,596)	(4,109,180)
Net Cash Provided by (Used in) Operating Activities	(95,454)	29,751	(65,703)	52,119
Cash Flows from Noncapital Financing Activities				
Non Operating Revenue	47,809	642	48,451	12,601
Transfer In				31,000
Transfer Out				(2,700)
Net Cash Provided by (Used in) Non-capital Financing Activities	47,809	642	48,451	40,901
Cash Flows from Capital and Related Financing Activities				
Capital Asset Purchases	(16,942)	(17,318)	(34,260)	
Principal Paid on Notes		(5,000)	(5,000)	
Net Cash Provided by Capital and Related Financing Activities	(16,942)	(22,318)	(39,260)	
Net Increase (Decrease) in Cash and Cash Equivalents	(64,587)	8,075	(56,512)	93,020
Cash and Cash Equivalents Beginning of Year	189,923	458,325	648,248	55,281
Cash and Cash Equivalents End of Year	125,336	466,400	591,736	148,301
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Gain (Loss)	(338,278)	(90,699)	(428,977)	114,908
Adjustments:				
Depreciation	35,620	116,323	151,943	
(Increase) Decrease in Assets:				
Accounts Receivable	(68,294)	(19,062)	(87,356)	
Notes Receivable		2,500	2,500	
Prepaid Items	(173)	536	363	
Materials and Supplies Inventory	(1,684)		(1,684)	
Due from Other Funds				10,581
Increase (Decrease) in Liabilities:				
Accounts Payable	17,271	20,042	37,313	(9,545)
Claims Payable				(59,420)
Accrued Wages	6,096		6,096	119
Compensated Absences Payable	20,654		20,654	(4,453)
Intergovernmental Payable	(54,942)		(54,942)	(71)
Due to Clients	(25,977)	111	(25,866)	
Due to Other Funds	314,253		314,253	
Net Cash Provided by (Used in) Operating Activities	($95,454)	$29,751	($65,703)	$52,119

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
AUGLAIZE COUNTY

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2007

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$5,999	$3,060,269
Cash and Cash Equivalents in Segregated Accounts		717,074
Receivables:		
Property Taxes		45,346,106
Special Assessments		815,249
Due from other governments	1,009	3,199,178
Total Assets	7,008	53,137,876
Liabilities		
Due to Other Governments		52,378,346
Undistributed Assets		759,530
Total Liabilities		$53,137,876
Net Assets		
Restricted	7,008	
Total Net Assets	$7,008	

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
AUGLAIZE COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Private Purpose Trust
Additions	
Other	$13,672
Total Additions	13,672
Deductions	
Human Service	13,672
Total Deductions	13,672
Change in Net Assets	
Net Assets Beginning of Year	7,008
Net Assets End of Year	$7,008

See accompanying notes to the basic financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

1. DESCRIPTION OF THE ENTITY

Auglaize County, Ohio (the County) was formed by an act of the Legislature on February 14, 1848. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, a Probate/Juvenile and Domestic Relations Court Judge, and a Municipal County Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

A. Reporting Entity

The County's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, effective for financial statements for periods beginning after December 15, 1992. The basic financial statements include all funds, agencies, boards, commissions, and other component units for which Auglaize County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

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

Auglaize County Children's Services Board (CSB)

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

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

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

B. Discretely Presented Component Units

The component units columns in the basic financial statements include the financial data of the County's other component units. They are reported in a separate column to emphasize that they are legally separate from the County.

Auglaize County Airport Authority

The Commissioners are substantially involved in the operations of the Airport Authority. The operations of the Airport Authority are accounted for using proprietary fund accounting. Complete financial statements may be obtained from Auglaize County Airport Authority, 07776 St. Rt. 219, New Knoxville, OH 45871.

1. DESCRIPTION OF THE ENTITY (Continued)

Auglaize Industries, Inc.

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

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

C. Potential Component Units Reported As Agency Funds

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

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

D. Excluded Potential Component Units

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

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

The County is associated with the following risk pools, jointly governed organizations and joint ventures which are described in Notes 18 through 20.

- Midwest Pool Risk Management Agency, Inc.
- Midwest Employee Benefit Consortium
- County Commissioner Association of Ohio Workers' Compensation Group Rating Plan
- Auglaize County Regional Planning Commission
- Workforce Improvement Act Youth Consortium of Auglaize, Hardin, and Mercer Counties

1. DESCRIPTION OF THE ENTITY (Continued)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and practices of Auglaize County conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units, as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

The County also applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989 to its governmental and business type activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the County's accounting policies are described below.

The information provided in the notes to the financial statements relates generally to the primary government. Information related to the component units is specifically identified.

A. Basis of Presentation - Fund Accounting

Government-wide Statements

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

1. Governmental Funds:

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

The following are the County's major governmental funds:

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

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

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

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

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

2. Proprietary Funds

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Internal Service Funds - These funds are used for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The County's internal service funds account for monies received from the activities of the insurance programs for employee health, vision, drug card benefits and flexible spending; and for various rotary services such as police protection and gasoline.

3. Fiduciary Funds

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

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

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

B. Measurement Focus and Basis of Accounting

1. Government-Wide Financial Statements

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

2. Fund Financial Statements

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

3. Discretely Presented Component Units

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

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

C. Basis of Accounting

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

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

1. Revenues – Exchange and Non-exchange Transactions

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

2. Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

3. Expenses/Expenditures

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

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

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. Budgetary information for the component units is not reported because they are not included in the entity for which the “appropriated budget” is adopted. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the County is pooled, except for cash held by a trustee or fiscal agent and in segregated accounts. Monies for all funds, including proprietary funds are included in this pool. Individual fund integrity is maintained through the County's records. Interest in the pool is reported as "Equity in Pooled Cash and Cash Equivalents." Cash and cash equivalents that are held separately within departments of the County, or in outside accounts in the name of various elected officials or departments are reported as "Cash and Cash Equivalents in Segregated Accounts." Cash held by the West Central Ohio Network (WestCon) on behalf of the County is reported as "Cash and Cash Equivalents with Fiscal Agent"

During 2007, investments were limited to money markets, treasury notes, and federal agency securities. Except for money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

Following Ohio statutes, the County is required to credit all investment earnings to the General Fund, unless otherwise expressly required by law to allocate to other funds. Interest is distributed to the General Fund, the Motor Vehicle Gasoline Tax Special Revenue Fund, St. Marys River Project Special Revenue Fund, the Auglaize School Workshop Bond Retirement Fund, the Treasurer's Prepay Agency Fund and the Auglaize School Group Home Special Revenue Fund. Total investment revenue earned during 2007 was $1,224,534. The General Fund was credited $1,130,400 and of this amount $944,709 was assigned from other funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased are considered to be cash and cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory of Supplies

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

G. Prepaids

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Receivables and Payables

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

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

I. Inter-fund Receivables and Payables

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

J. Restricted Assets

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

K. Capital Assets and Depreciation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

L. Component Units

Auglaize Industries - Equipment and improvements are stated at cost except for donated assets which are stated at fair market value at date of receipt. Leasehold improvements are depreciated rateably over the estimated useful life. Depreciation of capital assets is on a double declining balance basis over the estimated useful lives of the respective assets, as follows:

