



**FINANCIAL CONDITION  
AUGLAIZE COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 1999**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



**AUGLAIZE COUNTY FINANCIAL CONDITION**

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of County Commissioners:

We have audited the accompanying general-purpose financial statements of Auglaize County, Ohio, (the County), as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Auglaize County, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types and component units for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2000 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

July 14, 2000



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AUGLAIZE COUNTY

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS,  
AND DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 1999

	Governmental Fund Types			
	General Fund	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 2,303,397	\$ 4,894,322	\$ 2,298,178	\$ 5,047,589
Cash and Cash Equivalents in Segregated Accounts				
Receivables:				
Property Taxes	1,623,407	2,210,214	97,405	
Sales Taxes	445,413		296,530	148,471
Accounts (net of allowance)	9,030	50,656	4,849	2,118
Special Assessments			3,609,568	
Accrued Interest	57,735			
Due from Other Funds	27,409	19,792		
Due From Other Governments	265,528	481,527		
Intergovernmental				
Prepayments	215,580	33,393	500	
Materials and Supplies Inventory	23,937	284,832		
<b>Restricted Assets:</b>				
Cash with Fiscal and Escrow Agents				23,863
Property, Plant and Equipment (Net of Accumulated Depreciation Where Applicable)				
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations				
Amount Available in Debt Service Fund for Retirement of Special Assessments Bonds				
Amount to be Provided from General Government Resources				
Amount to be Provided from Special Assessments				
Total Assets and Other Debits	<u>\$ 4,971,436</u>	<u>\$ 7,974,736</u>	<u>\$ 6,307,030</u>	<u>\$ 5,222,041</u>

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



Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)		Totals (Memorandum Only)
Enterprise	Internal Service	Trust And Agency	General Fixed Assets	General Long-Term Obligations	Primary Government	Component Units	Reporting Entity
\$ 450,337	\$ 464,199	\$ 2,853,222			\$ 18,311,244	576,856	18,888,100
	813	506,578			507,391		507,391
		39,292,879			43,223,905		43,223,905
463,038	249				890,414		890,414
		743,672			529,940	37,466	567,406
					4,353,240		4,353,240
					57,735		57,735
	22,341				69,542		69,542
					747,055		747,055
33,750					33,750		33,750
9,943					259,416	1,000	260,416
30,243					339,012	11,954	350,966
					23,863		23,863
4,737,013	749		20,425,190		25,162,952	526,937	25,689,889
				2,430,504	2,430,504		2,430,504
				157,302	157,302		157,302
				3,889,049	3,889,049		3,889,049
				<u>2,375,670</u>	<u>2,375,670</u>		<u>2,375,670</u>
<u>\$ 5,724,324</u>	<u>\$ 488,351</u>	<u>\$ 43,396,351</u>	<u>\$ 20,425,190</u>	<u>\$ 8,852,525</u>	<u>\$ 103,361,984</u>	<u>\$ 1,154,213</u>	<u>\$ 104,516,197</u>

AUGLAIZE COUNTY

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS,  
AND DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 1999  
(Continued)

	<u>Governmental Fund Types</u>			
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 123,780	\$ 192,487	\$	\$ 55,840
Accrued Wages	101,769	115,513		
Compensated Absences Payable	45,069	72,176		
Contracts Payable				70,710
Retainage Payable				23,863
Due to Other Funds	11,007	28,422		
Due to Other Governments	206,533	184,652		
Deferred Revenue	1,598,047	2,176,468	3,705,451	
Undistributed Monies				
Claims Payable				
Notes Payable				
Capital Lease Payable				
Mortgage Payable				
Bonds Payable:				
General Obligation				
Special Assessment				
Total Liabilities	<u>2,086,205</u>	<u>2,769,718</u>	<u>3,705,451</u>	<u>150,413</u>
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings				
Fund Balances:				
Reserved for Taxes	25,360	33,746	1,522	
Reserved for Special Assessment			12,251	
Reserved for Encumbrances	240,170	373,939		328,531
Reserved for Supplies Inventory	23,937	284,832		
Unreserved Fund Balance	<u>2,595,764</u>	<u>4,512,501</u>	<u>2,587,806</u>	<u>4,743,097</u>
Total Fund Equity and Other Credits	<u>2,885,231</u>	<u>5,205,018</u>	<u>2,601,579</u>	<u>5,071,628</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u>\$ 4,971,436</u>	<u>\$ 7,974,736</u>	<u>\$ 6,307,030</u>	<u>\$ 5,222,041</u>

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Component Units	Totals (Memorandum Only)
Enterprise	Internal Service	Trust And Agency	General Fixed Assets	General Long-Term Obligations	Primary Government		Reporting Entity
\$ 60,919	\$ 758	\$ 14,793		\$	\$ 448,577	19,375	467,952
77,981	1,455				296,718	1,840	298,558
126,825	212			629,553	873,835	2,800	876,635
					70,710		70,710
30,113					53,976		53,976
					39,429		39,429
100,924	1,373	42,738,889			43,232,371	20,450	43,252,821
					7,479,966	11,485	7,491,451
		506,578			506,578		506,578
	12,913				12,913		12,913
118,088				447,972	566,060		566,060
						44,922	44,922
						178,722	178,722
				5,690,000	5,690,000		5,690,000
				2,085,000	2,085,000		2,085,000
<u>514,850</u>	<u>16,711</u>	<u>43,260,260</u>	<u>0</u>	<u>8,852,525</u>	<u>61,356,133</u>	<u>279,594</u>	<u>61,635,727</u>
			20,425,190		20,425,190		20,425,190
5,336,497					5,336,497	37,580	5,374,077
(127,023)	471,640				344,617	837,039	1,181,656
					60,628		60,628
					12,251		12,251
		5,662			948,302		948,302
					308,769		308,769
		<u>130,429</u>			<u>14,569,597</u>		<u>14,569,597</u>
<u>5,209,474</u>	<u>471,640</u>	<u>136,091</u>	<u>20,425,190</u>	<u>0</u>	<u>42,005,851</u>	<u>874,619</u>	<u>42,880,470</u>
<u>\$ 5,724,324</u>	<u>\$ 488,351</u>	<u>\$ 43,396,351</u>	<u>\$ 20,425,190</u>	<u>\$ 8,852,525</u>	<u>\$ 103,361,984</u>	<u>\$ 1,154,213</u>	<u>\$ 104,516,197</u>

**AUGLAIZE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Governmental Fund Types</b>				<b>Fiduciary</b>	<b>Totals (Memorandum Only)</b>
	<b>General Fund</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Fund Types Expensible Trust</b>	
<b>Revenues:</b>						
Property Taxes	\$ 1,619,709	\$ 2,465,292	\$ 151,190			\$ 4,236,191
Sales Tax	2,787,444	0	1,795,799	929,148		5,512,391
Permissive Tax		467,873	0			467,873
Charges for Services	874,882	780,622	0			1,655,504
Licenses and Permits	5,526	0	0			5,526
Fines and Forfeitures	395,241	80,188	0			475,429
Intergovernmental	1,239,768	7,517,367	15,256	285,945		9,058,336
Special Assessments		86,945	330,296	133,076		550,317
Investment Income	755,772	34,432	2,028	92,720	2,162	887,114
Other	45,716	326,382	91,517	42,873	55,472	561,960
<b>Total Revenues</b>	<u>7,724,058</u>	<u>11,759,101</u>	<u>2,386,086</u>	<u>1,483,762</u>	<u>57,634</u>	<u>23,410,641</u>
<b>Expenditures:</b>						
General Government:						
Legislative & Executive	2,245,360	266,002				2,511,362
Judicial	1,109,058	135,002				1,244,060
Public Safety	2,965,790	409,855			10,461	3,386,106
Public Works	182,751	3,810,143				3,992,894
Health	44,235	3,349,366			21,711	3,415,312
Human Services	360,228	3,078,022			26,666	3,464,916
Other Expense	675,164	36,348				711,512
Capital Outlay				996,942		996,942
Debt Service:						
Principal Retirement			832,395			832,395
Interest & Fiscal Charges			482,234			482,234
<b>Total Expenditures</b>	<u>7,582,586</u>	<u>11,084,738</u>	<u>1,314,629</u>	<u>996,942</u>	<u>58,838</u>	<u>21,037,733</u>
Excess of Revenues Over (Under) Expenditures	<u>141,472</u>	<u>674,363</u>	<u>1,071,457</u>	<u>486,820</u>	<u>(1,204)</u>	<u>2,372,908</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds from Sale of Fixed Assets	3,941	15,410				19,351
Proceeds from Note				114,932		114,932
Advances In		5,638				5,638
Advances Out		(5,638)				(5,638)
Operating Transfers In	413,808	234,601		300,000		948,409
Operating Transfers Out		(490,279)		(452,322)	(5,808)	(948,409)
Other Financing Sources	170,546	391,506		6,263		568,315
Other Financing Uses	(485,614)	(139,140)	(294)		(2,411)	(627,459)
<b>Total Other Financing     Sources (Uses)</b>	<u>102,681</u>	<u>12,098</u>	<u>(294)</u>	<u>(31,127)</u>	<u>(8,219)</u>	<u>75,139</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	244,153	686,461	1,071,163	455,693	(9,423)	2,448,047
Fund Balances (Deficit) at Beginning of Year	2,630,644	4,511,465	1,530,416	4,615,935	145,514	13,433,974
Increase in Reserve for Inventory	10,434	7,092				17,526
<b>Fund Balances at End of Year</b>	<u>2,885,231</u>	<u>5,205,018</u>	<u>2,601,579</u>	<u>5,071,628</u>	<u>136,091</u>	<u>\$ 15,899,547</u>

