



**Auditor of State  
Betty Montgomery**



**PREBLE COUNTY**  
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**PREBLE COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed Through Ohio Department Of Development:</i>			
Community Development Distress Block Grant	B-F-04-063-1	14.228	\$ 373,127
Community Development Block Grant	B-F-03-063-1	14.228	77,300
Water and Sanitary Sewer Competitive Grant	B-W-03-063-1	14.228	<u>37,512</u>
Total Community Development Block Grant			<u>487,939</u>
Total U.S. Department of Housing and Urban Development			<u>487,939</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed Through Ohio Attorney General's Office:</i>			
Victims of Crime Act	2005 VAGENE 199T	16.575	27,275
Victims of Crime Act	2005 VAGENE 504T	16.575	18,505
Victims of Crime Act	2006 VAGENE 199T	16.575	<u>15,666</u>
Total Crime Victim Assistance			<u>61,446</u>
Total Passed Through Ohio Attorney General's Office			<u>61,446</u>
<i>Passed Through Ohio Office of Criminal Justice Services:</i>			
Reaching Youth to Prevent Violence (Project Safe Neighborhoods)	2003-PS-PSN-312	16.609	<u>587</u>
Total Passed Through Ohio Department of Criminal Justice Services:			<u>587</u>
Total U.S. Department of Justice			<u>62,033</u>
<b><u>U.S. DEPARTMENT OF FEDERAL HIGHWAY ADMINISTRATION</u></b>			
<i>Passed Through The Ohio Department of Transportation:</i>			
Highway Planning and Construction:			
Rehabilitate Brubaker Covered Bridge	PID 77050	20.205	88,131
Centerline and Edgeline Striping Project	PID 75270	20.205	137,215
Raised Pavement Markers Installation	PID 23077	20.205	55,102
Guardrail Project (CR 335 / 11 / 57)	PID 24567	20.205	<u>172,813</u>
Total Highway Planning and Construction			<u>453,261</u>
Total U. S. Department of Federal Highway Administration			<u>453,261</u>
<b><u>U.S. DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT ASSISTANCE</u></b>			
<i>Passed Through Ohio Department of Public Safety:</i>			
Emergency Management Performance Grant-FY 2004	EMC-2004-GR-7007	97.042	20,000
Emergency Management Performance Grant -FY 2005	2005-EM-T5-0001	97.042	<u>28,786</u>
Total Emergency Management Performance Grant			<u>48,786</u>
State Homeland Security Grant Program-FY 2004	2004-GE-T4-0025	97.004	80,318
State Homeland Security Grant Program-FY 2005	2005-GE-T5-0001	97.073	<u>2,563</u>
Total State Homeland Security Grant Program			<u>82,881</u>
Emergency Management Assistance-Mitigation Planning Grant	FEMA-DR-1453.07P-OH	97.039	<u>7,176</u>
Total U. S. Department of Federal Emergency Management Assistance			<u>138,843</u>

(Continued)

**PREBLE COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i>	Pass Through Entity Number	Federal CFDA Number	Disbursements
Program Title			
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
<i>Passed Through Montgomery County Department of Job &amp; Family Services:</i>			
Workforce Investment Act:			
Workforce Investment Act - Adult		17.258	84,983
Workforce Investment Act - Adult Administrative			<u>6,211</u>
Total Workforce Investment Act - Adult			<u>91,194</u>
 Workforce Investment Act - Youth		 17.259	 <u>72,349</u>
 Workforce Investment Act - Dislocated Worker		 17.260	 44,703
Workforce Investment Act - Dislocated Worker Administrative			<u>2,554</u>
Total Workforce Investment Act - Dislocated Worker			<u>47,257</u>
 <i>Total Passed Through Montgomery County Department of Job &amp; Family Services</i>			 <u>210,800</u>
 Unemployment Insurance Program (Reed Act)		 17.225	 65,540
 Total U. S. Department of Labor			 <u>276,340</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Title XX Social Service Block Grant-FY 05	N/A	93.667	17,508
Title XX Social Service Block Grant-FY 06	N/A	93.667	<u>17,121</u>
			<u>34,629</u>
 <i>Passed Through Ohio Department of Mental Health:</i>			
Title XX Social Service Block Grant	N/A	93.667	28,641
 Total Title XX Social Service Block Grant			 <u>63,270</u>
 <i>Passed Through Ohio Department of Mental Health:</i>			
Title XIX Medical Assistance Program	N/A	93.778	474,310
 <i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Title XIX Medical Assistance Program	N/A	93.778	57,405
 <i>Passed Through Ohio Department of Mental Retardation &amp; Developmental Disabilities:</i>			
Title XIX Medical Assistance Program	N/A	93.778	451,088
Title XIX Medical Assistance Program - Waiver Administration	N/A	93.778	42,607
Title XIX Medical Assistance Program - Day Hab	N/A	93.778	120,993
Title XIX Medical Assistance Program - '01 - '03	N/A	93.778	109,917
Title XIX Medical Assistance Program - '00	N/A	93.778	63,341
Title XIX Medical Assistance Program -Target Case Management	N/A	93.778	48,312
Title XIX Medical Assistance Program -Target Case Management '00	N/A	93.778	14,742
Title XIX Medical Assistance Program -Target Case Management '01-'03	N/A	93.778	<u>82,721</u>
			933,721
 Total Title XIX Medical Assistance Program			 <u>1,465,436</u>
 <i>Passed Through Ohio Department of Mental Health:</i>			
Community Mental Service Block	N/A	93.958	29,046
 <i>Passed Through Ohio Department of Alcohol &amp; Drug Addiction Services:</i>			
Block Grant for the Prevention and Treatment of Substance Abuse	N/A	93.959	204,418
 Total U. S. Department of Health and Human Services			 <u>1,762,170</u>
 <b>Total</b>			 <b><u>\$ 3,180,586</u></b>

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

**PREBLE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2005**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - SUBRECIPIENTS**

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

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

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

The Community Development Block Grant revolving loan program expenditures include loans to County residents based on income eligibility. These loans were used for the repair of private homes. Interest is not assessed on these loans. As of December 31, 2005, the balance of loans outstanding is \$134,628. All monies received now go into a revolving loan fund to be used for CDBG CHIP activities. These loans are collateralized by mortgages on the property.

**NOTE D – THE HOME IMPROVEMENT PARTNERSHIP**

The Home Improvement Partnership program provided loans to County residents based on income eligibility. These loans were used to assist with the down payment for first-time home buyers and the rehabilitation of private residences. Interest is not assessed on these loans. As of December 31, 2005, the balance of loans outstanding is \$85,383. All monies received now go into a revolving loan fund to be used for HOME CHIP activities. These loans are collateralized by mortgages on the property.

**NOTE E - MATCHING REQUIREMENTS**

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

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## **Auditor of State Betty Montgomery**

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

Preble County  
100 East Main Street  
Eaton, Ohio 45320

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Preble County, Ohio (the County), as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 29, 2006, in which we noted that the Landfill Fund had an accumulated deficit of \$1,665,553 as of December 31, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the County's management dated August 29 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the County's management dated August 29, 2006, we reported other matters related to noncompliance we deemed immaterial.

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

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

**Betty Montgomery**  
Auditor of State

August 29, 2006



## Auditor of State Betty Montgomery

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

Preble County  
100 East Main Street  
Eaton, Ohio 45320

To the Board of County Commissioners:

#### Compliance

We have audited the compliance of Preble County, Ohio (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the year ended December 31, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2005.

#### Internal Control Over Compliance

The County's management 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 directly and materially affect a major federal program 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### **Federal Awards Expenditures Schedule**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component unit and remaining fund information of the County as of and for the year ended December 31, 2005, and have issued our report thereon dated August 29, 2006, in which we noted that the Landfill Fund had an accumulated deficit of \$1,665,553 as of December 31, 2005. Our audit was performed to form opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

August 29, 2006

**PREBLE COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2005**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #93.778: Title XIX – Medical Assistance Program CFDA #93.959: Substance Abuse Block Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.



# Preble County, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2005

Issued by:  
County Auditor's Office

Harold E. Yoder  
Preble County Auditor





PREBLE COUNTY, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2005

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**Preble County Auditor**  
**HAROLD E. "HAL" YODER**

Courthouse, 2nd Floor  
Eaton, Ohio 45320



Phone: (937) 456-8148

Fax: (937) 456-8108

August 29, 2005

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

As Auditor of Preble County, I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of Preble County for the year ended December 31, 2005. The CAFR was prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental entities, and represents a significant achievement brought about by the combined efforts of many County departments.

State law requires that every general-purpose local government file the financial statements with the Auditor of State of Ohio and publish notice of their availability within five months of the close of each year. This report is published to fulfill that requirement for the year ended December 31, 2005.

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

The Office of the Auditor of State Betty Montgomery has issued an unqualified ("clean") opinion on Preble County's financial statements for the year ended December 31, 2005. The Auditor of State's report is located at the front of the financial section of this report.

This CAFR is divided into three sections as follows:

1. The Introductory Section contains the table of contents, this letter of transmittal, a GFOA Certificate of Achievement, a list of elected officials and the County's organization chart.

2. The Financial Section begins with the Independent Accountants' Report and includes Management's Discussion and Analysis, the basic financial statements and notes that provide an overview of the County's financial position and operating results, the combining statements of nonmajor funds, and other schedules that provide detailed information relative to the basic financial statements.
3. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

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

## **THE COUNTY**

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

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

## **Reporting Entity and Services**

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

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

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

## **Annual Budget**

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

## **LOCAL ECONOMY AND FINANCIAL PLANNING**

The County is an agriculturally rich county, with approximately 84 percent or 203,000 acres of County land used for agriculture. The County currently produces corn and soybeans. Ohio Agriculture Statistics for 2005 state that the 1,050 farms in the County average 193 acres per farm. The average corn yield in 2004 was approximately 172.4 bushels per acre, with soybeans averaging approximately 52.6 bushels per acre.

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

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

## **MAJOR INITIATIVES**

### **Landfill**

The financial stability of the Preble County Landfill continued to improve in 2005. In general, it was determined that most County residents were in favor of using the landfill only for Preble County waste. The user charges for all improved parcels of property were increased in 2004 to insure financial stability. No increases were necessary in 2005.

### **Geographical Information System**

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

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

### **INDEPENDENT AUDIT**

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

### **AWARDS**

The County prepared its first CAFR in 1988 in accordance with the program guidelines for the Certificate of Achievement for Excellence in Financial Reporting (Certificate) awarded by the Government Finance Officers Association of the United States and Canada (GFOA). Each annual report must satisfy both generally accepted accounting principles and disclose applicable legal compliance requirements. The County has been awarded the Certificate for the years ended December 31, 1988 – 2004.