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences

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

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

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

N. Accrued Liabilities and Long-Term Obligations

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

O. Net Assets

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

Net assets restricted for other purposes include resources restricted for specific county operations and federal and state grants restricted to expenditure for specified purposes. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. At December 31, 2007, the amount of net assets restricted by enabling legislation was $9,367,939.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Capital Contributions

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

Q. Fund Balance Reserves

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

R. Operating Revenues and Expenses

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

S. Inter-fund Transactions

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

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

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

T. Use of Estimates

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

3. RESTATEMENT OF PRIOR YEAR NET ASSETS AND FUND BALANCES

Net assets of Governmental Activities were restated at December 31, 2006, to include the County's entire infrastructure in capital assets as required by GASB Statement No. 34. The net assets of Governmental Activities and fund balances of the MRDD Fund were also restated at December 31, 2006 as a result of a restatement of the West Central Ohio Network (West CON) incorrectly reporting assets and liabilities. In addition, the net assets of the Governmental Activities were restated to correct an allocation error from the Internal Service Fund. The General Fund and Other Governmental Funds balances were restated to reflect money owed to the General Fund by the Solid Waste Fund for attorney fees paid in previous years, and for construction costs reimbursed by the KAH Sewer Fund to the General Fund. The remaining balance in the Jail Operation and Maintenance Fund, consisting of sales tax money, was rolled into the General Fund. These changes had the following effect on net assets/fund balances as previously reported:

	Net Assets Governmental Activities	General Fund	Fund Balance MRDD Fund	Jail Operation and Maintenance Fund	Other Governmental Funds
Net Assets/Fund Balances, December 31, 2006	$44,234,497	$4,356,240	$2,120,774	$4,822	$6,139,797
Restatement for Infrastructure	17,430,475				
Restatement for West Con	139,303		139,303		
Restatement for Internal Service	29,660				
Restatement for Landfill Liability		683,226			(683,226)
Restatement to eliminate Jail Operation and Maintenance Fund		4,822		(4,822)	
Restatement to reimburse General Fund		16,253			(16,253)
Restated Fund Balance/Net Assets, - December 31, 2006	$61,833,935	$5,060,541	$2,260,077	$ 0	$5,440,318

4. ACCOUNTABILITY AND COMPLIANCE

The following funds had a deficit fund balances as of December 31, 2007:

Special Revenue Funds:	**Deficit Fund Balance**
Indigent Application Fees	$11
Airport Grant	18,292
Solid Waste Fund	353,348
Home Grant	41,629
Internal Service Funds:	
Airport Rotary	761

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

5. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual are presented in the basic financial statements for the General Fund and Major Special Revenue Funds.

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

3. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).

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

Net Change in Fund Balance
General and Major Special Revenue Funds

	General	Motor Vehicle Gasoline Tax	Job and Family Services	Mental Retardation Development Disabilities
Budget Basis	($998,893)	($144,929)	($428,456)	($52,190)
Net Adjustments:				
Revenue accruals	(92,769)	80,970	911,960	331,742
Expense accruals	260,027	(810,040)	(50,231)	155,808
Other financing uses	165,000			
Encumbrances	201,736	789,203	124,541	139,837
GAAP Basis	($464,899)	($ 84,796)	$557,814	$575,197

6. DEPOSITS AND INVESTMENTS

Primary Government

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

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

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

6. DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio or its political sub-divisions, provided that such political subdivisions are located wholly or partly within the County;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio);

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities described in division (1) or (2) or cash, or both cash and securities, equal value for equal value;

9. High grade commercial paper and bankers acceptances in an amount not to exceed up to twenty five percent of the County's total portfolio and corporate notes not to exceed up to fifteen percent of the County's total average portfolio; and

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

Cash On Hand - At December 31, 2007, cash on hand amounted to $285,235.

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the County's deposits was $12,629,106. Of the County's bank balance of $13,342,220, $12,131,797 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

6. DEPOSITS AND INVESTMENTS (Continued)

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

B. Investments

As of December 31, 2007, the County had the following investments with the listed maturity periods:

	Total	Less Than Six Months	One to Five Years
Federal Home Loan Bank Bonds	$1,253,768		$1,253,768
Federal Home Loan Bank Notes	3,052,409		3,052,409
Federal Home Loan Mortgage Corporation Medium Term Notes	400,124	$400,124	
Federal Home Loan Bank Step Up Bonds	1,241,091		1,241,091
Federal Home Loan Mortgage Corporation Notes	375,959	225,133	150,826
Federal National Mortgage Association Notes	2,122,709		2,122,709
Money Market Fund	3,366,225	3,366,225	
	$11,812,285	$3,991,482	$7,820,803

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

The County's Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes (all except one), Federal Home Loan Bank Bonds, Federal Home Loan Bank Notes (all except one) and Federal Home Loan Bank Step-Up Bonds carry a rating of AAA by Moody's. The County's Federal Home Loan Mortgage Corporation Medium Term Notes, one of the Federal Home Loan Mortgage Corporation Notes, one of the Federal National Mortgage Association Notes and one of the Federal Home Loan Bank Notes carry a rating of WR(withdrawn rating) by Moody's.

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

6. DEPOSITS AND INVESTMENTS (Continued)

	Carrying Value	Percentage Of Portfolio
Federal Home Loan Bank Bonds	$1,253,768	10.61%
Federal Home Loan Bank Notes	3,052,409	25.84%
Federal Home Loan Mortgage Corporation Medium Term Notes	400,124	3.39%
Federal Home Loan Bank Step Up Bonds	1,241,091	10.51%
Federal Home Loan Mortgage Corporation Notes	375,959	3.18%
Federal National Mortgage Association Notes	2,122,709	17.97%
Money Market Fund	3,366,225	28.50%
	$11,812,285	100.00%

C. Component Units

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

At year end, the carrying amount of the Auglaize County Airport Authority deposits were $16,176 and the bank balance was $16,350. $16,350 was covered by federal depository insurance. The balance of cash on hand at year end was $100. The Auglaize County Airport Authority did not have any investments at year end.

Auglaize Industries, Inc. - At year end, the carrying amount of Auglaize Industries, Inc. deposits was $41,683 and the bank balance was $43,462. Of this amount, $43,462 was covered by federal depository insurance. The balance of cash on hand at year end was $200. The investment securities are carried at fair market value. Of these securities, the United States Government Securities and the Mortgaged Backed Securities due after ten years have a fair value of $212,854; and the Mutual Funds have a fair value of $467,326. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit corporations.

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

7. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility property) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date.

7. PROPERTY TAXES (Continued)

Assessed values are established by the Tax Commissioner at 35 percent of appraised market value. All property is required to be revalued every six years. The last triennial update was completed in tax year 2002 (Calendar year 2003). The last revaluation update was completed in tax year 2005 (calendar year 2006). Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 15.

Property tax revenues received in 2007 represents the collection of 2006 taxes for real and public utility property taxes. Real and public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory.

Amounts paid by multi-county taxpayers are due October 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by October 20.

Public utility real, and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date.

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County, and the County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, is accounted for through agency funds.

Accrued property taxes receivable represents delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2007. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2007 operations. The receivable and the portion of the tax levies prepaid by year end into the undivided general tax agency fund are therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 2007, was $9.25 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property:	
Agricultural/Residential	$630,628,120
Commercial/Industrial/Mineral	133,267,700
Public Utility Real	218,320
Tangible Personal Property:	
General	75,690,434
Public Utility	26,776,320
Total Assessed Value	$866,580,894

8. PERMISSIVE SALES AND USE TAX

The County Commissioners by resolution imposed a one percent tax on all retail sales, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State then has five days in which to draw the warrant payable to the County.