*Notes to the financial statements are an integral part of this statement.*

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**AUGLAIZE COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND CASH BALANCES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$ 1,569,000	\$ 1,619,577	\$ 50,577	\$ 2,399,000	\$ 2,470,136	\$ 71,136
Permissive Sales Tax	2,720,310	2,788,570	68,260	450,000	468,002	18,002
Charges for Services	789,202	848,551	59,349	681,719	752,506	70,787
Licenses and Permits	5,110	5,486	376			
Fines and Forfeitures	380,000	404,783	24,783	66,230	81,295	15,065
Intergovernmental	1,156,828	1,216,917	60,089	7,551,871	7,565,847	13,976
Special Assessments				80,000	131,267	51,267
Investment Income	575,000	740,446	165,446	28,900	34,226	5,326
Other	40,000	44,520	4,520	292,197	326,515	34,318
<b>Total Revenues</b>	<b>7,235,450</b>	<b>7,668,850</b>	<b>433,400</b>	<b>11,549,917</b>	<b>11,829,794</b>	<b>279,877</b>
<b>Expenditures:</b>						
General Government						
Legislative and Executive	2,895,759	2,633,267	262,492	473,209	364,248	108,961
Judicial	1,275,737	1,161,559	114,178	292,175	228,222	63,953
Public Safety	3,174,169	3,000,031	174,138	621,215	423,995	197,220
Public Works	241,343	186,600	54,743	4,271,312	3,922,117	349,195
Health	70,226	63,414	6,812	3,868,349	3,492,076	376,273
Human Services	402,226	373,459	28,767	3,994,592	3,482,696	511,896
Other (miscellaneous)	751,369	721,764	29,605	252,112	32,572	219,540
Capital Outlay						
Debt Service:						
Principal Retirement						
Interest						
<b>Total Expenditures</b>	<b>8,810,829</b>	<b>8,140,094</b>	<b>670,735</b>	<b>13,772,964</b>	<b>11,945,926</b>	<b>1,827,038</b>
Excess of Revenues Over (Under) Expenditures	<u>(1,575,379)</u>	<u>(471,244)</u>	<u>1,104,135</u>	<u>(2,223,047)</u>	<u>(116,132)</u>	<u>2,106,915</u>
<b>Other Financing Sources (Uses):</b>						
Proceeds of Bonds and Notes						
Operating Transfers In	400,000	415,021	15,021	241,284	340,279	98,995
Operating Transfers Out	(173,770)	(29,631)	144,139	(300,000)	(300,000)	
Advance In					14,128	14,128
Advance Out					(14,128)	(14,128)
Other Sources	232,640	367,965	135,325	474,241	257,210	(217,031)
Gain on Sale of Fixed Assets	0	3,941	3,941		15,410	15,410
Other Uses	(541,888)	(464,810)	77,078	(129,964)	(124,320)	5,644
<b>Total Other Sources (Uses)</b>	<b>(83,018)</b>	<b>292,486</b>	<b>375,504</b>	<b>285,561</b>	<b>188,579</b>	<b>(96,982)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>(1,658,397)</u>	<u>(178,758)</u>	<u>1,479,639</u>	<u>(1,937,486)</u>	<u>72,447</u>	<u>2,009,933</u>
Fund balance at beginning of year	1,845,898	1,845,898		3,975,340	3,975,340	
Prior year encumbrances appropriated	193,256	193,256		335,026	335,026	
<b>Fund balance at end of year</b>	<b><u>380,757</u></b>	<b><u>1,860,396</u></b>	<b><u>1,479,639</u></b>	<b><u>2,372,880</u></b>	<b><u>4,382,813</u></b>	<b><u>\$ 2,009,933</u></b>

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

Debt Service Funds			Capital Projects Funds			Expendable Trust Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 152,744	\$ 152,197	\$ (547)						
1,600,000	1,851,250	251,250	906,770	929,523	22,753			
15,256	15,256		95,939	300,893	204,954			
309,319	342,547	33,228	409,076	133,076	(276,000)			
	1,833	1,833	9,061	95,825	86,764		4,674	4,674
80,156	89,094	8,938		24,080	24,080	46,212	52,958	6,746
2,157,475	2,452,177	294,702	1,420,846	1,483,397	62,551	46,212	57,632	11,420
						10,858	10,858	
						105,101	26,973	78,128
						29,000	26,666	2,334
			3,225,610	1,825,716	1,399,894			
833,435	832,395	1,040						
482,236	482,234	2						
1,315,671	1,314,629	1,042	3,225,610	1,825,716	1,399,894	144,959	64,497	80,462
841,804	1,137,548	295,744	(1,804,764)	(342,319)	1,462,445	(98,747)	(6,865)	91,882
(55,000)	(55,000)		400,000	114,932	114,932			
			(29,172)	318,793	(81,207)	(6,000)	(5,808)	192
				(29,172)				
				4,145	4,145			
(5,887)	(587)	5,300				(40,154)	(2,410)	37,744
(60,887)	(55,587)	5,300	370,828	408,698	37,870	(46,154)	(8,218)	37,936
780,917	1,081,961	301,044	(1,433,936)	66,379	1,500,315	(144,901)	(15,083)	129,818
1,215,761	1,215,761		4,080,346	4,080,346		141,594	141,594	
			495,231	495,231		6,552	6,552	
\$ 1,996,678	\$ 2,297,722	\$ 301,044	\$ 3,141,641	\$ 4,641,956	\$ 1,500,315	\$ 3,245	\$ 133,063	\$ 129,818

AUGLAIZE COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>		<u>Total Primary Government (Memorandum Only)</u>	<u>Airport Authority</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>			
<b>Operating Revenues:</b>					
Charges for Services	\$ 4,729,359	\$ 2,148,822	\$ 6,878,181	\$ 126,685	\$ 7,004,866
Intergovernmental				22,500	22,500
Other Operating Revenue				1,705	1,705
Total Operating Revenues	4,729,359	2,148,822	6,878,181	150,890	7,029,071
<b>Operating Expenses:</b>					
Personal Services	3,498,655	73,794	3,572,449		3,572,449
Contract Services	596,332	1,942,242	2,538,574	72,985	2,611,559
Materials and Supplies	547,101	28,784	575,885	55,879	631,764
Depreciation	169,326	104	169,430	29,521	198,951
Other Operating Expenses	18,742		18,742	3,581	22,323
Total Operating Expenses	4,830,156	2,044,924	6,875,080	161,966	7,037,046
Operating (Loss)	(100,797)	103,898	3,101	(11,076)	(7,975)
<b>Non-Operating Revenues (Expenses)</b>					
Proceeds From Sale of Fixed Assets				9,100	9,100
Other Non-Operating Income	39,351	2,458	41,809	88,111	129,920
Other Non-Operating Expense	(3,260)	(1,179)	(4,439)	(149,312)	(153,751)
Interest Income				5,892	5,892
Total Non-Operating Revenue (Expense)	36,091	1,279	37,370	(46,209)	(8,839)
Net Income (Loss)	(64,706)	105,177	40,471	(57,285)	(16,814)
Depreciation on Fixed Assets					
Acquired by Contributed Capital	25,723		25,723	2,613	28,336
Retained Earnings/Fund Balance at					
Beginning of Year	(88,040)	366,463	278,423	240,225	518,648
Retained Earnings/Fund Balance at					
End of Year	(127,023)	471,640	344,617	185,553	530,170
Contributed Capital at Beginning of Year					
	5,350,018		5,350,018	17,976	5,367,994
Contributions During the Year					
	12,202		12,202		12,202
Depreciation on Fixed Assets					
Acquired by Contributed Capital	(25,723)		(25,723)	(2,613)	(28,336)
Contributed Capital at End of Year					
	5,336,497	0	5,336,497	15,363	5,351,860
Total Fund Equity at End of Year	\$ 5,209,474	\$ 471,640	\$ 5,681,114	\$ 200,916	\$ 5,882,030

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



**AUGLAIZE COUNTY**

**STATEMENT OF INCOME, REVENUES, EXPENSES AND CHANGES IN FUND EQUITY  
DISCRETELY PRESENTED COMPONENT UNIT - AUGLAIZE INDUSTRIES, INC.  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<b>Operating Revenue:</b>	
Charges for Services	\$ 372,960
Vocational Revenue	<u>65,024</u>
Total Operating Revenue	<u>437,984</u>
<b>Cost of Sales:</b>	
Labor and Employment Taxes	259,407
Subcontracts	12,644
Repair and Maintenance	<u>26,213</u>
Total Cost of Sales	<u>298,264</u>
<b>Operating expenses:</b>	
Community Employment Wages	59,276
Insurance	6,917
Depreciation	19,851
Professional Fees	10,428
Membership Dues	1,529
Administrative Expenses	<u>57,627</u>
Total Operating Expenses	<u>155,628</u>
(Loss) From Operations	<u>(15,908)</u>
<b>Non-Operating Revenues (Expenses):</b>	
Miscellaneous Revenue	13,208
Rental Income	22,200
Rental Expenses	(20,489)
Investment Income	84,082
Donations	18,116
Employee Program Revenue	36,913
Employee Program Expense	(37,602)
Unrestricted Support	147,030
Expenditure of Unrestricted Support	<u>(147,030)</u>
Total Non-Operating Revenues (Expenses)	<u>116,428</u>
Net Income (Loss)	100,520
Depreciation on Fixed Assets Acquired by Contributed Capital	2,469
Retained Earnings- January 1, 1999	<u>548,497</u>
Retained Earnings - December 31, 1999	<u>651,486</u>
Contributed Capital Received From:	
Grants	24,686
Depreciation on Fixed Asset Acquired by Contributed Capital	<u>(2,469)</u>
Contributed Capital - December 31, 1999	<u>22,217</u>
Total Fund Equity - December 31, 1999	<u><u>\$ 673,703</u></u>