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

### **ACKNOWLEDGMENTS**

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

Sincerely,



Harold E. Yoder  
Preble County Auditor



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Preble County,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2004

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



*Carla E. Perry*

President

*Jeffrey R. Emmer*

Executive Director

**PREBLE COUNTY, OHIO**

**ELECTED OFFICIALS**

**DECEMBER 31, 2005**

**Board of County Commissioners**

David Wesler  
William B. Withrow  
Jane Marshall

**Auditor**

Harold E. Yoder

**Clerk of Common Pleas Court**

Christopher B. Washington

**Coroner**

Dr. John Vosler

**Common Pleas Court**

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

**Engineer**

J. Stephen Simmons

**Prosecuting Attorney**

Martin P. Votel

**Recorder**

William J. Spahr

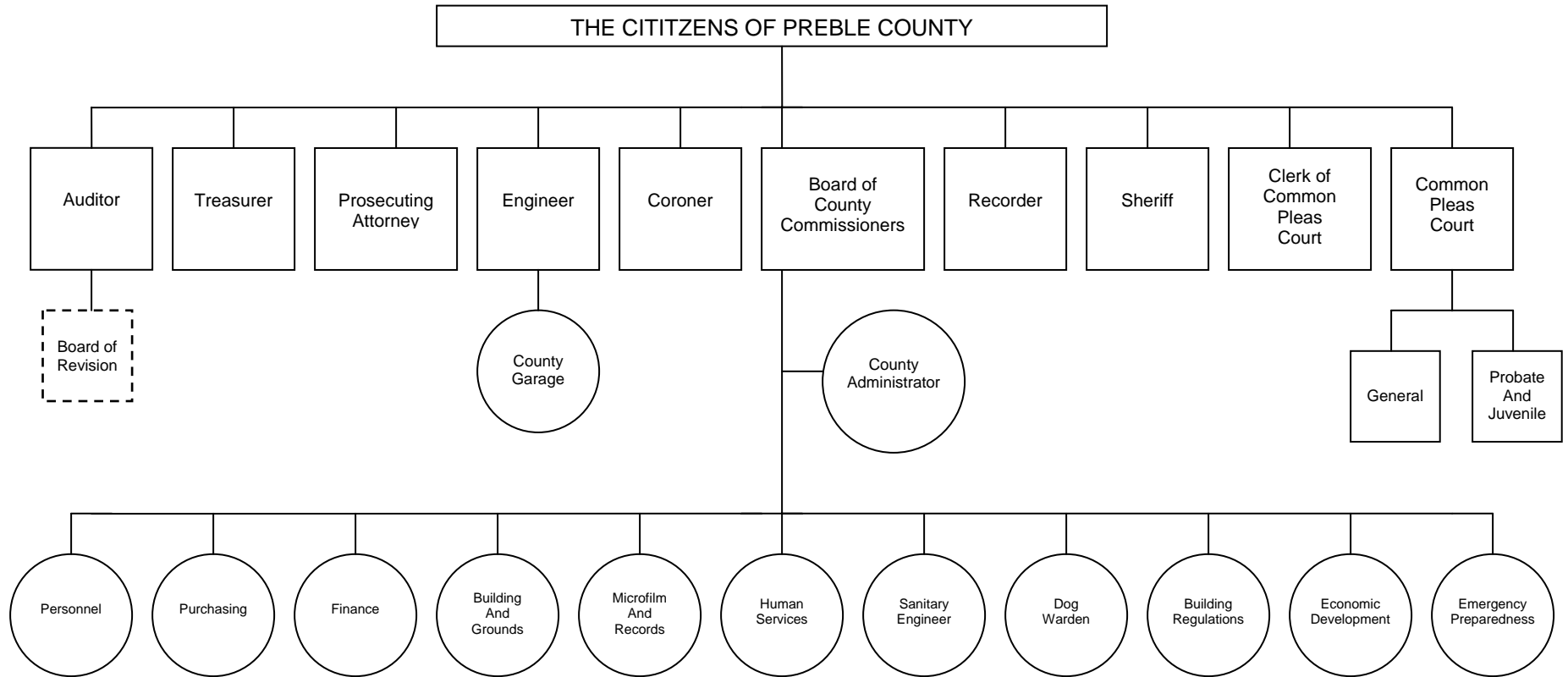
**Sheriff**

Michael L. Simpson

**Treasurer**

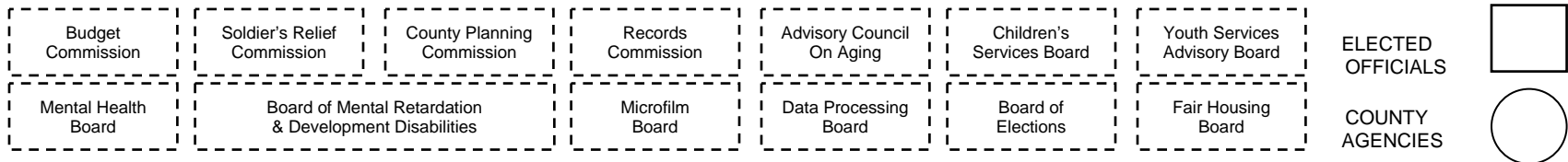
Brenda K. White

# PREBLE COUNTY GOVERNMENT ORGANIZATION CHART



ix

## EX OFFICIO AND APPOINTED BOARDS



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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Preble County  
100 East Main Street  
Eaton, Ohio 45320

To the County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Preble County, Ohio (the County), as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of Preble County, Ohio, as of December 31, 2005, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, Human Services, Community Mental Health, and Mental Retardation Levy funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Landfill fund had an accumulated deficit of \$1,665,553 as of December 31, 2005. This deficit and management's plan in regard to this matter is described in Note 5 to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2006, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Preble County  
Independent Accountants' Report  
August 29, 2006

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

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



**Betty Montgomery**  
Auditor of State

August 29, 2006

**PREBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

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The discussion and analysis of Preble County's financial performance provides an overall review of the County's financial activities for the year ended December 31, 2005. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the transmittal letter, and the basic financial statements to enhance their understanding.

**FINANCIAL HIGHLIGHTS**

1. The assets of the County's governmental activities exceeded its liabilities at the close of the year ended December 31, 2005, by \$22,846,770 (net assets).
2. The County's total net assets increased by \$2,678,690, which represents a 13.9% increase from 2004.
3. At the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$8,702,277, an increase of \$674,618 from the prior year. Of this amount, \$8,021,970 is unreserved, undesignated.
4. At the end of the current year, unreserved fund balance for the General Fund was \$1,977,578, which represents a 7.6% decrease over the prior year, and represents 21.2% of total General Fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

Government-wide Financial Statements

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

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

**PREBLE COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
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The County's financial activities are identified in the government-wide financial statements as governmental activities or business-type activities. Governmental activities constitute the majority of the County's operations and are financed primarily by operating grants, taxes, charges for services, capital grants, and other intergovernmental revenues. The County's governmental activities are accounted for in the governmental funds and are classified in the following major functions:

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

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

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

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

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

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

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

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



**PREBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
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The statement of activities reports, for the current fiscal year, the changes to the County's net assets, which is the difference between revenues and expenses. However, the format of this statement departs from a more traditional "revenues less expenses equals change in net assets" format you may see in the private sector.

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

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

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

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

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

Fund Financial Statements

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

**PREBLE COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**UNAUDITED**

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

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

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

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

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

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

**PREBLE COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
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*Fiduciary Funds.* Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for outside parties and are accounted for in a manner similar to proprietary funds. Fiduciary funds are not presented in the government-wide financial statements as their resources are not available to support the County's governmental or business-type activities. The fiduciary fund financial statements begin on page 36 of this report.

Notes to the Financial Statements

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

Summary

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

**PREBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

**THE COUNTY AS A WHOLE**

As stated previously, the statement of net assets looks at the County as a whole. Table 1 provides a summary of the County's net assets for 2005 compared to 2004.

Table 1  
Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
<b>Assets</b>						
Current and Other						
Assets	\$19,685,051	\$18,923,397	\$2,870,030	\$2,473,299	\$22,555,081	\$21,396,696
Capital Assets	13,633,936	12,602,561	3,298,089	2,361,573	16,932,025	14,964,134
Total Assets	33,318,987	31,525,958	6,168,119	4,834,872	39,487,106	36,360,830
<b>Liabilities</b>						
Long-Term Liabilities	4,474,262	3,987,893	6,782,162	6,287,757	11,256,424	10,275,650
Other Liabilities	5,997,955	6,084,983	304,986	751,146	6,302,941	6,836,129
Total Liabilities	10,472,217	10,072,876	7,087,148	7,038,903	17,559,365	17,111,779
<b>Net Assets</b>						
Invested in Capital						
Assets, Net of						
Related Debt	9,765,286	8,086,383	2,153,064	1,692,504	11,918,350	9,778,887
Restricted						
Other Purposes	9,249,264	8,900,214	0	0	9,249,264	8,900,214
Debt Service	526,000	639,928	0	0	526,000	639,928
Capital Projects	510,567	727,140	0	0	510,567	727,140
Unrestricted (Deficit)	2,795,653	3,099,417	(3,072,093)	(3,896,535)	(276,440)	(797,118)
Total Net Assets	\$22,846,770	\$21,453,082	(\$919,029)	(\$2,204,031)	\$21,927,741	\$19,249,051

**PREBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

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Government-wide Financial Analysis

Total net assets increased \$2,678,690. Net assets of the County's governmental activities increased by \$1,393,688. Invested in capital assets, net of related debt increased by \$1,678,903 mainly due to the additions from infrastructure to capital assets and the decrease of long-term debt.

The net assets of the County's business-type activities increased by \$1,285,002. Current assets increased by \$396,731. Capital assets increased by \$936,516, mainly due to construction in progress related to the sewer expansion project. Revenues increased due to Landfill rate increase while expenses in Landfill increased mainly due to leachate hauling and gas prices increasing. The County strives to control operation expenses for business-type activities in order to maintain stability in charges for services.

**PREBLE COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
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Table 2 shows the changes in net assets for the year ended December 31, 2005 and 2004.

Table 2  
Changes in Net Assets

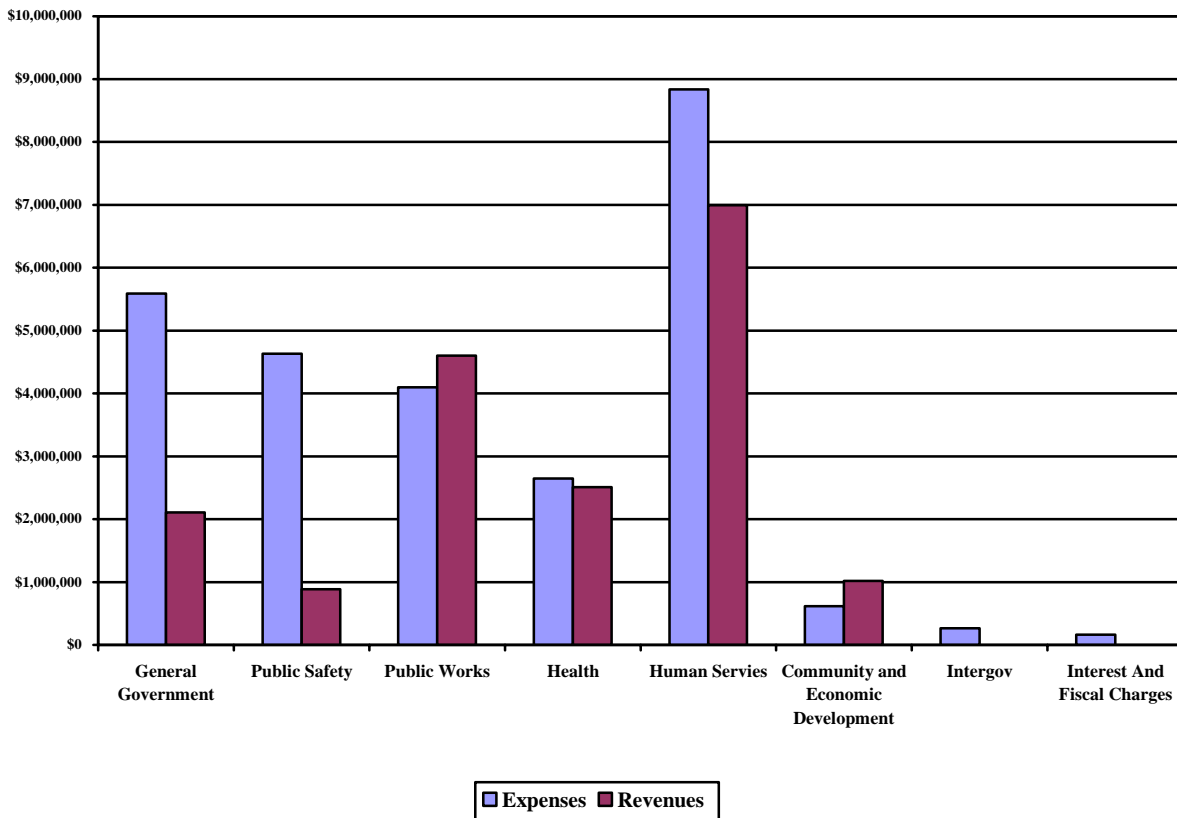
	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$3,627,324	\$3,808,939	\$3,427,764	\$3,168,764	\$7,055,088	\$6,977,703
Operating Grants, Contributions, and Interest	14,061,639	13,860,468	377,596	45,000	14,439,235	13,905,468
Capital Grants, Contributions, and Interest	423,474	512,997	0	600,000	423,474	1,112,997
<b>Total Program Revenues</b>	<b>18,112,437</b>	<b>18,182,404</b>	<b>3,805,360</b>	<b>3,813,764</b>	<b>21,917,797</b>	<b>21,996,168</b>
General Revenues:						
Property Taxes	3,498,628	3,700,756	0	0	3,498,628	3,700,756
Permissive Sales Tax	4,436,627	4,150,454	0	0	4,436,627	4,150,454
Grants and Entitlements	1,104,905	1,292,091	0	0	1,104,905	1,292,091
Unrestricted Investment Earnings	423,906	206,911	10,630	2,689	434,536	209,600
Other	653,902	473,037	0	150,282	653,902	623,319
<b>Total General Revenues</b>	<b>10,117,968</b>	<b>9,823,249</b>	<b>10,630</b>	<b>152,971</b>	<b>10,128,598</b>	<b>9,976,220</b>
<b>Total Revenues</b>	<b>28,230,405</b>	<b>28,005,653</b>	<b>3,815,990</b>	<b>3,966,735</b>	<b>32,046,395</b>	<b>31,972,388</b>
<b>Program Expenses</b>						
General Government						
Legislative and Executive	3,695,087	3,638,126	0	0	3,695,087	3,638,126
Judicial	1,891,230	1,809,888	0	0	1,891,230	1,809,888
Public Safety	4,633,405	3,950,235	0	0	4,633,405	3,950,235
Public Works	4,094,666	3,901,296	0	0	4,094,666	3,901,296
Health	2,645,059	2,354,935	0	0	2,645,059	2,354,935
Human Services	8,832,263	8,371,298	0	0	8,832,263	8,371,298
Community and Economic Development	617,043	134,390	0	0	617,043	134,390
Intergovernmental	262,724	270,562	0	0	262,724	270,562
Interest and Fiscal Charges	165,240	161,379	0	0	165,240	161,379
Sewer	0	0	55,694	38,225	55,694	38,225
Landfill	0	0	2,475,294	2,198,865	2,475,294	2,198,865
<b>Total Expenses</b>	<b>26,836,717</b>	<b>24,592,109</b>	<b>2,530,988</b>	<b>2,237,090</b>	<b>29,367,705</b>	<b>26,829,199</b>
<b>Change in Net Assets</b>	<b>1,393,688</b>	<b>3,413,544</b>	<b>1,285,002</b>	<b>1,729,645</b>	<b>2,678,690</b>	<b>5,143,189</b>
<b>Net Assets Beginning of Year</b>	<b>21,453,082</b>	<b>18,039,538</b>	<b>(2,204,031)</b>	<b>(3,933,676)</b>	<b>19,249,051</b>	<b>14,105,862</b>
<b>Net Assets End of Year</b>	<b>\$22,846,770</b>	<b>\$21,453,082</b>	<b>(\$919,029)</b>	<b>(\$2,204,031)</b>	<b>\$21,927,741</b>	<b>\$19,249,051</b>

**PREBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

Governmental Activities

The County's governmental activity expenses exceeded program revenues in 2005 by \$8,724,280 and, with an infusion of \$10,117,968 of general revenues, resulted in a \$1,393,688 increase to net assets. Total net assets used in governmental activities have now increased to \$22,846,770. General government expenses of \$5,586,317 represent 20.82% of total governmental activity. Public safety expenses increased 17.29% from 2004 mainly due to purchases of software for 911. Appropriations were reduced by 8% in July 2003 and then frozen at this level through 2004 and 2005 for all appropriations, except for raises.

Table 3  
Expenses and Program Revenues - Governmental Activities

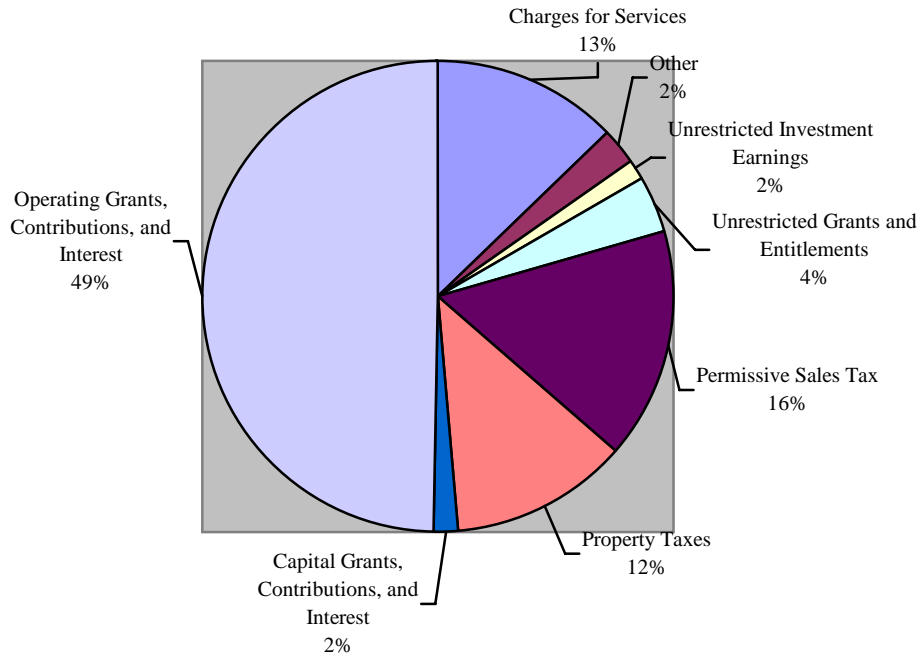


Program revenues constitute 64.2% of total revenues associated with governmental activities. Of the general revenues, 78.4% come from property taxes or sales taxes. Table 3 provides a comparison of governmental activity expenses with program revenues. Table 4, on the next page, provides a breakdown of the sources of governmental activity revenues.

**PREBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

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Table 4  
Revenues by Source - Governmental Activities



Business-type Activities

The County's sewer and landfill system operations constitute the only business-type activities. Net assets of the business-type activities increased \$1,285,002 in 2005, a 58.3% increase over 2004. This increase was mainly due to Landfill rate increases outpacing expenses which increased due to leachate hauling and increasing gas prices.

**FUND ANALYSIS**

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

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



**PREBLE COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**  
**UNAUDITED**

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At the end of 2005, the County's governmental funds reported combined ending fund balances of \$8,702,277, an increase of \$674,618 in comparison with the prior year. Approximately 92.2% of this total amount (\$8,021,970) constitutes unreserved fund balance. The remainder of fund balance \$680,307 is reserved to indicate that it is not available for new spending because it has already been committed to either liquidate purchase orders of the prior period or a variety of other restricted purposes.

The General Fund is the chief operating fund of the County. At the end of the current year, unreserved fund balance of the General Fund was \$1,977,578, while the total fund balance declined to \$2,107,444, a decrease of \$225,684. The decrease was primarily due to the increase in expenditures from a pay raise for all employees. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 21.2% of total General Fund expenditures, while total fund balance represents 22.6% of that same amount.

The Motor Vehicle and Gas Tax Fund revenues and other financing sources exceeded expenditures by \$937,297, leaving a balance of \$908,296. The increase in fund balance was mainly due to notes being reported as long-term in the current year as opposed to short-term in the prior year.

The Human Services Fund revenues and other financing sources exceeded expenditures by \$129,423 leaving a balance of \$148,408. The increase in charges for services was due to shared administrative charges from the Children Services and Children Services Enforcement Agency. A transfer in from the General Fund also contributed to the increase.

The Community Mental Health Fund expenditures exceeded revenues, decreasing the year-end fund balance by \$32,788 to \$955,116.

The Mental Retardation Levy Fund revenues exceeded expenditures increasing the year-end fund balance by \$501,560 to \$1,984,908. A key factor in this increase was due to entitlements exceeding budget expectations.

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

Operating results for the County-owned landfill were favorable in 2005, largely due to support by user charges. After many public meetings were held and options taken into account, in general, it was determined that most County residents were in favor of using the landfill only for Preble County waste. The charge for all parcels with either residences or businesses has been increased to insure financial stability. Each year the County will review and determine the charge to users. The County strives to control operation expenses for business-type activities in order to maintain stability in charges for services.

**PREBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

**GENERAL FUND BUDGET ANALYSIS**

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The County's budget is adopted at the object level (personal services, materials and supplies, charges and services, capital purchases, and other). Before the budget is adopted the County Commissioners review detailed budget worksheets of each function within the General Fund and then adopt the budget on an object level basis.

The General Fund's original budgeted revenues were \$9,481,286. The final budgeted amount was \$9,481,926, a less than 1% increase.

During 2005, there were numerous revisions to the General Fund's budgeted expenditures. In July, 2003 departments operating within the General Fund were asked to reduce their appropriations by 8%. In 2004 and 2005, budgets were frozen with the exception of 3% cost of living pay increases granted to all employees, to hold the line, and potentially reverse the downward movement of the General Fund balance. The net effect of the revisions was still an increase in budgeted expenditures of \$726,507 to cover the pay increases.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

Preble County's total investment in capital assets for governmental and business-type activities (net of accumulated depreciation) amounts to \$13,633,936 and \$3,298,089, an increase of 8.2% and 39.7, respectively, from 2004.

Table 5  
Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Land	\$1,933,674	\$1,933,674	\$452,313	\$277,213	\$2,385,987	\$2,210,887
Construction in Progress	672,777	612,772	1,579,004	963,241	2,251,781	1,576,013
Buildings, Structures, and Improvements	7,664,076	7,684,244	100,638	124,565	7,764,714	7,808,809
Furniture, Fixtures, and Equipment	2,268,292	1,701,035	1,166,134	996,554	3,434,426	2,697,589
Infrastructure	1,095,117	670,836	0	0	1,095,117	670,836
Totals	<u>\$13,633,936</u>	<u>\$12,602,561</u>	<u>\$3,298,089</u>	<u>\$2,361,573</u>	<u>\$16,932,025</u>	<u>\$14,964,134</u>

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

**PREBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

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Debt

At December 31, 2005, Preble County had \$8,370,089 in debt outstanding.

Table 6  
Outstanding Debt at Year-end

	Governmental Activities		Business-Type Activities	
	2005	2004	2005	2004
Short-Term Notes	\$258,257	\$1,357,000	\$50,000	\$68,000
Long-Term Notes	888,372	0	114,700	179,460
General Obligation Bonds	2,803,348	3,181,362	3,227,775	3,432,840
Loans Payable	0	0	980,325	421,609
Capital Lease	47,312	59,178	0	0
Totals	<u>\$3,997,289</u>	<u>\$4,597,540</u>	<u>\$4,372,800</u>	<u>\$4,101,909</u>

All general obligation note issues will be paid through the debt service funds with property tax revenues and transfers from various funds. The County's overall legal debt margin was \$16,983,067 as of December 31, 2005. The more restrictive unvoted legal debt margin was \$7,393,227 as of the same date. See Notes 16 and 17 of the notes to the basic financial statements for more detailed information.

**CONTACTING THE COUNTY AUDITOR'S OFFICE**

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Preble County Auditor, 100 East Main Street, Eaton, Ohio 45320.

## Basic Financial Statements

PREBLE COUNTY, OHIO  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2005

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		L & M Products, Inc.
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$7,903,158	\$2,427,935	\$10,331,093	\$0
Cash and Cash Equivalents in Segregated Accounts	116,885	0	116,885	111,793
Cash and Cash Equivalents with Fiscal Agents	389,752	0	389,752	0
Accrued Interest Receivable	60,924	0	60,924	0
Accounts Receivable	228,461	622,130	850,591	30,923
Permissive Sales Tax Receivable	728,980	0	728,980	0
Due from Other Governments	5,681,576	19,130	5,700,706	0
Internal Balances	272,820	(272,820)	0	0
Prepaid Items	7,113	0	7,113	2,539
Materials and Supplies Inventory	147,670	965	148,635	0
Property Taxes Receivable	3,970,370	0	3,970,370	0
Special Assessments Receivable	174,497	0	174,497	0
Restricted Cash - MRDD Endowment	0	0	0	4,768
Advance Deposits	0	0	0	186
Deferred Charges	2,845	72,690	75,535	0
Nondepreciable Capital Assets	2,606,451	2,031,317	4,637,768	0
Depreciable Capital Assets, Net	11,027,485	1,266,772	12,294,257	61,668
<b>Total Assets</b>	<b>33,318,987</b>	<b>6,168,119</b>	<b>39,487,106</b>	<b>211,877</b>
<b>Liabilities:</b>				
Accounts Payable	383,193	66,142	449,335	4,008
Accrued Salaries Payable	335,749	12,102	347,851	0
Payroll Taxes and Withholdings	0	0	0	968
Contracts Payable	572,290	110,814	683,104	0
Due to Other Governments	708,144	54,364	762,508	0
Accrued Interest Payable	21,457	11,564	33,021	0
MRDD Endowment	0	0	0	4,768
Deferred Revenue	3,718,865	0	3,718,865	0
Notes Payable	258,257	50,000	308,257	0
Long-Term Liabilities:				
Due Within One Year	933,911	281,234	1,215,145	0
Due in More Than One Year	3,540,351	6,500,928	10,041,279	0
<b>Total Liabilities</b>	<b>10,472,217</b>	<b>7,087,148</b>	<b>17,559,365</b>	<b>9,744</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	9,765,286	2,153,064	11,918,350	61,668
Restricted for:				
Public Safety	2,799,410	0	2,799,410	0
Health	1,779,429	0	1,779,429	0
Human Services	3,227,313	0	3,227,313	0
Community and Economic Development	747,884	0	747,884	0
Other Purposes	695,228	0	695,228	0
Debt Service	526,000	0	526,000	0
Capital Projects	510,567	0	510,567	0
Unrestricted (Deficit)	2,795,653	(3,072,093)	(276,440)	140,465
<b>Total Net Assets (Deficit)</b>	<b>\$22,846,770</b>	<b>(\$919,029)</b>	<b>\$21,927,741</b>	<b>\$202,133</b>