Proceeds of the permissive sales tax are to be credited to the General (60 percent) and to the Permanent Improvement Fund (40 percent). This sales tax revenue for 2007 amounted to $7,426,758. The General fund was credited with $5,071,028 and the Permanent Improvement fund was credited with $1,844,075. The use tax amounted to $511,655, and was credited to the Motor Vehicle and Gasoline Tax Fund.

A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2007. On a full accrual basis, the full amount of the receivable is recognized as revenue. On a modified accrual basis, the amount of the receivable that will be received outside of the available period is deferred.

9. INTERFUND TRANSACTIONS

As of December 31, 2007, inter-fund receivables and payables that resulted from various inter-fund transactions were as follows:

Interfund Payable	General	MVGT	Job & Family Services	Other Govtl	Internal Service	Total
General					$5,472	$5,472
MVGT					1,434	1,434
Job & Family Srvc				$75,621	1,259	76,880
MRDD	$292					292
Other Governmental	713,287	$15,892	$20,088	5,405	617	755,289
Auglaize Acres	315,308				1,960	317,268
Interfund Receivable	$1,028,887	$15,892	$20,088	$81,026	$10,742	$1,156,635

Operating Transfers	Transfer In	Transfer Out
General	$92,700	$181,000
Mental Retardation and Developmental		750,000
Other Governmental Funds:		
Children's Services	150,000	90,000
MRDD Capital Projects	250,000	
Community Alternatives	500,000	
Total Other Governmental Funds	900,000	90,000
Internal Service:		
Insurance	31,000	
Flex Spending		2,700
	$1,023,700	$1,023,700

The transfer from Children's Services to the General Fund was for repayment of child placement costs.

10. RECEIVABLES

Receivables at December 31, 2007 consist of taxes, accounts (billings for user charged services), special assessments, inter-fund, interest, due from other funds, and due from other government receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment. A summary of the principal items of due from other government receivables follows:

General Fund	**Amount**
Public Defender Reimbursement	$31,750
Judge's Salary Reimbursement	985
School Food Service	1,193
Local Government	420,886
Homestead and Rollback	184,353
Total General Fund	639,167
MVGT Fund	
Motor Vehicle License Tax	774,548
Permissive Motor Vehicle License Tax	255,343
Ohio Department of Natural Resources	22,000
Gasoline Tax	1,187,391
Total MVGT Fund	2,239,282
Job and Family Services Fund	
State of Ohio	515,969
MRDD Fund	
MRDD – Homestead and Rollback	356,086
Title XX	7,346
Total MRDD	363,432
Other Funds	
Community Development Block Grant	14,404
Home Grant	97,200
DARE Grant	23,277
VOCA – Federal funding	23,941
Children's Services	17,501
State Reimbursement	72,617
Title XIX	33,314
HAVA	285
Airport Grant	86,045
Total Other Funds	368,584
Total Due From Other Governments	$4,126,434

10. RECEIVABLES (Continued)

A summary of the principal items of accounts receivables follows:

General Fund	**Amount**
Fees	$63,586
Reimbursement	1,010
Total General Fund	64,596
MVGT Fund	
Motor Vehicle Reimbursement	17,788
Engineer Fees	1,110
Total MVGT Fund	18,898
Other Funds	
Reimbursements	112
Auditor and Treasurer Fees	49,212
Ditch Maintenance Fees	
Fees	49,642
CAUV Fees	50
Solid Waste Generation Fee	21,524
Total Other Funds	120,540
Total Governmental Funds Accounts Receivable	204,034
Auglaize Acres	
Auglaize Acres – Room and Board	873,392
Auglaize Acres – Other	297
Total Auglaize Acres Accounts Receivable	873,689
Sewer Funds	
South Grand Lake Sewer Charges	26,662
Villa Nova Sewer Charges	3,825
Sharlon Sewer Charges	921
Beverly Hills Sewer Charges	3,337
Sherwood Forest Sewer Charges	2,529
Pleasantview Sewer Charges	3,843
KZ Sewer Charges	1,582
Arrowhead Estates Sewer Charges	1,654
East Lake Park Sewer Charges	5,322
Forest Lane Sewer Charges	1,825
Sandy Beach Sewer Charges	13,515
Oakwood Hills Sewer Charges	2,441
Total Sewer Funds	67,456
Total Enterprise Funds	941,145
Total Accounts Receivable	$1,145,179

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)

10. RECEIVABLES (Continued)

A summary of the principal items of notes receivables follows:

General Fund	**Amount**
Educational Service Center Promissory Note	$19,200
Other Funds	
Auglaize Provico	318,355
Auglaize Pallet	68,668
Johnna's LLC	54,405
Make Properties, Inc.	214,657
WeldTec, Ltd.	209,697
CC Propane	66,085
Total Other Funds	931,867
Total Governmental Notes Receivable	$951,067
Enterprise Funds	
City of Wapakoneta – Oakwood Hills Sewer	$13,750
Total Notes Receivable	$964,817

11. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007, was as follows:

Governmental Activities	Balance January 1	Prior Year Additions	Additions	Reductions	Balance December 31
Non Depreciable Assets:					
Land	$1,927,405				$1,927,405
Construction in Progress	12,184		$510,185		522,369
Total Non Depreciable	1,999,589		510,185		2,449,774
Depreciable Assets:					
Land Improvements	4,036,178		28,903		4,065,081
Buildings & Improvements	18,184,939		76,647		18,261,586
Infrastructure	2,359,353	$29,217,007	2,304,091		33,880,451
Equipment, Furniture, Fixtures	8,751,379		863,256	($589,485)	9,025,150
Total Depreciable	33,331,849	29,217,007	3,272,897	(589,485)	9,025,150
Accumulated Depreciation:					
Land Improvements	707,665		359,653		1,067,317
Buildings & Improvements	5,129,080		696,702		5,825,782
Infrastructure	177,666	11,786,532	1,562,454		13,526,652
Equipment, Furniture, Fixtures	5,552,423		752,859	(494,426)	5,810,856
Total Accumulated Depreciation	11,566,834	11,786,532	3,371,667	(494,426)	26,230,607
Net Depreciable Assets	21,765,015	17,430,475	(98,770)	(95,059)	39,001,661
Total Governmental Activities Capital Assets (Net)	$23,704,604	$17,430,475	$ 411,415	($95,059)	$41,451,435

11. CAPITAL ASSETS (Continued)

Business-Type Activities	Balance January 1	Additions	Reductions	Balance December 31
Non Depreciable Assets:				
Land	$54,908	$1,390		$56,298
Depreciable Assets:				
Buildings & Improvements	862,397	154,209		1,016,606
Water & Sewer	5,735,566	82,320		5,817,886
Equip, Furn & Fixtures	268,644	16,942		285,586
Total Depreciable	6,866,607	253,471		7,120,078
Accumulated Depreciation:				
Buildings & Improvements	814,215	22,236		836,451
Water & Sewer	2,124,336	116,324		2,240,660
Equipment, Furniture & Fixtures	218,139	13,383		231,522
Total Accumulated Depreciation	3,156,690	151,943		3,308,633
Net Depreciable Assets	3,709,917	101,528		3,811,445
Business Type Activities Capital Assets (Net)	$3,764,825	$102,918	$0	$3,867,743

Depreciation expense was charged to governmental programs as follows:

General Government - Legislative and Executive	$1,139,684
General Government - Judicial	15,629
Public Safety	169,870
Public Works	1,940,628
Health	40,531
Human Services	65,325
Total Depreciation Expense	$3,371,667

12. RISK MANAGEMENT

A. Transference of Risk: Property, Crime and Liability

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The County participates in the Midwest Pool Risk Management Agency, Inc(MPRMA) (the Pool). which is a public entity risk pool, (see Note 18) for general liability, automobile liability, public officials' liability and property and crime insurance.