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

AUGLAIZE COUNTY

COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Types		Total Primary Government (Memorandum Only)	Component Units	Total (Memorandum Only)
	Enterprise	Internal Service			
<b>Increase (Decrease) In Cash and Cash Equivalents:</b>					
<b>Cash Flows from Operating Activities:</b>					
Cash Received from Customers	\$ 4,727,591	\$ 46,000	\$ 4,773,591	\$ 610,130	\$ 5,383,721
Cash Received from Quasi-External Transactions with Other Funds		2,081,823	2,081,823		2,081,823
Cash Payments to Suppliers and Employees	(4,775,581)	(2,078,706)	(6,854,287)	(568,006)	(7,422,293)
Other Operating Revenues		21,000	21,000	22,500	43,500
Net Cash Provided by Operating Activities	(47,990)	70,117	22,127	64,624	86,751
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition of Capital Assets	(14,845)		(14,845)	(90,082)	(104,927)
Sale of Equipment				9,100	9,100
Capitalized Lease Proceeds				44,922	44,922
Debt Service:					
Principal Retirement	(25,235)		(25,235)	(28,438)	(53,673)
Net Cash Used for Capital and Related Financing Activities	(40,080)		(40,080)	(64,498)	(104,578)
<b>Cash Flows from Noncapital Financing Activities:</b>					
Non-Operating Revenue	39,351	2,458	41,809	118,744	160,553
Non-Operating Disbursements	(3,260)	(1,179)	(4,439)	(149,312)	(153,751)
Net Cash Provided by Noncapital Financing Activities	36,091	1,279	37,370	(30,568)	6,802
<b>Cash Flows from Investing Activities:</b>					
Interest on Cash Equivalents				43,588	43,588
Net Rental Income				11,625	11,625
Net Redemption of Certificates of Deposit				29,909	29,909
Net Purchases of Investments				(46,466)	(46,466)
Net Cash Provided by Investing Activities				38,656	38,656
Net Increase (Decrease) in Cash and Cash Equivalents	(51,979)	71,396	19,417	8,214	27,631
Cash and Cash Equivalents at Beginning of Year	502,316	393,616	895,932	134,919	1,030,851
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 450,337</b>	<b>\$ 465,012</b>	<b>\$ 915,349</b>	<b>\$ 143,133</b>	<b>\$ 1,058,482</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>					
Operating income (loss)	\$ (100,797)	\$ 103,898	\$ 3,101	\$ (26,984)	\$ (23,883)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</b>					
Depreciation	169,326	104	169,430	49,372	218,802
<b>Changes in Assets and Liabilities:</b>					
(Increase) Decrease in Materials and Supplies Inventory	(2,578)		(2,578)	955	(1,623)
( Increase) Decrease in Accounts Receivable	(58,164)	(235)	(58,399)	18,797	(39,602)
Increase (Decrease) in Intergovernmental	2,500		2,500		2,500
(Increase) Decrease in Due from Other Funds	339	(5,781)	(5,442)		(5,442)
(Increase) Decrease in Prepayments	(7,421)		(7,421)		(7,421)
Increase (Decrease) in Claims and Judgements Payable		(968)	(968)		(968)
Increase (Decrease) in Accounts Payable	5,296	(25,182)	(19,886)	1,093	(18,793)
Increase (Decrease) in Accrued Wages	5,442	267	5,709	(1,555)	4,154
Increase (Decrease) in Compensated Absences Payable	(5,436)	(1,355)	(6,791)		(6,791)
Increase (Decrease) in Due to Other Governments	(50,043)	(631)	(50,674)	13,586	(37,088)
Increase (Decrease) in Due to Other Funds	(6,454)		(6,454)		(6,454)
Increase (Decrease) in Deferred Revenue				9,360	9,360
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (47,990)</b>	<b>\$ 70,117</b>	<b>\$ 22,127</b>	<b>\$ 64,624</b>	<b>\$ 86,751</b>

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

## AUGLAIZE COUNTY FINANCIAL CONDITION

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999

#### NOTE 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.

#### Reporting Entity

The County's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, effective for financial statements for periods beginning after December 15, 1992. The general purpose financial statements (GPFS) include all funds, account groups, agencies, boards, commissions, and other component units for which Auglaize County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's general purpose 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 GPFS:

#### **Auglaize County Children's Services Board (CSB)**

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

#### **The Auglaize County Board of Mental Retardation and Development Disabilities (MRDD)**

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

#### Discretely Presented Component Units

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

#### **Auglaize County Airport Authority**

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

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 1: DESCRIPTION OF THE ENTITY (Continued)**

**Discretely Presented Component Units (Continued)**

**Auglaize Industries, Inc.**

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

**Potential Component Units Reported as Agency Funds**

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

- Auglaize County Combined 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

**Excluded Potential Component Units**

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

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

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

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

## AUGLAIZE COUNTY FINANCIAL CONDITION

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### **A. Basis of Presentation - Fund Accounting**

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

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

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

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

#### **Governmental Fund Types:**

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

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

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

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

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

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Fund Accounting (Continued)**

**Proprietary Fund Types:**

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

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

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

**Fiduciary Fund Types:**

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

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

**Account Groups:**

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

**General Fixed Assets Account Group** - The general fixed assets account group is used to account for all fixed assets of the County, other than those fixed assets accounted for in the proprietary funds.

**General Long-Term Obligations Account Group** - The general long-term obligations account group is used to account for all long-term obligations of the County, except for those accounted for in the proprietary funds.

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

**Primary Government**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus.

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting (Continued)**

**Primary Government (Continued)**

With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

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

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

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

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

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

Property taxes measurable as of December 31, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2000 operations, have also been recorded as deferred revenue.

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

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

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting (Continued)**

**Discretely Presented Component Units**

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

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

**C. Budgetary Process**

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

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

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

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

On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds reflect the amounts in the final amended official certificate of estimated resources during 1999.

**Appropriations** - A temporary appropriation resolution to control expenditures may be passed on or around January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.



**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgetary Process (Continued)**

**Appropriations (Continued)**

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during 1999. The budget amounts reported in the "Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds represent the final appropriation amounts, including all amendments and modifications.

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

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

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

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

**D. Cash And Cash Equivalents**

To improve cash management, cash received by the County is pooled, except for cash held 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. Each fund type's share of the pool is presented on the balance sheet as "Equity in Pooled Cash and Cash Equivalents."

During 1999, investments were limited to money markets, treasury notes, federal agency securities and STAROhio.

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

The County has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 1999.

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Cash and Cash Equivalents (Continued)**

Following Ohio statutes, the County is required to credit all investment earnings to the General Fund, unless otherwise expressly required by law to allocate to other funds. Interest is distributed to the general fund, the motor vehicle gasoline tax special revenue fund, various capital project funds, Auglaize School Workshop bond retirement fund, Treasurer's pre-pay agency fund and Auglaize School and Group Home expendable trust fund. Total investment revenue earned during 1999 was \$887,114.

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

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

**E. Inventory of Supplies**

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

**F. Prepays and Deferrals**

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**G. Restricted Assets - Cash with Fiscal and Escrow Agents**

Cash that is held by trustees or fiscal agents in segregated accounts restricted specifically for the retainage of funds payable to contractors upon the completion of the required percentage of completion of capital projects.

**H. Interfund Assets and Liabilities**

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

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

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Fixed Assets and Depreciation**

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

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.

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

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

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

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

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

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

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Fixed Assets and Depreciation (Continued)**

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

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

**J. Compensated Absences**

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

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

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

**K. Intergovernmental Revenues**

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

**L. Long-term Debt**

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

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Long-term Debt (Continued)**

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

**M. Contributed Capital**

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

**N. Reserves of Fund Equity**

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

**O. Interfund Transactions**

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

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

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

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

**P. Use of Estimates**

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

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Q. Total Columns on General Purpose Financial Statements**

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

When the title of a statement indicate that component units are included, two total columns are presented. The first is captioned "Primary Government" to indicate that only those activities that comprise the County's legal entity have been included.

The second is captioned "Reporting Entity" and includes the activity and operations of the County's legally separate discretely presented component units (see Note 1) and primary government. The total column on statements which do not include component units have no additional captions.

**NOTE 3: CONVERSION OF OPERATIONS FROM BUDGET BASIS TO GAAP BASIS**

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

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

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 3: CONVERSION OF OPERATIONS FROM BUDGET BASIS TO GAAP BASIS (Continued)**

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:

**Excess of Revenues and Other Financing Sources Over (Under)  
Expenditures and Other Financing Uses**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Expendable Trust</u>
Budget Basis	(\$178,758)	\$72,447	\$1,081,961	\$66,379	(\$15,083)
Net Adjustment for Revenue Accruals	55,208	(70,692)	(66,091)	366	
Net Adjustment for Expenditure Accruals	557,508	861,188		828,774	5,660
Net Adjustment for Other Financing Sources Accruals	198,632	20,128	55,000	(16,676)	
Net Adjustment for Other Financing Uses Accruals	8,827	(196,610)	293	(423,150)	
GAAP Basis	<u>\$244,153</u>	<u>\$686,461</u>	<u>\$1,071,163</u>	<u>\$455,693</u>	<u>(\$9,423)</u>

**NOTE 4: ACCOUNTABILITY AND COMPLIANCE**

**Accountability**

The following funds had a deficit fund balance as of December 31, 1999. This presentation represents deficit fund balances at a minimum.

<u>Special Revenue Funds:</u>	<u>Deficit Fund Balance:</u>
Recycle Grant	(855)
Children's Services	(3,634)
1999 Community Housing Improvement Program	(33,993)
DARE	(163)

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

## AUGLAIZE COUNTY FINANCIAL CONDITION

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 5: 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 displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents."

Monies held by the County are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demand upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Monies held by the County which are not considered active are classified as inactive.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes debentures, or any other obligation or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit, or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.



**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 5: DEPOSITS AND INVESTMENTS (Continued)**

**Primary Government (Continued)**

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

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

At year-end, the County had \$157,942 in undeposited cash on hand which is included on the balance sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents and Cash and Cash Equivalents in Segregated Accounts". This amount is uninsured and uncollateralized.