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
<b>Governmental Activities:</b>				
General Government:				
Legislative and Executive	\$3,695,087	\$1,402,598	\$12,682	\$0
Judicial	1,891,230	687,437	5,556	0
Public Safety	4,633,405	494,477	390,472	236
Public Works	4,094,666	404,487	3,775,007	423,238
Health	2,645,059	175,044	2,333,929	0
Human Services	8,832,263	463,281	6,527,142	0
Community and Economic Development	617,043	0	1,016,851	0
Intergovernmental	262,724	0	0	0
Interest and Fiscal Charges	165,240	0	0	0
<b>Total Governmental Activities</b>	<b>26,836,717</b>	<b>3,627,324</b>	<b>14,061,639</b>	<b>423,474</b>
<b>Business-Type Activities:</b>				
Sewer	55,694	50,111	298,704	0
Landfill	2,475,294	3,377,653	78,892	0
<b>Total Business-Type Activities</b>	<b>2,530,988</b>	<b>3,427,764</b>	<b>377,596</b>	<b>0</b>
<b>Total Primary Government</b>	<b>\$29,367,705</b>	<b>\$7,055,088</b>	<b>\$14,439,235</b>	<b>\$423,474</b>
<b>Component Unit:</b>				
L & M Products	\$1,703,051	\$189,081	\$1,498,913	\$0

**General Revenues:**

Property Taxes Levied for:

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

Permissive Sales Tax Levied for General Purposes

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Investment Earnings

Other

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year (Deficit)

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Primary Government		Component Unit L & M Products, Inc.
	Business-Type Activities	Total	
(\$2,279,807)	\$0	(\$2,279,807)	\$0
(1,198,237)	0	(1,198,237)	0
(3,748,220)	0	(3,748,220)	0
508,066	0	508,066	0
(136,086)	0	(136,086)	0
(1,841,840)	0	(1,841,840)	0
399,808	0	399,808	0
(262,724)	0	(262,724)	0
(165,240)	0	(165,240)	0
<u>(8,724,280)</u>	<u>0</u>	<u>(8,724,280)</u>	<u>0</u>
0	293,121	293,121	0
<u>0</u>	<u>981,251</u>	<u>981,251</u>	<u>0</u>
0	1,274,372	1,274,372	0
<u>(8,724,280)</u>	<u>1,274,372</u>	<u>(7,449,908)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(15,057)</u>
1,651,272	0	1,651,272	0
257,270	0	257,270	0
355,980	0	355,980	0
1,013,280	0	1,013,280	0
220,826	0	220,826	0
4,436,627	0	4,436,627	0
1,104,905	0	1,104,905	0
423,906	10,630	434,536	0
653,902	0	653,902	0
<u>10,117,968</u>	<u>10,630</u>	<u>10,128,598</u>	<u>0</u>
1,393,688	1,285,002	2,678,690	(15,057)
<u>21,453,082</u>	<u>(2,204,031)</u>	<u>19,249,051</u>	<u>217,190</u>
<u>\$22,846,770</u>	<u>(\$919,029)</u>	<u>\$21,927,741</u>	<u>\$202,133</u>

PREBLE COUNTY, OHIO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	General	Motor Vehicle and Gas Tax	Human Services
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,129,379	\$360,939	\$149,238
Cash and Cash Equivalents in Segregated Accounts	6,101	0	0
Cash and Cash Equivalents with Fiscal Agents	0	0	0
Receivables:			
Permissive Sales Tax	728,980	0	0
Property Taxes	1,930,428	0	0
Accounts	93,747	2,977	6,749
Special Assessments	0	0	0
Accrued Interest	60,924	0	0
Interfund	577,514	37,579	0
Due From Other Governments	604,757	1,741,256	268,034
Materials and Supplies Inventory	0	142,738	4,269
Prepaid Items	2,275	0	4,701
Total Assets	<u>\$5,134,105</u>	<u>\$2,285,489</u>	<u>\$432,991</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts Payable	\$182,015	\$27,724	\$47,699
Contracts Payable	19,101	66,574	50,796
Accrued Salaries Payable	159,454	43,132	51,761
Due to Other Governments	262,843	67,361	104,145
Interfund Payable	49,840	4,835	0
Deferred Revenue	2,353,408	1,167,567	30,182
Notes Payable	0	0	0
Accrued Interest Payable	0	0	0
Total Liabilities	<u>3,026,661</u>	<u>1,377,193</u>	<u>284,583</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	129,866	164,612	17,428
Unreserved			
Undesignated, Reported in:			
General Fund	1,977,578	0	0
Special Revenue Funds	0	743,684	130,980
Debt Service Fund	0	0	0
Capital Projects Funds	0	0	0
Total Fund Balances	<u>2,107,444</u>	<u>908,296</u>	<u>148,408</u>
Total Liabilities and Fund Balances	<u>\$5,134,105</u>	<u>\$2,285,489</u>	<u>\$432,991</u>

See accompanying notes to the basic financial statements



Community Mental Health	Mental Retardation Levy	Other Governmental Funds	Total Governmental Funds
\$724,682	\$1,719,132	\$3,243,428	\$7,326,798
0	0	110,784	116,885
0	389,752	0	389,752
0	0	0	728,980
282,363	1,131,977	625,602	3,970,370
60,479	750	63,759	228,461
0	0	174,497	174,497
0	0	0	60,924
0	0	29,835	644,928
1,298,746	530,835	1,232,523	5,676,151
0	0	663	147,670
137	0	0	7,113
<u>\$2,366,407</u>	<u>\$3,772,446</u>	<u>\$5,481,091</u>	<u>\$19,472,529</u>

\$17,808	\$1,689	\$105,844	\$382,779
172,372	0	263,447	572,290
10,682	37,605	33,115	335,749
99,032	62,204	112,559	708,144
0	0	317,433	372,108
1,111,397	1,479,125	1,995,816	8,137,495
0	204,500	53,757	258,257
0	2,415	1,015	3,430
<u>1,411,291</u>	<u>1,787,538</u>	<u>2,882,986</u>	<u>10,770,252</u>
40,869	23,729	303,803	680,307
0	0	0	1,977,578
914,247	1,961,179	1,514,531	5,264,621
0	0	514,890	514,890
0	0	264,881	264,881
<u>955,116</u>	<u>1,984,908</u>	<u>2,598,105</u>	<u>8,702,277</u>
<u>\$2,366,407</u>	<u>\$3,772,446</u>	<u>\$5,481,091</u>	<u>\$19,472,529</u>

PREBLE COUNTY, OHIO  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2005

**Total Governmental Fund Balances** \$8,702,277

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	1,933,674
Construction in Progress	672,777
Buildings, Structures, and Improvements	10,677,023
Furniture, Fixtures, and Equipment	7,330,545
Infrastructure	1,164,688
Accumulated Depreciation	<u>(8,144,771)</u>

Total Capital Assets 13,633,936

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

581,371

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

2,845

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

Property Taxes	253,991
Charges for Services	6,428
Fines and Forfeitures	21,407
Intergovernmental	3,930,291
Special Assessments	174,497
Accrued Interest	<u>32,016</u>

Total 4,418,630

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

Accrued Interest Payable	(18,027)
Unamortized Gain	(2,554)
Premium on Debt Issued	(292)
General Obligation Bonds	(2,800,502)
Notes Payable	(888,372)
Capital Lease	(47,312)
Compensated Absences	<u>(735,230)</u>

Total (4,492,289)

Net Assets of Governmental Activities \$22,846,770

See accompanying notes to the basic financial statements

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PREBLE COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Motor Vehicle and Gas Tax	Human Services
<b>Revenues:</b>			
Property Taxes	\$1,590,283	\$0	\$0
Permissive Sales Tax	4,436,627	0	0
Charges for Services	1,638,581	176,851	245,517
Licenses and Permits	3,430	0	0
Fines and Forfeitures	29,355	38,047	0
Intergovernmental	1,115,386	3,865,553	2,619,057
Special Assessments	0	0	0
Interest	406,510	22,907	0
Other	398,717	3,376	0
<b>Total Revenues</b>	<b>9,618,889</b>	<b>4,106,734</b>	<b>2,864,574</b>
<b>Expenditures:</b>			
Current:			
General Government:			
Legislative and Executive	2,954,383	0	0
Judicial	1,607,776	0	0
Public Safety	4,098,587	0	0
Public Works	49,680	3,952,038	0
Health	57,439	0	0
Human Services	313,400	0	2,844,678
Community and Economic Development	0	0	0
Capital Outlay	0	0	0
Intergovernmental	262,724	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	17,399	0
Issuance Costs	0	0	0
<b>Total Expenditures</b>	<b>9,343,989</b>	<b>3,969,437</b>	<b>2,844,678</b>
Excess of Revenues Over (Under) Expenditures	274,900	137,297	19,896
<b>Other Financing Sources (Uses):</b>			
Refunding Bonds Issued	0	0	0
Premium on Debt Issued	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0
Notes Issued	0	800,000	0
Transfers - In	0	0	109,527
Transfers - Out	(500,584)	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(500,584)</b>	<b>800,000</b>	<b>109,527</b>
Net Change in Fund Balances	(225,684)	937,297	129,423
Fund Balances (Deficit) at Beginning of Year	2,333,128	(29,001)	18,985
Fund Balances at End of Year	<u>\$2,107,444</u>	<u>\$908,296</u>	<u>\$148,408</u>

See accompanying notes to the basic financial statements

Community Mental Health	Mental Retardation Levy	Other Governmental Funds	Total Governmental Funds
\$268,244	\$1,046,639	\$685,948	\$3,591,114
0	0	0	4,436,627
70,123	13,010	1,119,999	3,264,081
0	0	74,733	78,163
0	0	50,241	117,643
2,339,965	2,454,448	2,959,895	15,354,304
0	0	129,540	129,540
0	0	6,427	435,844
7,495	16,621	227,693	653,902
<u>2,685,827</u>	<u>3,530,718</u>	<u>5,254,476</u>	<u>28,061,218</u>
0	0	597,512	3,551,895
0	0	276,886	1,884,662
0	0	773,614	4,872,201
0	0	208,679	4,210,397
2,467,488	0	115,849	2,640,776
251,127	3,008,609	2,557,894	8,975,708
0	0	617,043	617,043
0	0	694,100	694,100
0	0	0	262,724
0	11,866	425,000	436,866
0	8,683	86,321	112,403
0	0	3,104	3,104
<u>2,718,615</u>	<u>3,029,158</u>	<u>6,356,002</u>	<u>28,261,879</u>
<u>(32,788)</u>	<u>501,560</u>	<u>(1,101,526)</u>	<u>(200,661)</u>
0	0	125,000	125,000
0	0	318	318
0	0	(122,214)	(122,214)
0	0	88,372	888,372
0	0	374,860	484,387
0	0	0	(500,584)
<u>0</u>	<u>0</u>	<u>466,336</u>	<u>875,279</u>
(32,788)	501,560	(635,190)	674,618
<u>987,904</u>	<u>1,483,348</u>	<u>3,233,295</u>	<u>8,027,659</u>
<u>\$955,116</u>	<u>\$1,984,908</u>	<u>\$2,598,105</u>	<u>\$8,702,277</u>