12. RISK MANAGEMENT (Continued)

Coverage provided by the pool is as follows:

Property	
Maximum per occurrence	$ 66,478,970
Subject to following sub-limits	
Flood*	36,000,000
Earthquake*	36,000,000
Demolition and Increased Cost of Construction	1,000,000
Extra Expense	275,000
Computer Equipment & Media	1,000,000
Computer Extra Expense	50,000
Property in Transit	20,000
Valuable Papers	100,000
Account Receivable	50,000
Mobile Equipment	2,500,000
Fine Arts	50,000
Automatic Builders' Risk	1,000,000
Automatic Newly-Acquired Property	1,000,000
Crime	
Employee Dishonesty and Faithful Performance	500,000
Money and Securities (Inside and Outside)	500,000
Forgery and Alteration	500,000
Boiler and Machinery	30,000,000
Liability	
Maximum per occurrence	7,000,000
Subject to following sub-limits	
General, Law, Auto	7,000,000
Employee Benefits*	7,000,000
Ohio Stop Gap	7,000,000
Public Official Errors & Omissions*	7,000,000
Sexual Harassment*	1,000,000
County Home (primary and excess liability)	5,000,000

Limits include the pool self-insured retentions.

*Limit is annual aggregate

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

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

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

Property and Auto Physical Damage	$ 66,478,970
Crime	500,000
Liability	7,000,000
Except County Orals	5,000,000

12. RISK MANAGEMENT (Continued)

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

Member contributions to the Pool are adjusted annually and are calculated to annually produce a sufficient sum of money to pay Pool expenses including estimated Pool self-insured losses and claims adjustment expense.

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

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

The Pool's management believes that the estimate of the liability for claim reserves is reasonable in the circumstances; however, actual incurred losses and loss adjustment expenses may not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of losses and related loss adjustment expenses may vary from the estimated amount included in the accompanying financial statements. Should the provision for claims reserves not be sufficient, supplemental contributions, as discussed above, will be assessed.

To lower costs to pool members, MPRMA joined with other Ohio public entities to form a new excess pool called the Public Entity Risk Consortium (PERC). The PERC pool provides self-insured retentions for each of the member pools as follows: Property – up to $250,000 per occurrence, Liability – up to $500,000 per occurrence and annual Stop Loss for the period of 12/1/06 through 1/30/07 up to $1,880,000 maximum. As of December 31, 2007 PERC has cash reserves of $4,792,312 which, in the opinion of an outside actuary and management, is adequate for any claims currently pending against the pool.

B. Transference of Risk: Employee Health Insurance

The County is part of the Midwest Employee Benefit Consortium (MEBC) (the Consortium) for its employee health insurance, and retains no risk for this plan (see Note 18). Member contributions are calculated to annually produce a sufficient sum of money within the self-insurance pool adequate to fund administrative expenses of the Association and to create adequate reserves for claims and unallocated loss adjustment expenses.

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

12. RISK MANAGEMENT (Continued)

Provisions for claims reserves and loss adjustment expenses are based on information reported by members and are calculated by the Consortium's claims administrator. These amounts represent an estimate of reported, unpaid claims, plus a provision for claims incurred and not reported. The Consortium's management believes that the estimate of liability for claim reserves is reasonable in the circumstances; however, actual incurred losses and loss adjustment expenses may not conform to the assumptions inherent in the determination of the liability.

Accordingly, the ultimate settlement of losses and related loss adjustment expenses may vary from the estimated amounts included in the accompanying financial statements. Should the provision for claims reserves not be sufficient, supplemental contributions, as discussed above, will be assessed.

C. Transference of Risk: Workers Compensation Insurance

For 2007, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (See Note 18). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than the individual rate.

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

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

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

In addition to the basic Health Care Benefit Plan, the County has established a "Flexible Spending Account" to supplement the services provided under the Basic Health Care Benefit

Plan and the County self-funds an employee prescription drug card administered through Caremark/CVS.

1. Each year the County deposits into the "flexible spending account" the amount of $150 for a single coverage plan and $300 for a family coverage plan. These funds may be used, as the employee determines, to cover health care expenses which are not covered under the County's basic health care program or to provide additional coverage for items which are part of the County's basic health care coverage. This plan is administered by Polaris Benefit Administrators.

12. RISK MANAGEMENT (Continued)

2. The County's Basic Health Care Program has an agreement with Caremark/CVS to provide prescription drugs to the County's Basic Health Care Plan members. Under this program, the employee pays a deductible for each prescription filled and the County pays the balance.

3. The County reimburses Medicare for any past payments for services to Auglaize County employees that should have been covered by the Auglaize County Group Health plan but were originally paid by Medicare.

The liability for unpaid claims of Caremark/CVS and Medicare reimbursements at period end was $0. The prescription cost is now included with the general health insurance premiums. Changes in the plans' claims liability during 2007 were:

	Beginning of Year	New Claims	Claims Payments	Balance at Year End
2007	$59,420	$0	($59,420)	$ 0
2006	$31,355	$580,115	($552,050)	$59,420

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

13. DEFINED BENEFIT PENSION PLANS

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

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

13. DEFINED BENEFIT PENSION PLANS (Continued)

For 2007, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the traditional pension plan. For the year ended December 31, 2007, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The County's contribution rate for pension benefits for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 17.17 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions. For the period January 1 through June 30, 2007, a portion of the County's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007, the amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the County of 14 percent.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were $1,229,250, $1,215,117 and $1,331,313, and respectively; 89 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were $7,456 made by the County and $10,869 made by the plan members.

14. POST-EMPLOYMENT BENEFITS

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

OPERS provide retirement, disability, and survivor benefits as well as post-employment health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 12. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2007 local government employer units contributed at 13.85% of covered payroll, and public safety and law enforcement employer units contributed at 17.17%. For 2007, the employer contribution allocated to the health care plan from January 1 through June 30, 2007 and July 1 through December 31, 2007 was 5.0% and 6.0% of covered payroll, respectively. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS.

14. POST-EMPLOYMENT BENEFITS (Continued)

The assumptions and calculations below were based on OEPRS latest actuarial review performed as of December 31, 2006. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2006 was 6.50%. AN annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes the 4.00% based increase, were assumed to range from 0.50% to 6.30%. Health Care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50% to 5.00% for the next 8 years. In subsequent years, (9 and beyond) health care costs were assumed to increase 4.00% (the projected wage inflation rate).

OPEB is advanced-funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 374,979 active contribution participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual employer contributions for January 1 through June 30, 2007 which were used to fund post-employment benefits were $325,035, and July 1 through December 31, 2007 were $407,226 for regular employees and $24,133 and $33,525 respectively for law enforcement employees. The actual contribution and the actuarially required contribution amounts are the same.