**Deposits** - At year-end, the carrying amount of the County's deposits was \$11,149,833 and the bank balance was \$12,276,248. Of the bank balance, \$1,113,900 was covered by federal depository insurance; \$300,000 was covered by collateral held in joint custody with the public depository and the County; and \$10,862,348 was uninsured and uncollateralized as defined by the Governmental Accounting Standards Board because the collateral pledged by the financial institution or their trust departments or agents was not in the County's name. Although the collateral was held by the pledging financial institutions' trust department in the County's name and all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirement would potentially subject the County to a successful claim by the FDIC.

The pledging bank has an investment and securities pool used to collateralize all public deposits. This pool had a market value at December 31, 1999, in excess of 110 percent of the public funds on deposit. Statutory provisions require that collateral pledged for deposits be held in trust by an institution other than the pledging bank or in collateral pools pledged to cover government deposits held by an institution.

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

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

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

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 5: DEPOSITS AND INVESTMENTS (Continued)**

	<u>Market/Carrying Value</u>	<u>Category 3</u>
STAR Ohio	\$1,632,000	\$0
Funds Invested by Fifth Third Trust - US		
FHLB	2,683,420	2,683,420
FNMA	1,036,170	1,036,170
FHLMC	1,082,490	1,082,490
Federal Farm CR BKS CONS	297,630	297,630
Treasury Notes	394,626	394,626
Money Market, US Treasury Obligation Fund	408,387	408,387
	<u>\$7,534,723</u>	<u>\$5,902,723</u>

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

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$18,842,498	\$0
Cash on Hand	(157,942)	0
FHLB	(2,683,420)	2,683,420
FNMA	(1,036,170)	1,036,170
FHLMC	(1,082,490)	1,082,490
Federal Farm CR BKS CONS	(297,630)	297,630
Treasury Notes	(394,626)	394,626
STAR Ohio	(1,632,000)	1,632,000
Money Market, US Treasury Obligation Fund	(408,387)	408,387
GASB Statement No. 3	<u>\$11,149,833</u>	<u>\$7,534,723</u>

**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 \$115,840 and the bank balances were \$116,790. \$100,000 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 COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 5: DEPOSITS AND INVESTMENTS (Continued)**

**Auglaize Industries, Inc.** - At year end, the carrying amount of Auglaize Industries, Inc. deposits was \$27,093 and the bank balance was \$37,494. Of this amount, \$37,494 was covered by federal depository insurance. The balance of cash on hand at year end was \$200. The investment securities are carried at fair market value. Of these securities, United States Government and Agency Obligations due after ten years have a fair value of \$75,284; Equity Securities, Mutual Funds have a fair value of \$302,556; and Federally Insured Certificate of Deposit have a fair value of \$55,883 with a cost of \$55,883. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit corporations.

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

	<b>1999</b>	<b>Auglaize Industries</b>
Fair Value at End of Year	\$7,534,723	\$377,840
Net Proceeds (Cost) of Investments	(66,431)	(46,466)
Value at Beginning of Year	(7,473,362)	(284,988)
Change in Fair Value of Investments	(\$5,070)	\$46,386
Investment Income Consists of the following components:		
Interest and Dividends	892,184	37,696
Change in Fair Value of Investments	(5,070)	46,386
Total Investment Income	\$887,114	\$84,082

**NOTE 6: PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility property) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Tax Commissioner at 35 percent of appraised market value. All property is required to be revalued every six years. The last triennial update was completed in tax year 1996 (calendar year 1997). Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 14.

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

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

Public utility real, and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at one hundred percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 6: PROPERTY TAXES (Continued)**

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 1999. 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 1999 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, 1999, was \$7.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

Real Property:	
Agricultural/Residential	\$ 408,352,930
Commercial/Industrial/Mineral	97,634,890
Public Utility Real	316,400
Tangible Personal Property:	
General	137,362,472
Public Utility	<u>37,634,680</u>
Total Assessed Value	<u>\$ 681,301,372</u>

**NOTE 7: PERMISSIVE SALES AND USE TAX**

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

Proceeds of the permissive sales tax are to be credited to the General Fund (75%) and to the Permanent Improvement Fund (25%). Amounts that have been collected by the State and are to be received in the available period have been accrued as revenue. This sales and use tax revenue for 1999 amounted to \$3,718,093. The General and Permanent Improvement Funds were credited with \$2,788,570 and \$929,523, respectively.

Additionally, on June 1, 1996, a voter approved ½% sales tax went into effect for 10 years. This will be used to finance the construction, maintenance and operation of a law enforcement facility. Sales and use tax revenue in the amount of \$1,851,250 was credited to the corrections center debt service fund.

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 8: INTERFUND TRANSACTIONS**

As of December 31, 1999, interfund receivables and payables that resulted from various interfund transactions were as follows:

**Due From/to Other Funds**

<b><u>Due To:</u></b>	<b><u>Due From:</u></b>	<b><u>Amount:</u></b>
General	South Grand Lake Sewer	\$ 8,902
General	Sharlon Sewer	689
General	Beverly Hills Sewer	3,197
General	Sherwood Forest Sewer	1,015
General	Pleasantview Sewer	3,992
General	Arrowhead Estates Sewer	671
General	Eastlake Park Sewer	1,885
General	Forest Lane Sewer	1,048
General	Sandy Beach Sewer	3,850
General	Auglaize Acres	120
General	Ditch Construction	1,979
General	MRDD	62
Motor Vehicle	Pleasantview Sewer	612
Motor Vehicle	General	55
Motor Vehicle	Solid Waste Management	569
Human Services	Community Alternative	3,538
Human Services	Child Support Enforcement Agency	14,776
Human Services	Children's Services	242
Flexible Spending	General	6,198
Flexible Spending	Motor Vehicle	3,860
Flexible Spending	Human Services	810
Flexible Spending	Solid Waste Management	1,226
Flexible Spending	Auglaize Acres	3,907
Flexible Spending	Child Support Enforcement Agency	943
Gas Rotary	Human Services	250
Gas Rotary	Auglaize Acres	225
Gas Rotary	General	4,754
Gas Rotary	Solid Waste Management	167
		<hr/>
Total		\$ <u>69,542</u>

**OPERATING TRANSFERS**

<b><u>Fund</u></b>	<b><u>Transfer In</u></b>	<b><u>Transfer Out</u></b>
General	\$ 413,808	\$
Capital Projects	300,000	
Children's Service	91,284	98,630
Community Housing Improvement Program	365	
Ditch Maintenance	44,322	
Human Service	98,630	91,284
MRDD		300,000
Permanent Improvement		408,000
Community Development Block Grant		365
Unclaimed Funds		5,808
St Marys River Project		27,700
Ditch Construction		16,622
	<hr/>	<hr/>
Totals	\$ <u>948,409</u>	\$ <u>948,409</u>

**ADVANCES**

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

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 9: RECEIVABLES**

Receivables at December 31, 1999 consist of taxes, accounts (billings for user charged services), special assessments, interfund, interest, due from other funds, and due from other government receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment. A summary of the principal items of due from other government receivables follows:

<u>General Fund</u>	<u>Amount</u>
Tuberculosis Reimbursement	\$ 1,032
Advertisement Delinquent Land	1,651
Acting Judge Salary Reimbursement	538
Advertisement for State Issues	1,287
Sheriff's Salary Reimbursement	1,493
Local Government	162,443
Revenue Assistance	29,152
Auditor-Settlement Fee	18,160
Treasurer Fee	21,788
Sanitary Engineer	2,600
Public Defender Reimbursement	21,366
School Food Service	1,256
Federal Order of Justice	<u>2,762</u>
Total General Fund	<u>265,528</u>
 <u>Special Revenue Funds</u>	
Motor Vehicle License Tax	69,334
Permissive Motor Vehicle License Tax	31,988
Gasoline Tax - Excise	235,681
Real Estate Assessment Fees	22,327
Delinquent Real Estate Tax Settlement Fees	22,317
Children's Services - State Funding	18,554
Children's Services - ODHS 2820	55
CHIP Grant	10,800
1998 Community Development Block Grant	54,079
Federal Reimbursement for IV-E Training	<u>16,392</u>
Total Special Revenue Funds	<u>481,527</u>
Total Due From Other Governments	<u>\$ 747,055</u>

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 9: RECEIVABLES (Continued)**

A summary of the principal items of accounts receivables follows:

**General Fund**

Juvenile Rehabilitation Reimbursement	\$	487
Other Fees		2,938
Reimbursements		<u>5,605</u>
Total General Fund	\$	<u>9,030</u>

**Special Revenue Funds**

Grand Lake Task Force - Fines	\$	33
Solid Waste Management Reimbursement		239
Children Services Reimbursement		1,093
Child Support Enforcement Agency Fees		175
Motor Vehicle Reimbursement		1,010
Solid Waste Generation Fee		21,572
Recycling Sales		4,877
Enforcement and Education Fines		15
Human Services Refunds		19,605
Engineer Sales		<u>2,037</u>
Total Special Revenue Funds		<u>50,656</u>

**Debt Service Funds**

Solid Waste Receipts		<u>4,849</u>
Total Debt Service Funds		<u>4,849</u>

**Enterprise Funds**

Auglaize Acres Room and Board		733,100
Auglaize Acres Other Receipts		1,703
South Grand Lake Sewer Charge for Service		18,386
Villa Nova Sewer Charge for Service		1,947
Sharlon Sewer Charge for Service		1,049
Beverly Hills Sewer Charge for Service		2,143
Sherwood Forest Sewer Charge for Service		1,559
Pleasantview Sewer Charge for Service		2,836
Arrowhead Estates Sewer Charge for Service		1,269
East Lake Park Sewer Charge for Service		7,179
Forest Lane Sewer Charges for Service		1,332
Sandy Beach Sewer Charge for Service		<u>12,067</u>
Total Enterprise Funds		784,570
Less Allowable for Doubtful Account(Auglaize Acres Room & Board)		<u>(321,532)</u>
Total Enterprise Funds - Net of Allowance		<u>463,038</u>