PREBLE COUNTY, OHIO  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$674,618
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	1,376,779	
Depreciation	<u>(345,404)</u>	
Excess of Capital Outlay over Depreciation Expense		1,031,375
Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:		
General Obligation Bond Principal Payments	425,000	
Payment to Refunded Bond Escrow Agent	122,214	
Capital Lease Principal Payments	<u>11,866</u>	
		559,080
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds, when it is due and thus requires the use of current financial resources. In the statement of activities the additional amount of interest on the statement of activities is the result of the following:		
Accretion of Capital Appreciation Bonds	(44,140)	
Increase in Accrued Interest Payable	(8,696)	
Bond Issuance Costs (Deferred Charges)	3,104	
Amortization of Bond Issuance Costs (Deferred Charges)	(259)	
Amortization of Gain	232	
Amortization of Bond Premium	<u>26</u>	
		(49,733)
The internal service fund used by management to charge the cost of insurance to individual funds is reported in the entity wide statement of activities.		
		10,728
Some revenues that will not be collected for several months after the County's year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts this year:		
Property Taxes	(92,486)	
Charges for Services	(135)	
Fines and Forfeitures	1,975	
Intergovernmental Grants	206,380	
Special Assessments	36,057	
Interest	<u>17,396</u>	
		169,187
The issuance of long-term debt provides current financial resources to governmental funds, but in the statement of net assets, the debt is reported as a liability.		
Bonds Issued	(125,000)	
Notes Issued	(888,372)	
Premium on Debt Issued	<u>(318)</u>	
		(1,013,690)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Decrease in Compensated Absences		<u>12,123</u>
Change in Net Assets of Governmental Activities		<u><u>\$1,393,688</u></u>

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$1,588,200	\$1,588,200	\$1,608,432	\$20,232
Permissive Sales Tax	4,350,000	4,350,000	4,341,301	(8,699)
Charges for Services	1,788,180	1,788,230	1,654,073	(134,157)
Licenses and Permits	3,550	3,500	3,455	(45)
Fines and Forfeitures	77,656	77,656	67,821	(9,835)
Intergovernmental	1,097,000	1,097,000	1,116,197	19,197
Interest	275,000	275,000	373,220	98,220
Other	301,700	302,340	296,185	(6,155)
<b>Total Revenues</b>	<b>9,481,286</b>	<b>9,481,926</b>	<b>9,460,684</b>	<b>(21,242)</b>
<b>Expenditures:</b>				
Current:				
General Government				
Legislative and Executive	2,981,305	3,160,277	3,003,219	157,058
Judicial	1,573,007	1,828,265	1,776,924	51,341
Public Safety	3,919,387	4,118,317	4,080,734	37,583
Public Works	49,680	49,680	49,680	0
Health	71,411	73,411	66,614	6,797
Human Services	254,246	342,327	317,435	24,892
Intergovernmental	263,696	266,962	265,990	972
<b>Total Expenditures</b>	<b>9,112,732</b>	<b>9,839,239</b>	<b>9,560,596</b>	<b>278,643</b>
Excess of Revenues Over (Under) Expenditures	368,554	(357,313)	(99,912)	257,401
<b>Other Financing Uses:</b>				
Advances - Out	0	0	(85,130)	(85,130)
Transfers - Out	(161,474)	0	(500,584)	(500,584)
<b>Total Other Financing Uses</b>	<b>(161,474)</b>	<b>0</b>	<b>(585,714)</b>	<b>(585,714)</b>
<b>Net Change in Fund Balance</b>	<b>207,080</b>	<b>(357,313)</b>	<b>(685,626)</b>	<b>(328,313)</b>
Fund Balance at Beginning of Year	991,583	991,583	991,583	0
Prior Year Encumbrances Appropriated	347,307	347,307	347,307	0
<b>Fund Balance at End of Year</b>	<b>\$1,545,970</b>	<b>\$981,577</b>	<b>\$653,264</b>	<b>(\$328,313)</b>

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
MOTOR VEHICLE AND GAS TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for Services	\$175,000	\$175,000	\$170,695	(\$4,305)
Fines and Forfeitures	40,000	40,000	38,047	(1,953)
Intergovernmental	3,850,000	3,850,000	3,785,794	(64,206)
Interest	42,000	42,000	22,381	(19,619)
Other	5,000	5,000	519	(4,481)
Total Revenues	<u>4,112,000</u>	<u>4,112,000</u>	<u>4,017,436</u>	<u>(94,564)</u>
<b>Expenditures:</b>				
Current:				
Public Works	4,267,274	4,407,769	4,149,502	258,267
Debt Service:				
Principal Retirement	1,096,839	1,100,000	1,100,000	0
Interest and Fiscal Charges	28,161	28,161	28,161	0
Total Expenditures	<u>5,392,274</u>	<u>5,535,930</u>	<u>5,277,663</u>	<u>258,267</u>
Excess of Revenues Over (Under) Expenditures	(1,280,274)	(1,423,930)	(1,260,227)	163,703
<b>Other Financing Sources:</b>				
Notes Issued	900,000	900,000	800,000	(100,000)
Net Change in Fund Balance	(380,274)	(523,930)	(460,227)	63,703
Fund Balance at Beginning of Year	410,396	410,396	410,396	0
Prior Year Encumbrances Appropriated	113,534	113,534	113,534	0
Fund Balance at End of Year	<u>\$143,656</u>	<u>\$0</u>	<u>\$63,703</u>	<u>\$63,703</u>

See accompanying notes to the basic financial statements



PREBLE COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
HUMAN SERVICES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for Services	\$283,000	\$283,000	\$983,295	\$700,295
Intergovernmental	2,992,849	3,311,474	2,382,805	(928,669)
Total Revenues	3,275,849	3,594,474	3,366,100	(228,374)
<b>Expenditures:</b>				
Current:				
Human Services	3,827,392	4,130,686	3,654,888	475,798
Excess of Revenues Over (Under) Expenditures	(551,543)	(536,212)	(288,788)	247,424
<b>Other Financing Sources:</b>				
Transfers - In	717,405	717,405	109,527	(607,878)
Net Change in Fund Balance	165,862	181,193	(179,261)	(360,454)
Fund Balance at Beginning of Year	87,963	87,963	87,963	0
Prior Year Encumbrances Appropriated	93,506	93,506	93,506	0
Fund Balance at End of Year	\$347,331	\$362,662	\$2,208	(\$360,454)

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
COMMUNITY MENTAL HEALTH FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$268,560	\$268,560	\$274,248	\$5,688
Charges for Services	7,944	7,944	9,743	1,799
Intergovernmental	2,329,899	2,380,483	2,258,140	(122,343)
Other	0	0	7,595	7,595
Total Revenues	<u>2,606,403</u>	<u>2,656,987</u>	<u>2,549,726</u>	<u>(107,261)</u>
<b>Expenditures:</b>				
Current:				
Health	2,857,566	2,910,143	2,660,681	249,462
Human Services	267,040	267,040	254,250	12,790
Total Expenditures	<u>3,124,606</u>	<u>3,177,183</u>	<u>2,914,931</u>	<u>262,252</u>
Net Change in Fund Balance	(518,203)	(520,196)	(365,205)	154,991
Fund Balance at Beginning of Year	254,785	254,785	254,785	0
Prior Year Encumbrances Appropriated	512,199	512,199	512,199	0
Fund Balance at End of Year	<u>\$248,781</u>	<u>\$246,788</u>	<u>\$401,779</u>	<u>\$154,991</u>

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
MENTAL RETARDATION LEVY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$1,056,400	\$1,056,400	\$1,062,617	\$6,217
Charges for Services	18,800	18,800	14,029	(4,771)
Intergovernmental	1,987,014	1,987,014	2,105,929	118,915
Other	22,000	22,000	17,520	(4,480)
Total Revenues	<u>3,084,214</u>	<u>3,084,214</u>	<u>3,200,095</u>	<u>115,881</u>
<b>Expenditures:</b>				
Current:				
Human Services	3,258,724	3,372,221	3,009,900	362,321
Debt Service:				
Principal Retirement	223,607	229,500	229,500	0
Interest and Fiscal Charges	5,393	5,393	5,393	0
Total Expenditures	<u>3,487,724</u>	<u>3,607,114</u>	<u>3,244,793</u>	<u>362,321</u>
Excess of Revenues Over (Under) Expenditures	(403,510)	(522,900)	(44,698)	478,202
<b>Other Financing Sources:</b>				
Notes Issued	201,100	201,100	204,500	3,400
Net Change in Fund Balance	(202,410)	(321,800)	159,802	481,602
Fund Balance at Beginning of Year	1,314,925	1,314,925	1,314,925	0
Prior Year Encumbrances Appropriated	192,565	192,565	192,565	0
Fund Balance at End of Year	<u>\$1,305,080</u>	<u>\$1,185,690</u>	<u>\$1,667,292</u>	<u>\$481,602</u>

See accompanying notes to the basic financial statements

PREBLE COUNTY  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
December 31, 2005

	Enterprise Funds			Internal Service Fund
	Sewer	Landfill	Total	
<b>Assets:</b>				
Current Assets				
Equity in Pooled Cash and Cash Equivalents	\$188,994	\$1,292,769	\$1,481,763	\$576,360
Accounts Receivable	19,179	602,951	622,130	0
Due from Other Governments	15,130	4,000	19,130	5,425
Interfund Receivable	14,564	0	14,564	0
Materials and Supplies Inventory	0	965	965	0
<b>Total Current Assets</b>	<b>237,867</b>	<b>1,900,685</b>	<b>2,138,552</b>	<b>581,785</b>
Non-current Assets				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	0	946,172	946,172	0
Deferred Charges	0	72,690	72,690	0
Nondepreciable Capital Assets	1,579,004	452,313	2,031,317	0
Depreciable Capital Assets, Net	5,244	1,261,528	1,266,772	0
<b>Total Non-current Assets</b>	<b>1,584,248</b>	<b>2,732,703</b>	<b>4,316,951</b>	<b>0</b>
<b>Total Assets</b>	<b>1,822,115</b>	<b>4,633,388</b>	<b>6,455,503</b>	<b>581,785</b>
<b>Liabilities:</b>				
Current Liabilities				
Accounts Payable	1,430	64,712	66,142	414
Contracts Payable	93,213	17,601	110,814	0
Accrued Salaries Payable	77	12,025	12,102	0
Compensated Absences Payable	0	24,627	24,627	0
Due to Other Governments	546	53,818	54,364	0
Interfund Payable	0	287,384	287,384	0
Accrued Interest Payable	0	11,564	11,564	0
Notes Payable	0	50,000	50,000	0
OPWC Loans Payable	11,358	0	11,358	0
OWDA Loans Payable	20,249	0	20,249	0
General Obligation Bonds Payable	0	225,000	225,000	0
<b>Total Current Liabilities</b>	<b>126,873</b>	<b>746,731</b>	<b>873,604</b>	<b>414</b>
Long-Term Liabilities:				
OPWC Loans Payable	159,012	0	159,012	0
OWDA Loans Payable	789,706	0	789,706	0
Notes Payable	0	114,700	114,700	0
General Obligation Bonds Payable	0	3,002,775	3,002,775	0
Compensated Absences Payable	0	15,147	15,147	0
Landfill Closure and Postclosure Costs	0	2,419,588	2,419,588	0
<b>Total Long-Term Liabilities</b>	<b>948,718</b>	<b>5,552,210</b>	<b>6,500,928</b>	<b>0</b>
<b>Total Liabilities</b>	<b>1,075,591</b>	<b>6,298,941</b>	<b>7,374,532</b>	<b>414</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	603,923	1,549,141	2,153,064	0
Unrestricted (Deficit)	142,601	(3,214,694)	(3,072,093)	581,371
<b>Total Net Assets (Deficit)</b>	<b>\$746,524</b>	<b>(\$1,665,553)</b>	<b>(\$919,029)</b>	<b>\$581,371</b>

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Enterprise Funds			Internal Service Fund
	Sewer	Landfill	Total	
<b>Operating Revenues:</b>				
Charges for Services	\$50,111	\$3,377,653	\$3,427,764	\$2,985
<b>Operating Expenses:</b>				
Personal Services	3,583	462,296	465,879	0
Materials and Supplies	1,056	146,349	147,405	0
Charges and Services	50,066	1,382,309	1,432,375	1,292
Claims	0	0	0	7,162
Depreciation	78	84,532	84,610	0
Closure and Postclosure Care Costs	0	208,797	208,797	0
Miscellaneous	911	0	911	0
Total Operating Expenses	55,694	2,284,283	2,339,977	8,454
Operating Income (Loss)	(5,583)	1,093,370	1,087,787	(5,469)
<b>Non-Operating Revenues (Expenses):</b>				
Grants	298,704	78,892	377,596	0
Interest Revenue	0	10,630	10,630	0
Interest and Fiscal Charges	0	(191,011)	(191,011)	0
Total Non-Operating Revenues (Expenses)	298,704	(101,489)	197,215	0
Net Gain Before Transfers	293,121	991,881	1,285,002	(5,469)
Transfers - In	0	0	0	16,197
Change in Net Assets	293,121	991,881	1,285,002	10,728
Net Assets (Deficit) at Beginning of Year	453,403	(2,657,434)	(2,204,031)	570,643
Net Assets (Deficit) at End of Year	\$746,524	(\$1,665,553)	(\$919,029)	\$581,371