The amount of $12 billion represents the actuarial value of OPERS net assets available for OPEB at December 31, 2006. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2006, reported the actuarially accrued liability and the unfunded actuarially accrued liability of OPEB at $30.7 billion and 18.7 billion, respectively.

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

15. COMPENSATED ABSENCES

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

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

16. LEASES – LESSEE DISCLOSURE

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

16. LEASES – LESSEE DISCLOSURE (Continued)

The schedule for future minimum long-term operating lease payments as of December 31, 2006 is as follows:

Year	Special Revenue Fund
2008	10
2009	10
2010	10
2011	10
2012	10
Total	$59

17. DEBT OBLIGATIONS

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

Governmental Activities		Balance 12/31/06	Additions	Reductions	Balance 12/31/07	Due Within One Year
General Obligation Bonds:						
2005 – 2.4% - 4.1%						
Original Amount $475,000						
Human Services Building		$410,000		$(30,000)	$380,000	$30,000
Ohio Public Works Commission Loan						
Sandy Beach Storm Sewer		86,946		(5,114)	81,832	5,114
Special Assessment Bonds:						
1992 – 4.9%-7%						
Original Amount - $1,220,000						
Southeast Sewer District		465,000		(80,000)	385,000	85,000
1993 – 3.1% - .9%						
Original Amount - $1,495,000						
Sandy Beach Sewer District		705,000		(85,000)	620,000	90,000
Total Special Assessment		1,170,000		(165,000)	1,005,000	175,000
Special Assessment Notes:						
Note Issue	**Original**					
Kah Sewer- 0%	179,341	112,088		(8,967)	103,121	8,967
Ramga #2-4.87%	62,606	0	$62,606		62,606	7,826
Egley #2 Ditch – 6.25%	2,805	1,052		(351)	701	351
Benzing Ditch – 5.25%	44,766	19,585		(5,596)	13,989	5,596
Kilger Ditch - 5.75%	25,396	3,175		(3,175)	0	
Shaw-5.1%	34,116	0	34,116	(2,132)	31,984	4,264
Barnt-5.1%	7,860	0	7,860	(491)	7,369	982
Heinz Ditch - 5.93%	63,699	7,963		(7,963)		
Copeland Ditch – 6.75%	13,623	5,108		(1,703)	3,405	1,703
Scholl Ditch – 5.75%	16,581	7,254		(2,073)	5,181	2,073
Grubbs #2 Ditch – 3.65%	20,061	16,049		(4,012)	12,037	4,012
Smith Ditch – 3.98%	6,798	3,823		(850)	2,973	850
Arnold-5.5%	16,687	0	16,687		16,687	2,086
Bills Ditch - 6.85%	9,710	4,248		(1,214)	3,034	1,214
Cook #2 – 3.98%	12,233	6,881		(1,529)	5,352	1,529
Henschen-4.67%	52,540	0	52,540	(3,284)	49,256	6,568
Nielson-4.67%	18,609	0	18,609	(1,163)	17,446	2,326
IOOF-4.2%	24,981	0	24,981		24,981	3,123

(Continued)

17. DEBT OBLIGATIONS (Continued)

Governmental Activities		Balance 12/31/06	Additions	Reductions	Balance 12/31/07	Due Within One Year
Special Assessment Notes: (Continued)						
Oakwood Dr Strm Swr-3.77%	4,382	2,191		(2,191)		
Hauss Ditch – 6.57%	16,241	4,060		(2,030)	2,030	2,030
Rapp Kill Ditch - 6.75%	6,738	1,264		(842)	422	422
Berg Bauer Ditch - 5.75%	66,918	12,547		(8,365)	4,182	4,182
Buck Ditch - 6.75%	14,903	2,794		(1,863)	931	931
Kenmann Ditch - 5.375%	10,607	1,989		(1,326)	663	663
King Ditch - 6.5%	36,539	25,121		(4,567)	20,554	4,567
Wissman Ditch - 6.85%	36,228	6,792		(4,528)	2,264	2,264
Parker Ditch – 4.748%	12,483	9,363		(1,560)	7,803	1,560
Knueve Ditch – 4.748%	10,756	8,067		(1,345)	6,722	1,345
Lotridge Ditch – 4.25%	72,169	54,127		(9,021)	45,106	9,021
Allman #2 Ditch - 4.75%	66,929	46,582		(7,166)	39,416	7,166
Schlegelmilch Ditch – 3.22%	2,798	699		(699)		
Downey Ditch – 4.53%	13,369	10,862		(1,671)	9,191	1,671
Total Special Assessment Notes		401,359	217,399	(96,709)	522,049	94,324
Total Other Long Term Obligations						
Compensated Absences		1,624,909	101,341	(58,524)	1,667,726	669,236
Total Governmental Activities		$3,693,214	$318,740	($355,347)	$3,656,607	$973,674

The County was involved in litigation regarding the City of St. Marys landfill during 2007. A judgment was made in March 2008 requiring the County to repay the City of St. Marys $2,066,745. A liability has been reported in the amount of $1,170,000 as "Due Within One Year" and in the amount of $896,745 as "Due in More Than One Year" on the Statement of Net Assets.

Business Type Activities	Balance 12/31/06	Additions	Reductions	Balance 12/31/07	Due Within One Year
Ohio Public Works Commission Loans					
Sewer and Interceptor					
Original Amount $100,000	$32,500	$0	($5,000)	$27,500	$5,000
Other Long-Term Obligations					
Compensated Absences	320,902	25,847	(5,193)	341,556	143,633
Total Business Type Activities	$353,402	$25,847	($10,193)	$369,056	$148,633

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

The human services bonds were issued for the purpose of acquiring, renovating and improving a building for the use of County offices and will be paid from human services revenues. This was refunded in 2005.

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

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

17. DEBT OBLIGATIONS (Continued)

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

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

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

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt should not exceed a sum equal to three percent of the first $100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of $100,000,000 and not in excess of $300,000,000, plus two and one-half percent of such valuation in excess of $300,000,000.

The effects of the debt limitations described above at December 31, 2007 are an overall debt margin of $19,822,652 and an unvoted debt margin of $8,529,061.

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

Year	General Obligation Bonds	Special Assessment Bonds	Special Assessment Notes	OPWC Promissory Loans	Total Debt Obligations
2008	$ 43,905	$ 238,530	$112,986	$ 10,114	$ 405,535
2009	48,005	242,270	98,522	10,114	398,911
2010	46,920	240,015	88,549	10,114	385,598
2011	50,783	237,115	75,943	10,114	373,955
2012	44,382	123,570	67,310	10,114	245,376
2013-2017	230,085	127,080	129,710	28,074	514,949
2018-2022			13,451	25,574	39,025
2023-2027				5,114	5,114
Total	464,080	1,208,580	586,471	109,332	2,368,463
Less:					
Interest	(84,080)	(203,580)	(64,422)		(352,082)
Outstanding Principal	$380,000	$1,005,000	$522,049	$109,332	$2,016,381

The County has also received two loan agreements from the Ohio Water and Sewer Rotary Commission in regard to the construction of two sewer districts. These loans provide funding assistance for that portion of the project for which collections of assessments from certain owners of undeveloped property located within an agricultural district are exempted pursuant to Ohio Rev. Code Section 929.03 subject to the performance of certain terms and conditions of repayment.