**Internal Service Funds**

COBRA Insurance Reimbursements		<u>249</u>
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**Capital Projects Funds**

Jail Construction Reimbursement		<u>2,118</u>
Total Accounts Receivable	\$	<u><u>529,940</u></u>

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 10: FIXED ASSETS**

A summary of the proprietary fund property, plant, and equipment at December 31, 1999 follows:

	<u>Balance January 1, 1999</u>	<u>Prior Period Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 1999</u>
<b>Primary Government</b>					
Land and Land Improvements	\$ 57,858	\$ -	\$ -	\$ -	\$ 57,858
Building and Improvements	862,377	-	6,438	-	868,815
Water and Sewer	5,735,566	-	-	-	5,735,566
Equipment, Furniture and Vehicles	<u>415,211</u>	<u>-</u>	<u>20,609</u>	<u>(34,008)</u>	<u>401,812</u>
Total Primary Government	<u>7,071,012</u>	<u>-</u>	<u>27,047</u>	<u>(34,008)</u>	<u>7,064,051</u>
<b>Component Units</b>					
Airport Authority	293,585	-	48,712	-	342,297
Auglaize Industry-Land	25,000	-	35,092	-	60,092
Auglaize Industry-Building	146,500	-	122,956	-	269,456
Auglaize Industry -Equipment	<u>161,684</u>	<u>-</u>	<u>33,448</u>	<u>-</u>	<u>195,132</u>
Total Component Units	<u>626,769</u>	<u>-</u>	<u>240,208</u>	<u>-</u>	<u>866,977</u>
Total Component Units and Primary Government	\$ <u>7,697,781</u>	\$ <u>-</u>	\$ <u>267,255</u>	\$ <u>(34,008)</u>	\$ <u>7,931,028</u>
<b>Accumulated Depreciation</b>					
Land and Land Improvements	\$ 1,626	\$ -	\$ 295	\$ -	\$ 1,921
Building and Improvements	718,152	-	30,442	-	748,594
Water and Sewer	1,206,745	-	114,712	-	1,321,457
Equipment, Furniture and Vehicles	<u>264,344</u>	<u>-</u>	<u>23,981</u>	<u>(34,008)</u>	<u>254,317</u>
Total Primary Government	<u>2,190,867</u>	<u>-</u>	<u>169,430</u>	<u>(34,008)</u>	<u>2,326,289</u>
<b>Component Units</b>					
Airport Authority - Equipment	168,169	-	29,521	-	197,690
Auglaize Industry-Building	1,679	-	5,281	-	6,960
Auglaize Industry-Equipment	<u>115,540</u>	<u>-</u>	<u>19,850</u>	<u>-</u>	<u>135,390</u>
Total Component Units	<u>285,388</u>	<u>-</u>	<u>54,652</u>	<u>-</u>	<u>340,040</u>
Total Primary Government and Component Units	\$ <u>2,476,255</u>	\$ <u>-</u>	\$ <u>224,082</u>	\$ <u>(34,008)</u>	\$ <u>2,666,329</u>

A summary of the changes in general fixed assets during 1999 follows:

	<u>Balance January 1, 1999</u>	<u>Prior Period Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 1999</u>
<b>Primary Government</b>					
Land	\$ 1,923,318	\$ -	\$ 81,473	\$ -	\$ 2,004,791
Building	4,652,730	-	6,858,401	(664,303)	10,846,828
Sewer	131,131	-	-	-	131,131
Equipment, Furniture and Vehicles	6,524,428	(30,000)	701,832	(162,553)	7,033,707
Construction in Progress	<u>6,696,513</u>	<u>-</u>	<u>-</u>	<u>(6,287,780)</u>	<u>408,733</u>
Total Primary Government	\$ <u>19,928,120</u>	\$ <u>(30,000)</u>	\$ <u>7,641,706</u>	\$ <u>(7,114,636)</u>	\$ <u>20,425,190</u>



**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 11: CONTRIBUTED CAPITAL**

The County's 1999 activity related to contributed capital is summarized below:

**Primary Government**

Contributed Capital at January 1, 1999	\$ 5,350,018
Contributions from Other Funds, Net	12,202
Depreciation on Fixed Assets Acquired	
By Contributed Capital	<u>(25,723)</u>
Total Primary Government Contributed Capital at December 31, 1999	<u>5,336,497</u>

**Component Unit**

Contributed Capital at January 1, 1999	\$ 17,976
Contribution from External Sources	24,686
Depreciation on Fixed Assets Acquired	
By Contributed Capital	<u>(5,082)</u>
Total Component Unit Contributed Capital at December 31, 1999	<u>37,580</u>

Total Contributed Capital at December 31, 1999	\$ <u>5,374,077</u>
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**NOTE 12: RISK MANAGEMENT**

**Transference of Risk: Liability, Property, Crime**

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

Coverage provided by the pool are as follows:

General Property Insurance (Per occurrence)	\$ 1,000,000
Other Property Insurance (Excess property policy):	
Per Occurrence	174,168,831
Flood Annual Aggregate	35,000,000
Earthquake Annual Aggregate	35,000,000
Ordinance and Law	1,000,000
Demolition and Increased Cost of Construction	1,000,000
Newly Acquired Properties	1,000,000
Builders Risk	1,000,000
Valuable Papers	510,000
General, Automobile, Law and Public Official Errors	
And Omissions, and Employee Benefits Liability	1,000,000
Liability (per occurrence)	1,000,000
Accounts Receivable	100,000
Crime Insurance:	
Faithful Performance	250,000
Money and Securities (Inside)	250,000
Money and Securities (Outside)	250,000
Employee Dishonesty Bonds	250,000
Depositor Forgery	250,000
"Stop Gap" Liability (excess limit)	1,000,000
Boiler Machinery Insurance	30,000,000
Excess Liability	
(Each Occurrence/Aggregate)	4,000,000
Sexual Harassment (Aggregate)	1,000,000

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 12: RISK MANAGEMENT (Continued)**

For property claims, the Pool pays the first \$50,000 of loss (the "Self-insured" amount). This self-insured layer is limited to an annual aggregate amount of \$300,000 by a commercial insurance policy. Amounts over the Pool deductible and the self-insured deductible amount of \$300,000 are payable by a commercial insurance policy with limits of \$10,000,000 per location on any one loss.

Insurance coverage for Crime: Faithful Performance, Employee Dishonesty, Money and Securities and Counterfeit Paper Currency and Depositors Forgery are all insured by a commercial insurer up to \$250,000.

The Pool covers liability claims, including defense costs, up to \$4,000,000 per claim. The Pool is reinsured for loss amounts above \$50,000 by a commercial reinsurance company.

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

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

**Transference of Risk: Employee Health Insurance**

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

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

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

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 12: RISK MANAGEMENT (Continued)**

**Transference of Risk: Workers Compensation Insurance**

For 1999, the County participated in the County/Commissioners Association of Ohio Workers' Compensation Group Rating Plan ( "the Plan"), an insurance purchasing pool ( See Note 19). The plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays it 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 mounts 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.

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

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

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

The liability for unpaid claims of National Medical Health Card Systems, Inc. and Medicare reimbursements at period end was \$12,913. Changes in the plans' claims liability during 1999 were:

	<u>Beginning of Year Liability</u>	<u>New Claims</u>	<u>Liability Claims Payments</u>	<u>Liability Balance at Year End</u>
1999	\$ <u>13,881</u>	\$ <u>292,031</u>	\$ <u>(292,999)</u>	\$ <u>12,913</u>
1998	\$ <u>29,285</u>	\$ <u>200,803</u>	\$ <u>(216,207)</u>	\$ <u>13,881</u>

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

## AUGLAIZE COUNTY FINANCIAL CONDITION

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 13: RETIREMENT PLANS

##### **Public Employees Retirement System (PERS):**

All Auglaize County full time employees, who are not certified teachers, participate in the Public Employees Retirement System of Ohio ("PERS"), a cost-sharing multiple-employer defined benefit pension plan operated by the State. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by statute per Ohio Rev. Code Chapter 145. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4462 or by calling (614) 466-2085.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates effective for 1999 were 8.5% for regular employees and 9.0% for law enforcement employees.

The 1999 employer contribution rate relating to regular employees was 13.55% of covered payroll; 9.35% was the portion used to fund pension obligations, while the employer contribution rate for law enforcement employees was 16.70%; 12.50% was the portion used to fund pension obligations. County agencies have the option of paying part or all of the employees share, if they wish to do so.

The County's required contributions to PERS to fund pension obligations for the years ended December 31, 1999, 1998 and 1997 totaled \$920,799, \$922,043, and \$746,712, respectively, for regular employees and \$99,952, \$98,357, and \$86,287, respectively, for law enforcement employees. The full amount has been contributed for 1998 and 1997. 76% has been contributed for 1999 with the remainder being reported as due to other governments within each respective fund type.

##### **State Teachers Retirement System (STRS)**

The County contributes to the State Teachers Retirement System of Ohio (STRS), a state operated, cost sharing, multiple employer public employee retirement system administered by the State Teachers Retirement Board. Full-time certified teachers employed by the Board of Mentally Retarded and Developmentally Disabled belong to STRS. Teachers who are retained on personal service contracts do not participate. STRS provides basic retirement benefits, disability, and survivor benefits based on eligibility service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the County is required to contribute 14.0 percent. The portion used to fund pension obligations was 10.5%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10.0 percent for members and 14.0 percent for employers. The County's required contributions to STRS to fund pension obligations for the years ended December 31, 1999, 1998 and 1997 totaled \$13,735, \$13,049, and \$13,171, respectively. The full amount has been contributed for 1998 and 1997. 92% has been contributed for 1999 with the remainder being reported as due to other governments within the special revenue fund type.

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 14: POSTEMPLOYMENT BENEFITS**

**Public Employees Retirement System (PERS)**

Public Employees Retirement System of Ohio provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions.