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Enterprise Funds			Internal Service Fund
	Sewer	Landfill	Total	
<b>Increase in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities:</b>				
Cash Received From Customers	\$37,374	\$3,119,974	\$3,157,348	\$0
Cash Received From Interfund Services Provided	0	0	0	15,147
Cash Payments for Employee Services and Benefits	(3,509)	(433,961)	(437,470)	0
Cash Payments to Suppliers	(400,633)	(1,714,498)	(2,115,131)	(27,367)
Cash Payments for Other Operating Expenses	(911)	0	(911)	0
Net Cash Provided by (Used for) Operating Activities	<u>(367,679)</u>	<u>971,515</u>	<u>603,836</u>	<u>(12,220)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers - In	0	0	0	16,197
<b>Cash Flows Used for Capital and Related Financing Activities:</b>				
Grants	386,574	74,892	461,466	0
Acquisition of Capital Assets	(549,429)	(405,363)	(954,792)	0
Loan Proceeds	570,074	0	570,074	0
Note Proceeds	0	164,700	164,700	0
Loans Payable Principal Payments	(11,358)	0	(11,358)	0
General Obligation Bond Principal Payments	0	(215,000)	(215,000)	0
General Obligation Bond Interest Payments	0	(155,288)	(155,288)	0
Notes Principal Payments	0	(247,460)	(247,460)	0
Notes Interest Payments	0	(2,279)	(2,279)	0
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>395,861</u>	<u>(785,798)</u>	<u>(389,937)</u>	<u>0</u>
<b>Cash Flows from Investing Activities:</b>				
Interest	0	10,630	10,630	0
Net Increase in Cash and Cash Equivalents	28,182	196,347	224,529	3,977
Cash and Cash Equivalents Beginning of Year	<u>160,812</u>	<u>2,042,594</u>	<u>2,203,406</u>	<u>572,383</u>
Cash and Cash Equivalents End of Year	<u>\$188,994</u>	<u>\$2,238,941</u>	<u>\$2,427,935</u>	<u>\$576,360</u>

(Continued)

PREBLE COUNTY, OHIO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)

	Enterprise Funds			Internal Service Fund
	Sewer	Landfill	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Operating Income (Loss)	(\$5,583)	\$1,093,370	\$1,087,787	(\$5,469)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:</b>				
Depreciation	78	84,532	84,610	0
Landfill Closure and Postclosure Costs	0	208,797	208,797	0
Changes in Assets and Liabilities:				
Decrease (Increase) in Accounts Receivable	(12,737)	(257,679)	(270,416)	5,417
Increase in Due from Other Governments	0	0	0	(5,425)
Decrease in Materials and Supplies Inventory	0	195	195	0
Increase (Decrease) in Accounts Payable	1,430	(156,732)	(155,302)	(854)
Decrease in Contracts Payable	(336,720)	(31,311)	(368,031)	0
Decrease in Retainage Payable	(14,594)	0	(14,594)	0
Increase in Accrued Salaries Payable	2	615	617	0
Increase in Due to Other Governments	445	33,011	33,456	0
Decrease in Compensated Absences Payable	0	(3,283)	(3,283)	0
Decrease in Claims Payable	0	0	0	(5,889)
Net Cash Provided by (Used for) Operating Activities	(\$367,679)	\$971,515	\$603,836	(\$12,220)

Noncash Capital Financing Activities

The Landfill Fund issued general obligation bonds to refund debt issued in 1996. Of the total debt proceeds of \$3,195,000, \$3,123,279 were deposited immediately into an irrevocable trust or deducted from proceeds to cover under writer fees. General obligation bonds of \$3,005,000 were defeased. Bond issuance cost of \$79,298 was recorded as a deferred charge and will be amortized over the debt repayment period. The premium of \$7,577 was recorded as a liability and will be amortized over the debt repayment period.

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2005

	Private Purpose Trust	
	Scholarship and Trust	Agency
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$39,506	\$1,931,320
Cash and Cash Equivalents in Segregated Accounts	0	777,989
Receivables:		
Property Taxes	0	42,773,798
Accounts	0	112,117
Special Assessments	0	845,776
Due from Other Governments	0	2,278,994
 Total Assets	 39,506	 \$48,719,994
<b>Liabilities:</b>		
Accounts Payable	0	\$4,231
Contracts Payable	0	71
Accrued Salaries Payable	0	41,578
Due to Other Governments	0	45,612,169
Undistributed Monies	0	1,329,754
Deposits Held and Due to Others	0	1,732,191
 Total Liabilities	 0	 \$48,719,994
<b>Net Assets:</b>		
Held in Trust for Scholarships	\$39,506	

See accompanying notes to the basic financial statements



PREBLE COUNTY, OHIO  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PRIVATE PURPOSE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Scholarship and Trust
<b>Additions:</b>	
Interest	\$134
<b>Deletions:</b>	
	0
Change in Net Assets	134
Net Assets at Beginning of Year	39,372
Net Assets at End of Year	\$39,506

See accompanying notes to the basic financial statements

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 1 - REPORTING ENTITY**

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

**Reporting Entity**

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

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

**Discretely Presented Component Unit**

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

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 1 - REPORTING ENTITY (Continued)**

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

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

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

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

Related Organizations:

- Preble County Library Board
- Preble Metropolitan Housing Authority

Joint Venture:

- Preble County Emergency Management Agency

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 1 - REPORTING ENTITY (Continued)**

Jointly Governed Organization:  
West Central Ohio Network

Risk Sharing Pool:  
County Risk Sharing Authority, Inc.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of Presentation**

The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

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

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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

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

**Fund Financial Statements**

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

**Fund Accounting**

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

**Governmental Funds**

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

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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

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

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

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

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

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

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

Proprietary Funds

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

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

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

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

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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

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

Employees Health Insurance - This fund is used to account for the County employees' self-insurance program for medical, dental, and vision coverage.

Fiduciary Funds

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

**Measurement Focus**

Government-wide Financial Statements

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

Fund Financial Statements

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

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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

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

The private purpose trust fund is reported using the economic resources measurement focus.

**Basis of Accounting**

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

**Revenues – Exchange and Non-Exchange Transactions**

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

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



**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: permissive sales tax, charges for services, interest, federal and State subsidies, grants, and State-levied locally shared taxes.

Deferred Revenue

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, 2005, but were levied to finance 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

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

Expenses/Expenditures

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

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

**Cash and Cash Equivalents**

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

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

Cash and cash equivalents that are held by a third party administrator for employees' medical, dental, and vision claims are recorded as "Cash and Cash Equivalents with Fiscal Agents" on the financial statements.

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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

During fiscal year 2005, the County invested in Federal National Mortgage Association Notes, Federal National Mortgage Association Discount Notes, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Mortgage Corporation Discount Notes, and the State Treasury Assets Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on quoted market prices.

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 June 30, 2005.

Following Ohio statutes, the County has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during 2005 amounted to \$406,510, which includes \$372,540 assigned from other County funds.

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

**Interfund Receivables/Payables**

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

**Materials and Supplies Inventory**

On government wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and expensed when used.

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

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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

**Restricted Assets**

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

**Capital Assets**

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

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

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

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

The County's infrastructure system consists of guardrails, ditches, and bridges. The County only reports the amounts acquired after 2002. The County plans to phase in the prior years' amounts in future years.

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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

**Compensated Absences**

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

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

**Accrued Liabilities and Long-Term Obligations**

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

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

**Bond Premiums/Discounts/Issuance Costs/Compounded Interest on Capital Appreciation Bonds/Gains/Loss on Refundings**

Bond premiums, discounts, and issuance costs are deferred and amortized over the term of the bonds using the straight line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted over the term of the bonds. Bond premiums, discounts and the compounded interest on capital appreciation bonds are presented as an addition/deduction of the face amount of the bonds payable whereas issuance costs are recorded as deferred charges.

The accounting gain/loss on refunded bonds (difference between the reacquisition price and the net carrying amount of the old debt) is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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

**Net Assets**

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

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

The government-wide statement of net assets reports \$10,285,831 of restricted net assets, of which \$1,317,964 is restricted by enabling legislation.

**Operating Revenues and Expenses**

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

**Interfund Transactions**

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

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

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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

**Fund Balance Reserves**

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

**Estimates**

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

**Budgetary Process**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of budgetary control is at the object level (personal services, materials and supplies, charges and services, capital purchases, and other).

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

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

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES**

For 2005, the County has implemented *GASB Statement No. 40 – an amendment, “Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3”*, *GASB Statement No. 42, “Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries”* and *GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34”*.

*GASB Statement No. 40* creates new disclosure requirements for deposits and investments related to credit risk, interest rate risk and foreign currency risk. The implementation of this statement had no effect on the County’s financial statements for 2005.

*GASB Statement No. 42* establishes accounting and financial reporting standards for the impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. The implementation of this statement had no effect on the County’s financial statements for 2005.

*GASB Statement No. 46* clarifies how legal enforceability should be applied for determining whether net assets should be reported as restricted. The implementation of this new statement had no effect on the County’s financial statements for 2005.

**NOTE 4 - BUDGET TO GAAP RECONCILIATION**

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance (GAAP basis).

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 4 - BUDGET TO GAAP RECONCILIATION (Continued)**

4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as a balance sheet transaction (GAAP basis).
5. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. The amounts are included as revenue on the GAAP basis operating statements.
6. Cash that is held by agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate County funds.
7. The change of fair value of investments is not included on the budget basis operating statement. This amount is included on the GAAP basis operating statement.
8. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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



**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 4 - BUDGET TO GAAP RECONCILIATION (Continued)**

Net Change in Fund Balance

	General	Motor Vehicle and Gas Tax	Human Services	Community Mental Health	Mental Retardation Levy
GAAP Basis	(\$225,684)	\$937,297	\$129,423	(\$32,788)	\$501,560
Revenue Accruals	(3,228)	(31,944)	501,526	(112,582)	(268,025)
Expenditure Accruals	195,000	(2,144,309)	(663,176)	118,025	(416,091)
Encumbrances	(411,607)	(263,917)	(147,034)	(314,341)	(29,044)
Advances	(85,130)	0	0	0	0
Note Proceeds	0	0	0	0	204,500
Note Principal Retirements	0	1,100,000	0	0	229,500
Unrecorded Cash - 2004	21,774	996	0	0	0
Unrecorded Cash - 2005	(26,492)	(6,637)	0	0	0
Agency Fund Cash					
Allocation - 2004	(131,458)	(25,031)	0	(14,957)	(39,808)
Agency Fund Cash					
Allocation - 2005	(47,023)	(26,682)	0	(8,562)	(22,790)
Increase in Fair Value					
of Cash Equivalents - 2004	37,229	0	0	0	0
Decrease in Fair Value					
of Cash Equivalents - 2005	(9,007)	0	0	0	0
Budget Basis	<u>(\$685,626)</u>	<u>(\$460,227)</u>	<u>(\$179,261)</u>	<u>(\$365,205)</u>	<u>\$159,802</u>

**NOTE 5 - COMPLIANCE AND ACCOUNTABILITY**

**Compliance**

The following accounts had expenditures plus encumbrances in excess of appropriations at December 31, 2005:

Fund	Expenditures and Encumbrances	Appropriations	Excess
General Obligation Bond Retirement Fund			
Issuance Costs	\$3,104	\$0	\$3,104
Payment to Refunded Bond Escrow Agent	122,214	0	122,214
Landfill Enterprise Fund			
Bond Issuance Costs	79,298	0	79,298
Payment to Refunding Bond Escrow Agent	3,123,279	0	3,123,279

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 5 - COMPLIANCE AND ACCOUNTABILITY (Continued)**

The County will monitor budgetary control more closely to ensure that all adjustments are filed with the County Auditor.

**Accountability**

The following funds had fund balance/net assets deficits at December 31, 2005:

	<u>Deficit</u>
Other Public Works Special Revenue Fund	\$221,357
Ditch and Guardrail Construction Capital Projects Fund	22,030
Landfill Enterprise Fund	1,665,553

The General Fund is liable for the deficit in the special revenue fund and capital projects fund and will provide transfers when cash is required, not when accruals occur.