17. DEBT OBLIGATIONS (Continued)

As part of the agreement, the change of the use of any parcel, pursuant to Ohio Admin. Code Section 1525-1-06, would require repayment to the Ohio Water and Sewer Rotary Commission for the full amount of the assessment for the portion of the property for which the use has changed pursuant to Division C of Ohio Rev. Code Section 929.03. Therefore, until a change in use occurs, no liability has been recorded for these loans.

A summary of the loan transactions for the year ended December 31, 2007 is as follows:

Project Loans:	Outstanding 12/31/06	Additions	Reductions	Outstanding 12/31/07
Southeast Sewer District	$1,196,382	$ 0	$0	$1,196,382
Sandy Beach Sewer District	209,786			209,786
Total	$ 1,406,168	$ 0	$0	$1,406,168

A. Current Refunding

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

B. Conduit Debt

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

Also in 1998, the County issued in conjunction with seven other counties Health Care Facilities revenue improvement and refunding revenue bonds in the amount of $39,135,000 to provide financial assistance to the Otterbein Home Project for the acquisition, construction, renovation, and equipping of additional hospital facilities and refunded the prior bonds and the North Shore debt. Final maturity: July 1, 2023.

During 2002, the County issued in conjunction with four other counties, Healthcare revenue bonds in the amount of $190,000,000 to provide financial assistance to Catholic Healthcare Partners to finance acquisition, construction and equipping hospital facilities. Final maturity: October 1, 2030.

During 2006, the County issued in conjunction with Lorain County Ohio, Hospital Facilities Revenue Bonds in the amount of $76,100,000 to provide financial assistance to Catholic Healthcare Partners to finance, refinance, or reimburse the costs of, the acquisition, construction and equipping of equipment, real property and improvements to Hospital Facilities. Final maturity: October 1, 2030.

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

18. PUBLIC ENTITY RISK POOLS

A. Midwest Pool Risk Management Agency, Inc.

Midwest Pool Risk Management Agency, Inc. is an Ohio not-for-profit corporation organized user Chapter 2744.081 of the Ohio Revised Code for the purpose of enabling its member political subdivisions to obtain insurance coverage, provide methods for paying claims and provide a formalized jointly administered self-insurance pool.

Specifically, the pool provides coverage for automobile liability, general liability, crime and property (including automobile physical damage) and public officials' liability (See Note 12). In addition to the self-insurance pool, the Association provides risk management services, loss prevention programs, and various other educational materials. The Association includes the following member counties within the State of Ohio: Auglaize, Hancock, Mercer, Shelby, and Van Wert.

Member and supplemental contributions are recognized on an accrual basis and are recorded as revenue in the month earned. For the current agreement dated August 1, 2006, the percentage of contributions by the members and their equity interests are:

		Fixed Costs	Loss Fund
Mercer County	17.90%	$126,636	$57,540
Auglaize County	19.00%	134,418	80,760
Shelby County	24.73%	174,920	53,490
Hancock County	23.89%	169,013	60,720
Van Wert County	14.49%	102,476	47,490

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

B. Midwest Employee Benefit Consortium

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

In addition to the self-insurance pool, the Consortium provides risk management services and established loss reduction and prevention procedures and programs.

The members of the Association include the following counties within the State of Ohio: Auglaize, Hancock, Mercer, Van Wert, and Shelby. The financial statements of Midwest Employee Benefit Consortium can be obtained from the Auglaize County Board of Commissioners.

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

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

18. PUBLIC ENTITY RISK POOLS (Continued)

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services, and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers.

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

19. JOINTLY GOVERNED ORGANIZATIONS

A. Auglaize County Regional Planning Commission

The Auglaize Regional Planning Commission (the Commission) is a jointly governed organization between the County, the Municipalities, and the Townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty seven members, any of which may hold any other public office.

The County is represented by three members, each of the two cities within the county is represented by two members, all participating villages within the county are represented by one member each, and participating townships within the county are represented by one member each. Other members include: a representative from all participating board of trustees; the mayor or a council member of each participating incorporated village; two representatives from each of the Cities of Wapakoneta and St. Marys, one being the Mayor or his designee and one being appointed by City Council. The remaining members of the Commission shall be representatives from public utility, minority groups, business, industry, Ministerial Association, farm organizations, Chamber of Commerce and other representations as deemed necessary by the Commission.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute up to .10 cents per capita, according to the latest federal census, in any calendar year in which revenue is needed.

The Commission has no outstanding debt as of December 31, 2007. The following unaudited cash financial data of the Commission is presented for the year ended December 31, 2007:

	Joint Venture	Auglaize County's 50 Percent
Total Non-Operating Revenues	$ 2	$ 1
Total Operating Expenses	(2,116)	(1,058)
Net Income (Loss)	(2,114)	(1,057)
Fund Balance, January 1, 2007	5,138	2,569
Fund Balance, December 31, 2007	$3,024	$1,512

19. JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

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

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

C. West Central Ohio Network

The West Central Ohio Network (West CON) is a regional council of governments. West CON is comprised of the boards of Mental Retardation and Developmental Disabilities (MRDD) of several counties, including, Auglaize, Darke, Logan, Mercer, Miami, Shelby, Union, and Hardin. The Board of Directors is made up of the Superintendents from each of these MRDD Boards, and the degree of control exercised by any participating government is limited to its representation on the Board. West CON is the administrator and fiscal agent of Supported Living funds for each of these Boards of Mental Retardation and Developmental Disabilities. The following unaudited financial data of the West Central Ohio Network - Auglaize County is presented on a cash basis for the year ended December 31, 2007.

	County Portion
Total Operating Revenue	$924,188
Total Operating Expenses	(671,714)
Net Income (Loss)	252,474
Fund Balance, January 1, 2007	296,973
Fund Balance, December 31, 2007	$549,447

D. Auglaize and Mercer Counties Convention and Visitors Bureau

The Auglaize and Mercer Counties Convention and Visitors Bureau (the Bureau) is a jointly governed organization between Auglaize and Mercer Counties for the purpose of promoting tourism and attracting tourists and conventions to the two counties. Membership is open to any person, firm, partnership, association, corporation, foundation, trust or estate subscribing to the purpose of this organization. The government of the Bureau, the general policies and control of its property is vested in a Board of Trustees. The Board shall be nineteen members composed of the following: seven appointees from Auglaize County, seven from Mercer County, one Auglaize County Commissioner or designee, one Mercer County Commissioner or designee, three members representing the following: Celina/Mercer County Chamber of Commerce, St. Marys Area Chamber of Commerce and the Wapakoneta Area Chamber of Commerce.

19. JOINTLY GOVERNED ORGANIZATIONS (Continued)

The Board conducts business and sponsors projects to further the purpose of the Bureau. The Bureau is funded primarily from a 3 percent (effective 7/1/96) lodging tax imposed by both counties. Payment is due to the county by the last day of the following month. The 2007 revenue received by the Bureau was $152,624. Of this amount $138,220 came from the lodging tax. $82,303 of the total 2007 revenue was from Auglaize County.

E. Auglaize County Emergency Management Cooperative

The Auglaize County Emergency Management Cooperative (the Cooperative) is a jointly governed organization between the County, the municipalities, and the townships within the County, formed to perform services of coordinating the emergency management activities within the county of Auglaize and the political subdivisions therein. The Cooperative has established a County-Wide Advisory Group for emergency management composed of a representative from each political subdivision cooperative member under Section 5915.06 of the Ohio Revised Code. The advisory group appoints an executive committee composed of at least seven of the following members: three township representatives, two village or city representatives, one county commissioner and one non-elected representative. The tenure of the members of the executive committee is three years. A coordinator is appointed by the Emergency Management Executive Committee to carry out the Cooperative agreement under the advisement of the committee.