The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062. The 1999 employer contribution rate for local government employers was 13.55% of covered payroll, while the rate for law enforcement employers was 16.70%; 4.2% was the portion that was used to fund health care for the year for regular employees, while 4.2% was used to fund health care for the year for law enforcement employees.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. OPEB are financed through employer contributions and investment earnings there on. The contributions allocated to retirees health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641.

The County's total current year payroll was \$10,778,548, of which \$10,647,736 related to employees who were covered by PERS. Of the \$10,647,736, \$799,616 was related to law enforcement employees. The employee contributions to PERS for regular and law enforcement employees totaled \$837,090 and \$71,965, respectively, which represents 8.5% and 9.00% of the County's total current year covered payroll, respectively. The employer contributes to PERS for regular and law enforcement employees totaled \$1,334,420 and \$133,536, respectively, which represents 13.55% and 16.70% of the County's total current year covered payroll, respectively. Of these employer amounts, \$413,621 was used to fund health care for the year for regular employees, while \$33,584 was used to fund health care for the year for law enforcement employees. This represents 4.20% and 4.20%, respectively, of the covered current year payroll.

**State Teachers Retirement System (STRS)**

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute.

No premiums are currently paid by retirees or primary benefit recipients, however, monthly payments are required for covered spouses and other dependents. Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the System equal to two percent of covered payroll. For the County this amount equaled \$2,616 during 1999. As of July 1, 1999 eligible benefit recipients totaled 95,796 for the STRS as a whole. For fiscal year ended June 30, 1999, net health care costs paid by STRS were \$297,748,000.

**NOTE 15: OTHER EMPLOYER BENEFITS**

**Deferred Compensation Plans**

Auglaize County employees and elected officials may participate in a state-wide deferred compensation plan created in accordance with Internal Revenue Code Section 457 called the Ohio Public Employees Deferred Compensation Program (the "Program"). This plan is offered by the State of Ohio. Under this program, employees elect to defer a portion of their pay. The deferred pay and any income earned on it is not subject to federal and state income taxation until actually received by the employee.

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 15: OTHER EMPLOYER BENEFITS (Continued)**

**Deferred Compensation Plans (Continued)**

Deferred Compensation Plan Assets are held in trust through the Ohio Public Employees Deferred Compensation Program, 172 East State Street, Suite 600, Columbus, Ohio 43215-4322.

The Program allows a person at the time of retirement to withdraw the deferred amount in a lump sum, monthly payments for a certain amount of years, or monthly payments for life through conversion to an annuity payout. Withdrawal payments must begin no later than age 70 ½. The money is invested in fixed and variable annuities and universal life contracts for the participants. These investments are subject to change.

**Compensated Absences**

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County. Accumulated, unused sick leave is paid, up to a maximum of 30 days, depending on length of service to employees who retire. As of December 31, 1999, the liability for compensated absences was \$873,835 for the entire County.

For governmental funds, the current portion of unpaid compensated absences is that amount expected to be paid using available expendable resources, and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. Unpaid compensated absences of \$45,069 and \$72,176, were reported as an accrued liability in the general and special revenue funds, respectively. The balance of the liability for governmental funds is reported in the general long-term obligations account group in the amount of \$629,553. Accruals for unpaid compensated absences of \$126,825 and \$212 are reported in the Enterprise Funds and the Internal Service Funds, respectively.

**NOTE 16: LEASES - LESSEE DISCLOSURE**

The County has entered into several leases for vehicles, copying equipment, and office space. The leases entered into do not meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards 13 *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The following is a schedule of future minimum long-term operating lease payments as of December 31, 1999:

<u>Year</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
2000	\$ 20,220	\$ 10	\$ 20,230
2001	3,800	10	3,810
2002		10	10
2003		10	10
2004		10	10
2005-2012		80	80
Total	\$ <u>24,020</u>	\$ <u>130</u>	\$ <u>24,150</u>

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 17: DEBT OBLIGATIONS**

**Long Term Debt**

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

	<u>Outstanding 12/31/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/99</u>
<b>General Obligation Bonds:</b>				
1986 - 7.125% Mental Retardation Facility	\$ 580,000	\$ 0	\$ (85,000)	\$ 495,000
1992 - 4% - 7.15% Human Services Building	560,000	0	(15,000)	545,000
1993 - 3.10% - 5.90% Recycling Building	130,000	0	(25,000)	105,000
1996 - 4.10% - 5.20% County Law Enforcement Center	<u>5,075,000</u>	<u>0</u>	<u>(530,000)</u>	<u>4,545,000</u>
Total General Obligation	<u>6,345,000</u>	<u>0</u>	<u>(655,000)</u>	<u>5,690,000</u>
<b>Special Assessment Bonds:</b>				
1992 - 4.9%-7% Southeast Sewer District	950,000	0	(50,000)	900,000
1993 - 3.1%-9% Sandy Beach Sewer District	<u>1,240,000</u>	<u>0</u>	<u>(55,000)</u>	<u>1,185,000</u>
Total Special Assessment	<u>2,190,000</u>	<u>0</u>	<u>(105,000)</u>	<u>2,085,000</u>
<b>Special Assessment Notes:</b>				
Kah Sewer	0	0	179,341	0
SpringerSimms Ditch	6.29%	2,078	0	(594)
Vonderhuevel Ditch	4.65%	10,562	0	(4,225)
Kilger Ditch	5.75%	0	25,396	0
Huenke Ditch	4.75%	0	14,438	(1,444)
Bush Ditch	4.75%	0	11,399	(1,140)
Allman Ditch	5.25%	11,902	0	(3,968)
Winner Ditch	5.25%	22,002	0	(7,334)
Knapke Ditch	5.45%	15,769	0	(7,885)
Neely Ditch	5.75%	2,672	0	(1,336)
Heinz Ditch	5.93%	0	63,699	0
Rohrbaugh Severt Ditch	5.95%	4,319	0	(1,440)
Haberkamp-Jett Ditch	5.83%	305	0	(305)
Spencer-Gray Ditch	5.95%	5,537	0	(1,845)
Wallace Fork Ditch	5.76%	17,716	0	(4,429)
Bergman-Werner Ditch	5.95%	18,394	0	(4,598)
Elsass Ditch	6.75%	1,934	0	(1,289)
Kuest Ditch	4.75%	14,392	0	(7,180)
Rogers Ditch	4.89%	2,466	0	(1,233)
Fledderjohann Ditch	5.10%	26,029	0	(5,206)
Imwalle Ditch	4.85%	14,932	0	(7,466)
Praire Creek Ditch	5.50%	27,191	0	(5,438)
Ruck Ditch	5.375%	12,195	0	(1,626)
Wiesenmayer Ditch	6.80%	<u>15,701</u>	<u>0</u>	<u>(2,416)</u>
Total Special Assessment Notes	\$ <u>226,096</u>	\$ <u>294,273</u>	\$ <u>(72,397)</u>	\$ <u>447,972</u>

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 17: DEBT OBLIGATIONS (Continued)**

	<u>Outstanding 12/31/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/99</u>
<b><u>Ohio Public Works Loan:</u></b>				
Villa Nova Sanitary Interceptor	70,823		(20,235)	50,588
Hamilton Street Sanitary Sewer and Interceptor	<u>72,500</u>		<u>(5,000)</u>	<u>67,500</u>
Total Ohio Public Works Loans	<u>143,323</u>		<u>(25,235)</u>	<u>118,088</u>
<b><u>Other General Long-Term Obligations:</u></b>				
Compensated Absences - Governmental Funds	<u>552,724</u>	<u>76,829</u>		<u>629,553</u>
Total Long-Term Obligations	\$ <u>9,457,143</u>	\$ <u>371,102</u>	\$ <u>(857,632)</u>	\$ <u>8,970,613</u>

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

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

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

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

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

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.



**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 17: DEBT OBLIGATIONS (Continued)**

The effects of the debt limitations described above at December 31, 1999 are an overall debt margin of \$16,789,284 and an unvoted debt margin of \$6,251,264.

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

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Special Assessment Bonds</u>	<u>Special Assessment Notes</u>	<u>OPWC Promissory Loan</u>	<u>Total Debt Obligations</u>
2000	\$ 982,884	\$ 239,537	\$ 108,013	\$ 25,235	\$ 1,355,669
2001	984,155	238,378	75,850	25,235	1,323,618
2002	977,801	241,747	55,920	15,118	1,290,586
2003	969,350	239,380	44,464	5,000	1,258,194
2004	928,833	236,470	29,654	5,000	1,199,957
2005-2009	1,941,947	1,197,201	85,504	25,000	3,249,652
2010-2014	270,048	727,780	44,835	17,500	1,060,163
2015-2019	<u>160,377</u>	<u>0</u>	<u>44,835</u>	<u>0</u>	<u>205,212</u>
Total	7,215,395	3,120,493	489,075	118,088	10,943,051
Less:					
Amount Representing Interest	(1,525,395)	(1,035,493)	(41,103)	0	(2,601,991)
Total Outstanding Principal	\$ <u>5,690,000</u>	\$ <u>2,085,000</u>	\$ <u>447,972</u>	\$ <u>118,088</u>	\$ <u>8,341,060</u>

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

A summary of the loan transactions for the year ended December 31, 1999 is as follows:

	<u>Outstanding 12/31/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/99</u>
<b><u>Project Loans:</u></b>				
Southeast Sewer District	\$ 1,224,012	\$ 0	\$ 50,000	\$ 1,174,012
Sandy Beach Sewer District	<u>209,786</u>	<u>0</u>	<u>55,000</u>	<u>154,786</u>
Total	\$ <u>1,433,798</u>	\$ <u>0</u>	\$ <u>105,000</u>	\$ <u>1,328,798</u>

**Conduit Debt**

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

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 18: SIGNIFICANT CONTRACTUAL OBLIGATIONS**

At December 31, 1999, the County had entered into several contracts, the most significant of which include the following:

Steen & Co	\$	25,000
Cole, Layer and Trumble		90,300
Bowman Construction Co.		29,852
Crawford Consulting Inc.		87,105
Bruns Building and Development		10,174
Auglaize Co. Education Service		52,442
Myers Equipment Corp		65,455
Maguire Associates		9,000
T-Corp		33,240
FulFab Inc.		114,740
Fifth Third Bank of Western Ohio		22,927
Dick Nagel Electric, Inc		27,600
Frost & Company		27,807
Maria Stein Trenching		59,615
AeroMark		32,703
Byrne Excavation		37,012
DMG/Maximus		19,500
Cy Schwieterman		113,097
Hancor Inc.		13,094

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

**NOTE 19: PUBLIC ENTITY RISK POOLS**

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

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

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

Member and supplemental contributions are recognized on an accrual basis and are recorded as revenue in the month earned. For the current agreement dated August 1, 1999, the percentage of contributions by the members and their equity interests are:

		<u>Fixed Costs</u>	<u>Loss Revenues</u>
Mercer County	21.0%	\$ 93,157	\$ 62,920
Auglaize County	22.0%	\$ 98,127	\$ 66,276
Shelby County	21.0%	\$ 93,007	\$ 62,818
Hancock County	22.8%	\$ 101,262	\$ 68,394
Van Wert County	13.2%	\$ 58,620	\$ 39,593

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

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 19: PUBLIC ENTITY RISK POOLS**

**Midwest Employee Benefit Consortium**

Midwest Employee Benefit Consortium (MEBC) is an Ohio not-for-profit corporation organized under Ohio Rev. Code Sections 304.171 and 9.833 for the public purpose of enabling its four member political subdivisions to obtain insurance coverage, provide methods for paying claims and provide a formalized jointly administered self-insurance pool. Specifically, this pool provides coverage for health benefits to employees of its members. In addition to the self-insurance pool, the Association provides risk management services and established loss reduction and prevention procedures and programs. The members of the Association include the following counties within the State of Ohio: Auglaize, Hancock, Mercer, Van Wert, and Shelby. The financial statements of Midwest Employee Benefit Consortium can be obtained from the Auglaize County Board of Commissioners.

**County Commissioner Association of Ohio Workers' Compensation Group Rating Plan**

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services, and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year, and each elected member shall be a County Commissioner.

**NOTE 20: JOINTLY GOVERNED ORGANIZATIONS**

**Auglaize County Regional Planning Commission**

The Auglaize Regional Planning Commission (the Commission) is a joint venture between the County, the Municipalities, and the Townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty seven members, any of which may hold any other public office. The County is represented by three members, each of the two Cities within the county is represented by two members, all participating Villages within the county are represented by one member each, and participating Townships within the county are represented by one member each.

Other members include: a representative from all participating Board of Trustees; the Mayor or a Council member of each participating incorporated Village; two representatives from each of the Cities, 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. There was no request for revenue issued for the calendar year ended December 31, 1999. The Regional Planning Commission has no outstanding debt as of December 31, 1999.

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 20: JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**Auglaize County Regional Planning Commission (Continued)**

The following unaudited cash financial data of the Regional Planning Commission is presented for the year ended December 31, 1999:

	<u>Joint Venture</u>	<u>Auglaize County's 50 Percent</u>
Total Non-Operating Revenues	\$ 4,418	\$ 2,209
Total Operating Expenses	<u>(1,598)</u>	<u>(799)</u>
Net Income	2,820	1,410
Fund Balance, January 1, 1999	<u>2,998</u>	<u>1,149</u>
Fund Balance, December 31, 1999	\$ <u>5,818</u>	\$ <u>2,559</u>

**Job Training Partnership Consortium**

The Governor has designated Allen, Auglaize, Hardin and Mercer Counties as a Service Delivery Area. A Job Training Partnership Agreement between Allen, Auglaize, Hardin and Mercer County Consortium and the Private Industry Council (PIC) was entered into pursuant to the provisions of the Job Training Partnership Act of 1982 (the Act) Public Law 97-300. Funds for the operations of the JTPA are received through grant revenues from the State of Ohio. Allen County Job Training Partnership #2 Office, has been designated by the PIC as the administrative entity, responsible for the administration of the job training plan as formulated by the combined efforts of the Administrative Entity, the Chief Elected Official from each of the four counties and the PIC.

Each Board of County Commissioners must choose a Chief Elected Official (CEO) to represent the County in the JTPA. The CEO is responsible for approving job training plans, grants, policies and operating guidelines for the administration of the programs, delegation of duties for the programs and appointment or termination of the Director of the Job Training Partnership #2 Office. The PIC is responsible for assisting the CEO's in approving job training plans, grants, policies, and operating guidelines for the administration of the training programs and the adoption of a Code of Regulations (By-Laws).

Effective July 1, 2000, the consortium will be terminated and all of its functions and staff will be absorbed by the Ohio Department of Jobs and Family Services.

**West Central Ohio Network**

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

West CON is the administrator and fiscal agent of 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, 1999.

	<u>County Portion</u>
Total Operating Revenues	\$ 351,311
Total Operating Expenses	<u>(286,616)</u>
Net Income	64,695
Fund Balance, January 1, 1999	<u>97,119</u>
Fund Balance, December 31, 1999	\$ <u>161,814</u>

## **AUGLAIZE COUNTY FINANCIAL CONDITION**

### **NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)**

#### **NOTE 20: JOINTLY GOVERNED ORGANIZATIONS (Continued)**

##### **Auglaize and Mercer Counties Convention and Visitors Bureau**

The Bureau is a joint venture between Auglaize and Mercer Counties for the purpose of promoting tourism and attracting tourists and conventions to the two counties. Membership is open to any person, firm, partnership, association, corporation, foundation, trust or estate subscribing to the purpose of this organization. The government of the Bureau, the general policies and control of its property is vested in a Board of Trustees. The Board shall be composed of the nineteen members comprised of the following: 7 appointees from Auglaize County, 7 from Mercer County, 1 Auglaize County Commissioner or designee, 1 Mercer County Commissioner or designee, 3 members representing the following: Celina/Mercer County Chamber of Commerce, St. Marys Area Chamber of Commerce and the Wapakoneta Area Chamber of Commerce.

The Board conducts business and sponsors projects to further the purpose of the Bureau. The Bureau is funded primarily from a 3% (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 1999 revenue received by the Bureau was \$255,651. Of this amount \$122,910 came from the lodging tax. \$79,501 of the total 1999 revenue was from Auglaize County.

##### **Auglaize County Emergency Management Cooperative**

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

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

#### **NOTE 21: JOINT VENTURE**

##### **Grand Lake Task Force**

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

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.

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 21: JOINT VENTURE (Continued)**

The following financial data of the Grand Lake Task Force is presented on a cash basis for the year ended December 31, 1999:

	<u>Joint Venture</u>	<u>Auglaize County's 12.5 Percent</u>
Total Operating Revenues	\$ 57,531	\$ 7,191
Total Operating Expenses	<u>(43,050)</u>	<u>(5,381)</u>
Net Income	14,481	1,810
Fund Balance, January 1, 1999	<u>129,760</u>	<u>16,220</u>
Fund Balance, December 31, 1999	\$ <u><u>144,241</u></u>	\$ <u><u>18,030</u></u>

**Alcohol, Drug Addiction and Mental Health Services Board of Allen, Auglaize, and Hardin Counties**

The Alcohol, Drug Addiction and Mental Health Services Board (ADAMHS) 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 ADAMHS Board is a joint venture since continued participation by the County is necessary for the continued existence.

Allen County acts as the fiscal agent for the ADAMHS 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 ADAMHS Board is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on members in the future. The Board has sole budgetary authority and controls surpluses and deficits and the county is not legally or morally obligated for the Board's debt.

In 1999, tax revenues generated by the levy in Auglaize County was \$258,607. Complete financial statements can be obtained from the ADAMHS Board, Allen County, Ohio.

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 22: SEGMENT INFORMATION FOR ENTERPRISE FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS**

The County maintains fourteen enterprise funds which are intended to be self-supported through user fees charged for services provided to consumers for health care, sewer and water services. In addition, Auglaize County Airport Authority and Auglaize Industries are self supportive through sales/leases and services, respectively. Financial segment information for the year ended December 31, 1999, is as follows:

	<u>Auglaize Acres</u>	<u>Water and Sewer</u>	<u>Total Primary Government</u>	<u>Airport Authority</u>	<u>Auglaize Industries</u>	<u>Total Reporting Entity</u>
Operating Revenues	\$ 4,490,325	\$ 239,034	\$ 4,729,359	\$ 150,890	\$ 437,984	\$ 5,318,233
Operating Expenses Before Depreciation	4,479,599	181,231	4,660,830	132,445	434,041	5,227,316
Depreciation Expense	53,437	115,889	169,326	29,521	19,851	218,698
Operating Income (Loss)	(42,711)	(58,086)	(100,797)	(11,076)	(15,908)	(127,781)
Net Income (Loss)	(8,384)	(56,322)	(64,706)	(57,285)	100,520	(21,471)
Property and Equipment Additions	20,847		20,847	48,712	38,805	108,364
Deletions	34,008		34,008			34,008
Net Working Capital	274,394	316,154	590,549	56,309	470,095	1,116,953
Total Assets	897,323	4,827,001	5,724,324	277,293	876,920	6,878,537
Total Liabilities	361,601	153,249	514,850	76,377	203,217	794,444
Total Equity	535,722	4,673,752	5,209,474	200,916	673,703	6,084,093

**NOTE 23: DISCRETELY PRESENTED COMPONENT UNITS**

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

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

**BALANCE SHEET  
COMPONENT UNITS  
DECEMBER 31, 1999**

	<u>Airport Authority</u>	<u>Auglaize Industries</u>	<u>Totals</u>
<b>Assets and Other Debits</b>			
Equity in Cash and Cash Equivalents	\$ 115,840	\$ 461,016	\$ 576,856
Accounts Receivables (net, of allowances for uncollectibles)	4,892	32,574	37,466
Materials and Supplies Inventory	11,954		11,954
Prepaid Items		1,000	1,000
Property, Plant and Equipment (net of accumulated depreciation)	<u>144,607</u>	<u>382,330</u>	<u>526,937</u>
<b>Total Assets</b>	<u><u>277,293</u></u>	<u><u>876,920</u></u>	<u><u>1,154,213</u></u>