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

**NOTE 6 - DEPOSITS AND INVESTMENTS**

Monies held by the County are classified by State statute into three categories.

Active deposits are public deposits necessary to meet current demands on the County treasury. Active deposits 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.

Inactive deposits are public deposits that Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies held by the County may 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 and interest by the United States;
2. Bond, notes, debentures, or any other obligations 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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.

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$667,813 of the County's bank balance of \$1,051,636 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

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

**Investments**

As of December 31, 2005, the County had the following investments:

	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-2
STAROhio	\$2,451,159	\$2,451,159	\$0
Federal National Mortgage Association Notes	4,486,200	4,486,200	0
Federal National Mortgage Association Discount Notes	495,290	495,290	0
Federal Home Loan Bank Bonds	300,000	300,000	0
Federal Home Loan Mortgage Corporation Notes	815,000	0	815,000
Federal Home Loan Mortgage Corporation Discount Notes	2,913,526	2,913,526	0
Total Investments	<u>\$11,461,175</u>	<u>\$10,646,175</u>	<u>\$815,000</u>

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

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

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

*Concentration of Credit Risk* – The County places no limit on the amount it may invest in any one issuer. The County's investments in The Federal National Mortgage Association Notes and discount notes, and Federal Home Loan Mortgage Company Notes and discount notes, represents 43.46 percent and 32.53 percent, respectively, of the County's total investments.

**NOTE 7 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal property (other than public utility) located in the County. Property tax revenue received during 2005 for real and public utility property taxes represents collections of 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) are for 2005 taxes.

2005 real property taxes are levied after October 1, 2005, on the assessed value as of January 1, 2005, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2005 real property taxes are collected in and intended to finance 2006.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2005 public utility property taxes became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory.

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

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 7- PROPERTY TAXES (Continued)**

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to each subdivision its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2005, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2005 operations, and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

The full tax rate for all County operations for the year ended December 31, 2005, was \$7.18 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

Category	Assessed Value	Percent
Real Property	\$622,233,470	84.16%
Public Utility Property	39,286,760	5.32
Tangible Personal Property	77,802,430	10.52
Totals	<u>\$739,322,660</u>	<u>100.00%</u>

**NOTE 8 - PERMISSIVE SALES AND USE TAX**

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

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

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 9 - RECEIVABLES**

Receivables at December 31, 2005, consisted of taxes, charges for services, utility accounts, special assessments, interest on investments, interfund amounts and intergovernmental receivables arising from grants, entitlements and shared revenues. Utility accounts receivable at December 31, 2005, were \$662,130. All receivables are considered fully collectible. All will be collected within one year. The County has \$18,391 of delinquent special assessments at December 31, 2005.

A summary of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amount</u>
Local Government Revenue Assistance	\$98,791
Local Government	382,982
Homestead and Rollback	200,344
Gasoline Cents Per Gallon	403,421
Gasoline Excise Tax	724,669
Auto License	608,455
Community Development Block Grant	735,570
SAPT Block Grant	1,083,924
Mental Health State Subsidy	200,521
Mental Health Block Grant	448,362
Children Services	43,748
MRDD Operating Subsidy	22,038
Rural AED Grant	16,880
CSEA	135,283
Youth Services Subsidy	126,814
Restoration of Brubaker Cover Bridge	128,850
Centerline/Edgeline Striping Project	12,785
Public Assistance	268,034
Miscellaneous	40,105
Total Governmental Activities	<u><u>\$5,681,576</u></u>
<u>Business-Type Activities:</u>	
OPWC	\$15,130
Recycle Ohio	4,000
Total Business-Type Activities	<u><u>\$19,130</u></u>

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 10 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2005, was as follows:

	Balance At 12/31/2004	Additions	Deletions	Balance At 12/31/2005
<b>Governmental Activities</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$1,933,674	\$0	\$0	\$1,933,674
Construction in Progress	612,772	104,007	(44,002)	672,777
<b>Total Capital Assets Not Being Depreciated</b>	<b>2,546,446</b>	<b>104,007</b>	<b>(44,002)</b>	<b>2,606,451</b>
<b>Depreciable Capital Assets:</b>				
Buildings, Structures, and Improvements	10,600,036	76,987	0	10,677,023
Furniture, Fixtures, and Equipment	6,627,163	776,773	(73,391)	7,330,545
Infrastructure	701,674	463,014	0	1,164,688
<b>Total Depreciable Capital Assets</b>	<b>17,928,873</b>	<b>1,316,774</b>	<b>(73,391)</b>	<b>19,172,256</b>
<b>Less Accumulated Depreciation:</b>				
Buildings, Structures, and Improvements	(2,915,792)	(97,155)	0	(3,012,947)
Furniture, Fixtures, and Equipment	(4,926,128)	(209,516)	73,391	(5,062,253)
Infrastructure	(30,838)	(38,733)	0	(69,571)
<b>Total Accumulated Depreciation</b>	<b>(7,872,758)</b>	<b>(345,404) *</b>	<b>73,391</b>	<b>(8,144,771)</b>
<b>Depreciable Capital Assets, Net</b>	<b>10,056,115</b>	<b>971,370</b>	<b>0</b>	<b>11,027,485</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$12,602,561</b>	<b>\$1,075,377</b>	<b>(\$44,002)</b>	<b>\$13,633,936</b>
	Balance at 12/31/04	Additions	Deletions	Balance at 12/31/05
<b>Business-Type Activities</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$277,213	\$175,100	\$0	\$452,313
Construction in Progress	963,241	615,763	0	1,579,004
<b>Total Capital Assets, Not Being Depreciated</b>	<b>1,240,454</b>	<b>790,863</b>	<b>0</b>	<b>2,031,317</b>
<b>Depreciable Capital Assets:</b>				
Buildings, Structures, and Improvements	739,452	0	0	739,452
Furniture, Fixtures, and Equipment	1,712,362	230,263	(47,000)	1,895,625
<b>Total Depreciable Capital Assets</b>	<b>2,451,814</b>	<b>230,263</b>	<b>(47,000)</b>	<b>2,635,077</b>
<b>Less Accumulated Depreciation:</b>				
Buildings, Structures, and Improvements	(614,887)	(23,927)	0	(638,814)
Furniture, Fixtures, and Equipment	(715,808)	(60,683)	47,000	(729,491)
<b>Total Accumulated Depreciation</b>	<b>(1,330,695)</b>	<b>(84,610)</b>	<b>47,000</b>	<b>(1,368,305)</b>
<b>Depreciable Capital Assets, Net</b>	<b>1,121,119</b>	<b>145,653</b>	<b>0</b>	<b>1,266,772</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$2,361,573</b>	<b>\$936,516</b>	<b>\$0</b>	<b>\$3,298,089</b>



**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 10 - CAPITAL ASSETS (Continued)**

\* Depreciation expense was charged to governmental programs as follows:

General Government	
Legislative and Executive	\$80,177
Judicial	7,179
Public Safety	56,044
Public Works	137,162
Health	1,727
Human Services	63,115
Total Depreciation Expense	<u>\$345,404</u>

**NOTE 11- RISK MANAGEMENT**

**Insurance**

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

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

Insurance coverage provided includes the following:

General Liability (each occurrence)	\$1,000,000
Law Enforcement Liability (each occurrence)	1,000,000
Automobile Liability (each occurrence)	1,000,000
Errors and Omissions Liability (each occurrence)	1,000,000
Excess Liability	5,000,000
Property	45,586,978
Equipment	100,000,000
Crime	1,000,000
Uninsured/Underinsured Motorists	250,000
Stop Gap Liability	1,000,000

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 11 - RISK MANAGEMENT (Continued)**

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

The County pays all elected officials' bonds by statute.

**Workers' Compensation**

Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. For 2005, the County participated in the County Commissioner's Association of Ohio Workers' Compensation Group Rating Program, provided by the County Commissioner's Association of Ohio Service Corporation (CCAOSC), a workers' compensation group purchasing pool (See Note 23). The intent of the CCAOSC is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the CCAOSC. Each participant pays its workers' compensation premium to the State based on the rate for the CCAOSC rather than its individual rate.

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

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

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 12 - DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9.0 percent. The County's contribution rate for pension benefits for 2005 was 13.31 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 13.55 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$1,040,872, \$1,163,773, and \$922,435 respectively; 69.40 percent has been contributed for 2005 and 100 percent for 2004 and 2003. Contributions to the member-directed plan for 2005 were \$4,821 made by the County and \$3,024 made by the plan members.

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual County contributions for 2005 which were used to fund postemployment benefits were \$435,968. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 14 – OTHER EMPLOYEE BENEFITS**

**Compensated Absences**

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

**Deferred Compensation Plan**

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

**Insurance**

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

**NOTE 15 - CAPITAL LEASES – LESSEE DISCLOSURE**

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

Capital assets acquired by lease have been capitalized in the statement of net assets for governmental activities in the amount of \$73,500, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net assets for governmental activities. Principal payments in fiscal year 2005 totaled \$11,866.

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 15 - CAPITAL LEASES – LESSEE DISCLOSURE (Continued)**

The assets acquired through capital leases are as follows:

	<u>Governmental</u>
Asset:	
Bus	\$73,500
Less: Accumulated Depreciation	(7,350)
Total	\$66,150

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2005.

Year Ending December 31,	<u>Total Payments</u>
2006	\$14,322
2007	14,322
2008	23,000
Total	51,644
Less: Amount Representing Interest	(4,332)
Present Value of Minimum Lease Payments	\$47,312

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 16 - LONG-TERM OBLIGATIONS**

The schedule of changes in long-term obligations of the governmental activities of the County during 2005 follows:

Types / Issues	Balance 1/1/05	Issued	Retired	Balance 12/31/05	Due Within One Year
<b>Notes Payable:</b>					
2.99% Drainage Backhoe Anticipation Note \$40,642	\$0	\$30,642	\$0	\$30,642	\$0
2.92% Console Equipment Anticipation Note \$78,230	0	38,230	0	38,230	0
2.90% Albert Ditch Construction Anticipation Note \$23,257	0	19,500	0	19,500	0
2.85% Flood Damage Repair Anticipation Note \$800,000	0	800,000	0	800,000	0
<b>Total Notes Payable</b>	<b>0</b>	<b>888,372</b>	<b>0</b>	<b>888,372</b>	<b>0</b>
<b>General Obligations Bonds:</b>					
<b>County Jail Refunding Bonds - Voted</b>					
2.00 to 3.00% - Current Interest Bonds \$2,565,000	1,515,000	0	290,000	1,225,000	295,000
11.69 to 12.08% Original Issue on Capital Appreciation Bonds \$240,000	240,000	0	0	240,000	0
Accretion on Capital Appreciation Bonds	81,362	44,140	0	125,502	0
2.00 to 3.50% 2002 Various Purpose Bonds - Unvoted \$1,440,000	1,200,000	0	125,000	1,075,000	125,000
4.40 to 6.15% - 1996 Fairgrounds Project - Unvoted \$200,000	145,000	0	135,000	10,000	10,000
<b>County Fairgrounds Refunding Bonds -</b>					
Unvoted 3.00 to 3.60% - Current Interest Bonds \$125,000	0	125,000	0	125,000	0
Unamortized Gain	0	2,786	232	2,554	0
Premium on Debt Issue	0	318	26	292	0
<b>Total General Obligation Bonds Payable</b>	<b>3,181,362</b>	<b>172,244</b>	<b>550,258</b>	<b>2,803,348</b>	<b>430,000</b>
<b>Other Long-Term Obligations:</b>					
Compensated Absences Payable	747,353	30,593	42,716	735,230	491,553
Capital Lease Payable	59,178	0	11,866	47,312	12,358
<b>Total Other Long-Term Obligations</b>	<b>806,531</b>	<b>30,593</b>	<b>54,582</b>	<b>782,542</b>	<b>503,911</b>
<b>Total - General Long-Term Obligations</b>	<b>\$3,987,893</b>	<b>\$1,091,209</b>	<b>\$604,840</b>	<b>\$4,474,262</b>	<b>933,911</b>

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 16 - LONG-TERM OBLIGATIONS (Continued)**

The 2005 Drainage Backhoe Anticipation Note was issued on May 16, 2005, in the amount of \$40,642 for the purchase of drainage backhoe equipment. The note was issued at a 2.99 percent interest rate and reached maturity on May 16, 2006. This note was refinanced prior to the issuance of the 2005 statements for \$30,642. This portion of the note is being reported as a long-term liability with the remainder as a fund obligation. The note will be paid through the Other Public Works Fund.