F. Auglaize County Revolving Loan Fund Board

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

20. JOINT VENTURES

A. Grand Lake Task Force

Auglaize and Mercer Counties share territory of the Grand Lake State Park which encounters unique enforcement problems. The Grand Lake Task Force was established in regards to federal financial assistance received from the Department of Justice which requires a twenty-five percent local matching share. Additional revenues were received through asset seizures, fines, and village law enforcement agency contributions.

The objective of the Grand Lake Task Force is to increase the number of criminal justice agencies working cooperatively to eliminate specifically targeted major narcotics trafficking conspiracies and the persons involved through investigations, arrests, prosecution, and convictions. Those participating in the project are Auglaize and Mercer County Sheriff's offices, Wapakoneta, St. Marys, Celina, Coldwater, Minster, and New Bremen Police offices, United States Investigative Agency Alcohol, Tobacco, and Firearms, Ohio Bureau of Criminal Investigation and Identification, and Auglaize and Mercer County Prosecutor's Offices. The Auglaize County Sheriff serves as the applicant who accepts the responsibility for the project's administrative and financial matters. The project requires a control group to be established of four members; one from a police department, one from a Sheriff's office, one from a prosecutor's office, and the Task Force Supervisor. This group allocates what funds are to be used for which investigations and to manage these resources and jointly manage project investigations.

20. JOINT VENTURES (Continued)

The following unaudited financial data of the Grand Lake Task Force is presented on a cash basis for the year ended December 31, 2007:

	Joint Venture	Auglaize County's 12.5 Percent
Total Operating Revenues	$ 87,680	$10,960
Total Operating Expenses	(71,225)	(8,903)
Net Income (Loss)	16,455	2,057
Fund Balance, January 1, 2007	180,455	22,558
Fund Balance, December 31, 2007	$196,910	$24,615

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

The Mental Health and Recovery Services Board (MHRS) of Allen, Auglaize, and Hardin Counties, is a tri-county non-profit corporation whose general purpose is to provide leadership in planning for and supporting community-based alcohol, drug addiction and mental health services in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming while respecting, protecting and advocating for the rights of persons as consumers of alcohol, drug addiction and mental health services.

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

Allen County acts as the fiscal agent for the MHRS Board. The Board receives tax revenue from the three Counties and receives federal and state funding through grant monies which are applied for and received by the board of trustees. The MHRS Board is accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on members in the future. The Board has sole budgetary authority and controls surpluses and deficits and the county is not legally or morally obligated for the Board's debt.

During 2007, tax revenues generated by the levy in Auglaize County were $381,962. Complete financial statements can be obtained from the MHRS Board, Allen County, Ohio.

21. COMPONENT UNITS

A. Auglaize County Airport Authority (the Authority)

1. Summary of Significant Accounting Policies

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

21. COMPONENT UNITS (Continued)

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

2. Accounting System

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

3. Revenue and Expenditure Recognition

The Authority maintains its fund as a proprietary type fund. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets.

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

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

4. Cash

To improve cash management, all cash received by the Authority is pooled in a central bank account, and is presented as Cash on the statement of net assets. During fiscal year 2007, the Authority invested in interest bearing depository accounts and a certificate of deposit.

5. Inventory

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

6. Capital Assets and Depreciation

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

21. COMPONENT UNITS (Continued)

B. Auglaize Industries, Inc

1. Summary of Significant Accounting Policies

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

2. Accounting System

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

3. Revenue and Expense Recognition

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

4. Budgetary Process

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

5. Estimates

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

6. Cash and Investments

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

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

21. COMPONENT UNITS (Continued)

7. Fixed Assets

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

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

8. Prepaid Items

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

9. Advertising

Advertising costs are charged to operations when incurred. Advertising costs amounted to $1,009 for 2007.

10. Inventory

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

11. Compensated Absences

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

22. RELATED PARTY TRANSACTIONS

Auglaize Industries has entered into a contract with the Auglaize County Board of Mental Retardation and Development Disabilities (MRDD), whereby the MRDD has agreed to pay specified overhead expenses for the workshop. The additional income and related expenses are reported on the income statement as Unrestricted Support. The unaudited operating expenses paid by the MRDD on behalf of the Auglaize Industries amounted to $669,086 for the year ended December 31, 2007.

23. SIGNIFICANT CONTRACTUAL OBLIGATIONS

At December 31, 2007, the County had entered into several contracts, the most significant of which include the following:

Contractor	Amount
Shelly Company	$1,181,648
D E Phillips Excavating	78,670
Cy Schwietermann	64,198
Total Commitments	$1,324,516

24. CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

The County was involved in litigation with the City of St. Marys concerning a contractual dispute involving the costs to perform ground water monitoring at the St. Marys Landfill. The trial court granted summary judgment in favor of the County dismissing the City's complaint. The City appealed the trial court's judgment that the County is not required to pay monitoring costs subsequent to the closure of the landfill. The County cross-appealed the trial court's earlier ruling that the obligations of the contract survived the 12 year term of the contract. The court of appeals heard oral arguments from the parties on November 1, 2005.

The case was heard before the State Supreme court on May 22, 2007. On October 3, 2007 the State Supreme Court reached a decision. They decided the County must pay the monitoring costs. We are now responsible for the costs from January 1, 2007. The invoices for all environmental monitoring are now sent to the Commissioners office and the Solid Waste District is responsible for paying the costs.

The final agreement was reached and signed in March, 2008. Auglaize County owes the City of St. Marys a total of $2,066,744.86. The County started the pay back process April 1, 2008, at the rate of $130,000 per month until paid in full. A liability has been reported on the Statement of Net Assets for $1,170,000 that will be repaid in 2008 (Due Within One Year) and $896,745 that will be repaid during 2009 (Due In More than One Year).

FINANCIAL CONDITION
AUGLAIZE COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 2007

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Passed through Ohio Department of Development						
Community Development Block Grant/States Program						
Formula Grant	B-F-06-006-01	14.228	$142,800		$134,654	
Economic Development	B-F-05-006-01				20,111	
Formula Grant	B-F-07-006-01		17,100			
Community Housing Improvement Program	B-C-06-006-01		124,900		124,726	
Total Community Development Block Grant/States Program			284,800		279,491	
HOME Investment Partnership Program	B-C-06-006-02	14.239	148,100		102,529	
Total U.S. Department of Housing and Urban Development			432,900		382,020	
U.S. DEPARTMENT OF AGRICULTURE						
Passed through Ohio Department of Agriculture						
Food Donation	N/A	10.550		$1,894		$1,894
Nutrition Cluster:						
School Breakfast Program	137125-05NP-2007	10.553	6,184		6,184	
National School Lunch Program	137125-LLN4-2007	10.555	9,372		9,372	
Total Nutrition Cluster			15,556		15,556	
Total U.S. Department of Agriculture			15,556	1,894	15,556	1,894
U.S. DEPARTMENT OF JUSTICE						
Passed through Office of Criminal Justice Services						
Edward Byrne Memorial Justice Assistance Grant Program						
Byrne Formula Grant	05-JG-A01-6402	16.738			206	
Byrne Formula Grant	06-JG-A01-6402		35,865		32,246	
Byrne Law Enforcement	05-JG-C01-6254		5,405		5,405	
Byrne Law Enforcement	06-JG-C01-6254		26,859		26,208	
Safety Equipment	06-JG-LLE-5170		15,570		15,570	
Total Edward Byrne Memorial Justice Assistance Grant Program			83,699		79,635	
Passed through the Ohio Attorney General						
Crime Victim Assistance	2007-VAGENE-059	16.575	23,941		24,160	
Crime Victim Assistance	2008-VAGENE-059		7,980		5,928	
Total Crime Victim Assistance			31,921		30,088	
Total U.S. Department of Justice			115,620		109,723	
GENERAL SERVICES ADMINISTRATION						
Passed through Ohio Secretary of State						
Help America Vote Act	04-SOS-HAVA-06	39.011			4,827	
Total General Services Administration					4,827	