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 23: DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

**BALANCE SHEET  
COMPONENT UNITS  
DECEMBER 31, 1999  
(Continued)**

	<u>Airport Authority</u>	<u>Auglaize Industries</u>	<u>Totals</u>
<b>Liabilities</b>			
Accounts Payable	4,370	15,005	19,375
Accrued Wages and Benefits		1,840	1,840
Compensated Absences Payable		2,800	2,800
Due to Other Governments	15,600	4,850	20,450
Lease Payable	44,922		44,922
Mortgage Payable		178,722	178,722
Deferred Revenue (Hangar Rent)	<u>11,485</u>		<u>11,485</u>
<b>Total Liabilities</b>	<u>76,377</u>	<u>203,217</u>	<u>279,594</u>
<b>Fund Balances and Other Credits</b>			
Contributed Capital	\$ 15,363	\$ 22,217	\$ 37,580
Retained Earnings - Unrestricted	<u>185,553</u>	<u>651,486</u>	<u>837,039</u>
Total Fund Balance/Retained Earnings	<u>200,916</u>	<u>673,703</u>	<u>874,619</u>
Total Fund Equity	<u>200,916</u>	<u>673,703</u>	<u>874,619</u>
<b>Total Liabilities, Fund Balance And Other Credits</b>	\$ <u>277,293</u>	\$ <u>876,920</u>	\$ <u>1,154,213</u>

**NOTE 24: CONTINGENT LIABILITIES**

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

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

**NOTE 25: RELATED PARTY TRANSACTIONS**

Auglaize Industries has entered into a contract with the Auglaize County Board of Mental Retardation and Development Disabilities (MRDD), whereby the MRDD has agreed to pay specified overhead expenses for the workshop. The additional income and related expenses are reported on the income statement as Unrestricted Support. The unaudited operating expenses paid by the MRDD on behalf of the Auglaize Industries amounted to \$147,030 for the year ended December 31, 1999.



**AUGLAIZE COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR YEAR ENDED DECEMBER 31, 1999**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through Ohio Department of Education			
Auglaize County Corrections Center			
School Breakfast Program	N/A	10.553	\$2,344
National School Lunch Program	N/A	10.555	4,213
			<hr/>
Total U.S. Department of Agriculture - Nutrition Cluster			6,557
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through Ohio Department of Development			
Board of Commissioners			
Small Cities Community Development Block Grant			
Formula Program	B-F-97-006-1	14.228	88,240
Formula Program	B-F-98-006-1	14.228	128,283
Community Housing Improvement Program	B-C-99-006-1	14.228	8,618
			<hr/>
Total U.S. Department of Housing and Urban Development			225,141
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
Passed through Ohio Department of Youth Services			
Auglaize County Youth Services			
AmeriCorps Grant	YCP-018-99	94.006	9,204
<b>U.S. DEPARTMENT OF LABOR</b>			
Passed through Service Delivery Area Number 2 - Allen County			
Board of Commissioners			
Job Training Partnership Act	P98-60-01-NI	17.250	23,719
Job Training Partnership Act	P99-60-01-NI	17.250	13,867
			<hr/>
Total U.S. Department of Labor			37,586
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed through Office of Criminal Justice Services			
Sheriff's Department			
Local Law Enforcement Block Grant Program	97LE-LEB-3113	16.592	13,095
Local Law Enforcement Block Grant Program	98LE-LEB-3113	16.592	5,652
			<hr/>
Total Law Enforcement Block Grant Program			18,747
Byrne Formula Grant	99-DG-AC17018	16.579	26,607
Juvenile Probation Office			
Byrne Formula Grant	98-DG-F02-7047	16.579	25,564
			<hr/>
Total Byrne Formula Grant			52,171
Juvenile Accountability Incentive Block Grant (CAST)	98-JB-010-A068	16.523	624
			<hr/>
Total U.S. Department of Justice			71,542
<b>U.S. DEPARTMENT OF HUMAN SERVICES</b>			
Passed through Ohio Department of Mental Retardation and Developmental Disabilities			
Auglaize County Board of Mental Retardation and Developmental Disabilities			
Medical Assistance Program (Medicaid: Title XIX)	N/A	93.778	234,901
Social Services Block Grant (Title XX)	N/A	93.667	39,295
			<hr/>
Total U.S. Department of Human Service			274,196
<b>Total Federal Financial Assistance</b>			<b><u><u>\$624,226</u></u></b>

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

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 1: GENERAL**

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

**NOTE 2: SUB-RECIPIENTS**

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

**NOTE 3: MATCHING REQUIREMENTS**

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

**NOTE 4: OHIO DEPARTMENT OF HUMAN SERVICES**

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

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

**NOTE 5: FEDERAL FOOD STAMP PROGRAM**

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

Balance at Beginning of Year	\$ 134,916
Amount Received for Distribution	510,465
Amount Distributed to Entitled Recipients	<u>(550,003)</u>
Balance at End of Year	\$ <u>95,378</u>



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

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

To the Board of County Commissioners:

We have audited the financial statements of the Auglaize County (the County) as of and for the year ended December 31, 1999, and have issued our report thereon dated July 14, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the County in a separate letter dated July 14, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated July 14, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

July 14, 2000



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

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

To the Board of County Commissioners:

**Compliance**

We have audited the compliance of Auglaize County (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1999. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings, as items 1999-60206-001 and 1999-60206-002.

**Internal Control Over Compliance**

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

**Internal Control Over Compliance  
(Continued)**

We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings as item 1999-60206-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above to be a material weakness.

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



**Jim Petro**  
Auditor of State

July 14, 2000

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 1999**

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

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

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

None.

**AUGLAIZE COUNTY FINANCIAL CONDITION**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

**DECEMBER 31, 1999  
(Continued)**

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	1999-60206-001
<b>CFDA Title and Number</b>	Community Development Block Grant - #14.228
<b>Federal Award Number / Year</b>	B-F-98-006-1
<b>Federal Agency</b>	U. S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Cash Management**

The State of Ohio, Department of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section A(3)(f), states that the grantee must develop a cash management system to ensure compliance with the Fifteen-Day Rule relating to the prompt disbursement of funds. The rule states that funds drawn down should be limited to an amount that will enable the grantee to disburse funds on hand to a balance of less than five thousand dollars (\$5,000) within fifteen days of receipt of any funds.

The County received \$23,300.00 on October 22, 1999 and did not disburse this amount until December 7, 1999.

<b>Finding Number</b>	1999-60206-002
<b>CFDA Title and Number</b>	Community Development Block Grant - #14.228
<b>Federal Award Number / Year</b>	B-F-97-006-1; B-F-98-006-1; B-C-99-006-1
<b>Federal Agency</b>	U. S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Sub-recipient Monitoring**

Auglaize County entered into sub-recipient agreements with the City of Wapakonta and the City of Saint Marys. The Office of Management and Budget Circular A-133, Subpart D, § 400 (D), establishes sub-recipient monitoring responsibilities of pass-through entities:

- Identifying to the sub-recipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.
- Monitoring the sub-recipient's activities to provide reasonable assurance that the sub-recipient administers Federal awards in compliance with Federal requirements.
- Ensuring required audits are performed and requiring the sub-recipient to take prompt corrective action on any audit findings.
- Evaluating the impact of sub-recipient activities on the pass-through entity's ability to comply with applicable Federal regulations.



**AUGLAIZE COUNTY FINANCIAL CONDITION**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

**DECEMBER 31, 1999  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

**Sub-recipient Monitoring (Continued)**

Monitoring activities may take various forms, such as reviewing reports submitted by the sub-recipient, performing site visits to the sub-recipient to review financial and programmatic records and observe operations, arranging for agreed upon procedures engagements for certain aspects of sub-recipient activities, such as eligibility determinations, reviewing the sub-recipient's single audit or program-specific audit results and evaluating audit findings and the sub-recipient's corrective action plan.

There was no evidence of sub-recipient monitoring being performed by the County to ensure that applicable compliance requirements are met.

<b>Finding Number</b>	1999-60206-003
<b>CFDA Title and Number</b>	Community Development Block Grant - #14.228
<b>Federal Award Number / Year</b>	B-F-97-006-1; B-F-98-006-1; B-C-99-006-1
<b>Federal Agency</b>	U. S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Supervisory Review and Approval of the CDBG Program Requirements**

Community Development Block Grant program compliance requirements for cash management and sub-recipient monitoring were not met. Limited, or no independent supervisory reviews were conducted to ensure that compliance requirements were met. The lack of an independent supervisory review resulted in non-compliance and allows for the possibility of errors and/or regularities to occur without timely detection. Independent supervisory reviews should be conducted for all federal programs. The legislative authority should appoint an individual responsible to conduct the supervisory reviews and determine that the procedures performed are in compliance with applicable requirements. Evidence of said reviews should be documented.

**AUGLAIZE COUNTY FINANCIAL CONDITION**

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

**DECEMBER 31, 1999**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1998-60206-002	Cash management regarding the 15 day rule for disbursing draw down funds	No	Not corrected - a few instances occurred again in 1999.
1998-60206-004	Sub recipient Monitoring	No	Not corrected - no change in procedures for 1999. Client relies on an independent consultant to determine compliance with program requirements.
1998-60206-005	Supervisory Reviews and Approvals of Program Requirements	No	Limited changes to procedures. Client relies on the independent consultant to make sure the County is in compliance with program requirements.



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**AUGLAIZE COUNTY FINANCIAL CONDITION**

**AUGLAIZE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 3, 2000**