(Continued)

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 2007
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF TRANSPORTATION						
Passed through the Federal Aviation Administration						
Airport Improvement Progarm	3-39-0084-1007	20.106	51,768		51,768	
Airport Improvement Progarm	3-39-0084-0906		56,709		60,059	
Total U.S. Department of Transportation			108,477		111,827	
U.S. DEPARTMENT OF HUMAN SERVICES						
Passed through Ohio Department of Job and Family Services						
Chafee Foster Care Independence Program	N/A	93.674	5,158		5,158	
Chafee Foster Care Independence Program	N/A		4,398		4,398	
Total Chafee Foster Care Independence Program			9,556		9,556	
Child Welfare Services State Grants	N/A	93.645	33,468		33,468	
Promoting Safe and Stable Families (ESSA)	N/A	93.556	43,623		43,623	
Passed through Ohio Department of Mental Retardation and Developmental Disabilities						
Social Services Block Grant	N/A	93.667	28,215		28,215	
Medical Assistance Program	N/A	93.778	197,264		197,264	
Medical Assistance Program - Waiver Administrataion	N/A		217,045		217,045	
Total Medical Assistance Program			414,309		414,309	
Total U.S. Department of Human Service			529,171		529,171	
Total Federal Financial Assistance			$1,201,724	$1,894	$1,153,124	$1,894

See acompanying notes to the schedule of federal awards expenditures.

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 1: BASIS OF ACCOUNTING

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

NOTE 2: SUBRECIPIENTS

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

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

NOTE 3: FOOD SERVICES PROGRAMS – LAW ENFORCEMENT CENTER

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

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

NOTE 4: MATCHING REQUIREMENTS

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

NOTE 5: COMMUNITY DEVELOPMENT BLOCK GRANT REVOLVING LOAN PROGRAM

The County has established a revolving loan program to provide low-interest loans to existing businesses to create jobs for persons from low-moderate income households, to help with capital expenditures and to help with startup funds for new businesses. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by equipment. At December 31, 2007 the gross amount of loans outstanding under this program was $931,867.

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Mary Taylor, CPA
Auditor of State

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

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

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Auglaize County (the County), as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify and 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 22, 2008.

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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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 and 2007-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated August 22, 2008.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

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

Mary Taylor, CPA
Auditor of State

August 22, 2008

Mary Taylor, CPA
Auditor of State

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

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

To the Board of County Commissioners:

Compliance

We have audited the compliance of Auglaize County, (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2007. 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, 2007. In a separate letter to the County's management dated August 22, 2008, we reported a matter related to federal noncompliance not requiring inclusion in this report.

Internal Control over Compliance

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

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Internal Control over Compliance
(Continued)

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

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

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 22, 2008

FINANCIAL CONDITION
AUGLAIZE COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	No
(d)(1)(vii)	**Major Programs (list):**	Medical Assistance Program CFDA #93.778 Small Cities Community Development Block Grant CFDA #14.228
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

FINDING NUMBER 2007-001

Noncompliance Citation

Ohio Rev. Code Section 9.38, states that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. This section also stipulates that if the amount of daily receipts does not exceed $1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting officials who receive money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the amount exceeds $1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day.

The Mental Health and Retardation Board (MRDD Board) did not always make deposits with the Treasurer in a timely manner during 2007, nor had a policy been adopted by the County permitting officials receiving money to hold receipts past the next business day. There were approximately one to two deposits made monthly to the treasurer. As a result, approximately $859,758 was not deposited timely.

The County should implement monitoring procedures to help assure that money collected by the MRDD Board is deposited in a timely manner. In addition, the County may want to consider the adoption of a policy as provided for in Ohio Rev. Code Section 9.38.

OFFICIALS' RESPONSE:

Auglaize County has asked its Board of MR/DD to make deposits in a more timely manner. The County Auditor has spoken to Al Willis, the Superintendent of MR/DD in Auglaize County making him aware of the problem. She has informed Mr. Willis on more than one occasion that the lack of timely deposits is an ongoing problem in his department. She has suggested that he pursue a direct deposit of funds into the agency's account. The Board of County Commissioners will recommend in writing to the Board of MR/DD that deposits other than direct deposits are made timely. They should be made within 24 hours of receiving the money. The MR/DD Board should work on a plan and report it back to the Commissioners within 60 days. The County Commissioners are going to recommend to the Common Pleas Judge that he inform his MR/DD Board appointments of the duty they have to make sure that deposits are made in a timely manner.

FINDING NUMBER 2007-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

FINDING NUMBER 2007-002
(Continued)

1. **"Then and Now" certificate –** If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board of Commissioners (the Board) can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the "then and now" certificate to approve payment by resolution.

    - Amounts of less than $100 may be paid by the fiscal officer without a resolution upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Board.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. **Super Blanket Certificate** – The Board may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During 2007, the County did not properly certify the availability of funds for 52.2 percent of the transactions tested. Also, there was several "vendor specific" blanket purchase orders at year end to cover the invoices expected to be received the following year.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the County's funds exceeding budgetary spending limitations, the County should certify that the funds are or will be available prior to the obligation. When prior certification is not possible, "then and now" certification should be used.

OFFICIALS' RESPONSE:

On February 6, 2008 Janet Schuler, Auglaize County Auditor sent a letter to all County elected Officials and Department Heads informing them that a new policy for "Then & Now" purchase orders to be used for emergencies only when there wasn't time to prepare and obtain a purchase order for an unanticipated expense. At that time, she informed everyone who has the power to spend funds in the County that the use of "Super Blanket" purchase orders had been approved by the BOCC Resolution # 08-058. These super blankets may be used for most professional services, fuel, oil, food items and any other recurring and reasonably predictable operating expense. Please note that the audit for the fiscal year 2006 was not completed until the later part of November 2007 which left little to time to act on the 2006 finding in 2007.

3. FINDINGS FOR FEDERAL AWARDS

None.

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2006-001	Ohio Rev. Code Section 9.38 – Receipts collected by the Engineer's Office and the Solid Waste Department were not deposit timely	No	Repeated as finding 2007-001 for a different county department.
2006-002	Ohio Rev. Code Section 5705.41(D) – Expenditures were not always properly certified.	No	Repeated as finding 2007-002
2006-003	§_.300 of OMB Circular A-133 and ORC 5705,.41(D) – The County entered into contracts for an airport improvement project before some of the grant agreements were signed and on file. Some expenditures were not properly certified.	Yes	

Mary Taylor, CPA
Auditor of State

FINANCIAL CONDITION

AUGLAIZE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 18, 2008

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