The 2005 Console Equipment Anticipation Note was issued on May 2, 2005, in the amount of \$78,230 for the purchase of console equipment. The note was issued at a 2.92 percent interest rate and reached maturity on May 2, 2006. This note was refinanced prior to the issuance of the 2005 statements for \$38,230. This portion of the note is being reported as a long-term liability with the remainder as a fund obligation. The note will be paid through the Other Public Safety Fund.

The 2005 Albert Ditch Construction Anticipation Note was issued on July 18, 2005, in the amount of \$23,257 for the construction of Albert Ditch. The note was issued at a 2.90 percent interest rate and reached maturity on July 18, 2006. This note was refinanced prior to the issuance of the 2005 statements for \$19,500. This portion of the note is being reported as a long-term liability with the remainder as a fund obligation. The note will be paid through the Other Public Works Fund.

The 2005 Flood Damage Repair Anticipation Note was issued on July 18, 2005, in the amount of \$800,000 for the repair from flood damage. The note was issued at a 2.85 percent interest rate and reached maturity on July 18, 2006. This note was refinanced prior to the issuance of the 2005 statements for \$1,000,000. The note is being reported as a long-term liability. The note will be paid through the Motor Vehicle License and Gas Tax Fund.

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

The 2005 County Fairgrounds Refunding Bonds were issued June 1, 2005, for the purpose of advance refunding the \$125,000 outstanding County Fairgrounds Bonds. The proceeds of \$125,000 were deposited with an escrow agent who paid the outstanding amount of the bonds except for \$10,000 of the bonds which the County will pay during 2006. As a result, \$125,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. The refunding resulted in a difference of \$2,786 between the net carrying amount of the old debt and the acquisition price. This difference, reported in the accompanying financial statements as an increase to bonds payable, is being amortized to interest expense over the life of the 2005 refunding bonds using the straight-line method. The unamortized amount of the difference at December 31, 2005, was \$2,554. Total debt service payments decreased by \$24,856 as a result of the refunding. The County also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$22,111.



**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 16 - LONG-TERM OBLIGATIONS (Continued)**

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

Changes in the long-term obligations reported for business-type activities during 2005 were as follows:

Types/Issues	Balance 1/1/05	Increases	Decreases	Balance 12/31/05	Due Witin One Year
Notes Payable:					
Landfill Compactor \$299,100	\$179,460	\$114,700	\$179,460	\$114,700	\$0
Loans Payable:					
0.00% - OWDA Loan \$820,238	239,881	570,074	0	809,955	20,249
0.00% - OPWC Loan \$227,160	181,728	0	11,358	170,370	11,358
Total Loans Payable	421,609	570,074	11,358	980,325	31,607
General Obligation Bonds Payable:					
3.75% to 5.50% - 1996 Landfill Improvement Bonds \$4,880,000	3,445,000	0	3,220,000	225,000	225,000
Discount on Debt Issue	(12,160)	0	(12,160)	0	0
3.00 to 3.60 % - Landfill Improvement Refunding Bonds \$3,445,000	0	3,195,000	0	3,195,000	0
Unamortized Loss	0	(217,278)	(18,107)	(199,171)	0
Premium on Debt Issue	0	7,577	631	6,946	0
Total General Obligation Bonds Payable	3,432,840	2,985,299	3,190,364	3,227,775	225,000
Other Long-Term Obligations:					
Compensated Absences Payable	43,057	1,270	4,553	39,774	24,627
Landfill Closure and Postclosure	2,210,791	208,797	0	2,419,588	0
Total Other Long-Term Obligations	2,253,848	210,067	4,553	2,459,362	24,627
Total - Business-type Activities	<u>\$6,287,757</u>	<u>\$3,880,140</u>	<u>\$3,385,735</u>	<u>\$6,782,162</u>	<u>\$281,234</u>

The 2005 Landfill Compactor Note was issued on April 4, 2005, in the amount of \$114,700 for the purchase of a landfill compactor. The note was issued at a 2.50 percent interest rate and will reach maturity on April 4, 2006. This note was refinanced prior to the issuance of the 2005 statements and therefore was a long-term liability. The note will be paid through the Landfill Fund.

During 2005, the County defeased the Landfill Improvement Bonds by placing proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust assets and the liability for the defeased bonds are not included in the County's financial statements.

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 16 - LONG-TERM OBLIGATIONS (Continued)**

The County has an OWDA Loan and an OPWC loan outstanding at December 31, 2005, in the amounts of \$809,955, and \$170,370 for a total of \$980,325. The OWDA loan bears an interest rate of 0 percent with final maturity on January 1, 2026. In prior years, the County assumed OWDA loans from the Village of West Elkton when the County acquired the West Elkton sewer system. The \$809,955 loan was issued in 2004 to refund the loans assumed from West Elkton and to pay for the cost of expanding the West Elkton sewer system.

The OPWC loan bears an interest rate of 0 percent and is payable in semi-annual installments through 2021. The OPWC loan was originally received by the Village of West Elkton during 1994 and 1995 in the amount of \$299,755, and was assumed by the County in 2000, when the County acquired the West Elkton sewer system. Current operations of the Sewer Fund are expected to provide sufficient cash flows to fund debt service requirements.

Principal paid in 2005 for the Landfill Improvement General Obligation Bond was \$215,000. In 2005, the Landfill Improvement General Obligation Bond was refunded in the amount of \$3,005,000, and the amortized bond premium for 2005 was \$631, and the unamortized amount is \$6,946. The bond was issued for the purpose of paying costs associated with expanding the landfill. The long-term liability for the Landfill Improvement General Obligation Bond is not related to business-type activities because the proceeds were not used to construct a capital asset reported by the County. This liability is included in the calculation of unrestricted net assets.

The 2005 Landfill Improvement Refunding Bonds were issued June 1, 2005, for the purpose of advance refunding the \$3,195,000 outstanding Landfill Improvement Bonds. The proceeds of \$3,195,000 were deposited with an escrow agent who paid the outstanding amount of the bonds, except for \$225,000 of the bond which the County will pay during 2006. As a result, \$3,195,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. The refunding resulted in a difference of \$217,278 between the net carrying amount of the old debt and the acquisition price. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the 2005 refunding bonds using the straight-line method. The unamortized amount of the difference at December 31, 2005, was \$199,171. Total debt service payments decreased by \$197,378 as a result of the refunding. The County also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$213,934.

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

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 16 - LONG-TERM OBLIGATIONS (Continued)**

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt should not exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The effects of the debt limitations at December 31, 2005, are an overall legal debt margin of \$16,983,067 and an unvoted legal debt margin of \$7,393,227.

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

Governmental Activities				
Year	General Obligation Serial Bonds		General Obligation Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
	2006	\$430,000	\$78,161	\$0
2007	440,000	64,521	0	0
2008	450,000	53,469	0	0
2009	460,000	40,850	0	0
2010	45,000	27,051	125,000	200,000
2011-2015	280,000	108,277	115,000	210,000
2016-2020	270,000	49,045	0	0
2021	60,000	2,670	0	0
Totals	\$2,435,000	\$424,044	\$240,000	\$410,000

Business-Type Activities			
Year	Loans Payable	General Obligation Bonds	
	Principal	Principal	Interest
2006	\$31,607	\$225,000	\$192,964
2007	51,856	200,000	107,650
2008	51,856	295,000	101,650
2009	51,856	300,000	92,800
2010	51,856	310,000	83,800
2011-2015	259,280	1,710,000	258,297
2016-2020	259,280	380,000	13,680
2021-2025	202,490	0	0
2026	20,244	0	0
Totals	\$980,325	\$3,420,000	\$850,841

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 17 – SHORT-TERM OBLIGATIONS**

Changes in the short-term obligations during 2005 were as follows:

Fund Type/Fund/Issue	Interest Rate	Balance at January 1, 2005	Increases	Decreases	Balance at December 31, 2005
<u>Governmental</u>					
Motor Vehicle License and Gas Tax					
Flood Damage	2.85%	\$1,100,000	\$0	\$1,100,000	\$0
Mental Retardation Levy					
Mental Retardation Development	3.35%	229,500	204,500	229,500	204,500
Other Public Works					
Albert Ditch Construction	2.90%	27,500	3,757	27,500	3,757
Other Public Works					
Drainage Backhoe	2.99%	-	10,000	-	10,000
Other Public Safety					
Console Equipment	2.92%	-	40,000	-	40,000
Total Governmental Funds		<u>\$1,357,000</u>	<u>\$258,257</u>	<u>\$1,357,000</u>	<u>\$258,257</u>
<u>Business-Type Activities</u>					
Dump Truck Acquisition Note	1.27%	\$68,000	\$0	\$68,000	\$0
Land Acquisition Note	3.35%	0	50,000	0	50,000
Total Business-Type Funds		<u>\$68,000</u>	<u>\$50,000</u>	<u>\$68,000</u>	<u>\$50,000</u>

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

The Flood Damage Note and Dump Truck Acquisition Note were retired in 2005 from the Motor Vehicle License and Gas Tax Fund and Landfill Fund, respectively.

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 18 - INTERFUND ASSETS/LIABILITES**

Interfund balances at December 31, 2005, consisted of the following amounts and result from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be paid within one year.

Interfund Payable	Interfund Receivable				Total
	General Fund	Motor Vehicle and Gas Tax Fund	Other Governmental Funds	Sewer Enterprise Fund	
General Fund	\$0	\$37,579	\$12,261	\$0	\$49,840
Motor Vehicle and Gas Tax Fund	0	0	4,835	0	4,835
Other Governmental Funds	290,130	0	12,739	14,564	317,433
Landfill Enterprise Fund	287,384	0	0	0	287,384
Total	<u>\$577,514</u>	<u>\$37,579</u>	<u>\$29,835</u>	<u>\$14,564</u>	<u>\$659,492</u>

Interfund transfers for the year ended December 31, 2005, consisted of the following:

Transfers From	Transfers To			Total
	Internal Service Fund	Human Services Fund	Other Governmental Funds	
General Fund	\$16,197	\$109,527	\$374,860	\$500,584

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

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 19 - RELATED ORGANIZATIONS**

**Preble County Library Board**

The Preble County Library Board is a related organization of the County. The County Officials (the Commissioners, the Probate Court and the Common Pleas Court) are responsible for appointing the trustees of the Library Board; however, the County Officials cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the County. Although the County does serve as the taxing authority and may issue tax related debt on behalf of the Library Board, its role is limited to a ministerial function. Once the Library Board determines to present a levy to the voters, including the determination of the rate and duration, the County must place the levy on the ballot. The Library may issue debt and determines its own budget. During 2005, the County did not make any significant financial contributions to the operation of the Library. Financial information for the Library may be obtained by writing to the Treasurer of the Preble County Library Board, 450 S. Barron Street, Eaton, Ohio 45320.

**Preble Metropolitan Housing Authority**

The Preble Metropolitan Housing Authority (PMHA) is a related organization to the County. The general purpose of the PMHA is to provide decent, safe, and sanitary housing for qualified persons within the County. The ability to influence operations depends on the County's representation on the Board. The PMHA Board is composed of five representatives: one member appointed by the County Common Pleas Court Judge; one member appointed by the County Commissioners; one member appointed by the County Probate Court Judge; and two members appointed by the Mayor of Eaton. During 2005, the County did not make any significant financial contributions to the operation of the PMHA. Financial information may be obtained by writing to Alice Flora, Director of the Preble Metropolitan Housing Authority, 100 East Main Street, Eaton, Ohio 45320.

**NOTE 20 - JOINT VENTURE**

**Preble County Emergency Management Agency**

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

The Board is composed of the following seven members: one County Commissioner representing the Board of County Commissioners; five chief executives representing the municipal corporations and townships entering into the agreement; and one non-elected representative. The County contributed \$61,849 for the operation of the agency during 2005.

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 20 - JOINT VENTURE (Continued)**

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

**NOTE 21 - JOINTLY GOVERNED ORGANIZATION**

**West Central Ohio Network**

The West Central Ohio Network (WestCON) is a jointly governed organization among Auglaize, Dark, Logan Mercer, Miami, Preble, Shelby, and Union. WestCON was formed to administer supported living services for persons with mental retardation or developmental disabilities in these counties. The executive committee consists of eight members that are the Superintendents of each local county board of mental retardation and development disabilities which is a WestCON member. Preble County made two payments that totaled \$402,889 to West Central Ohio Network during 2005.

**NOTE 22 – RISK SHARING POOL**

**County Risk Sharing Authority, Inc.**

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

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgetary and financing of CORSA is limited to its voting authority and any representative it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payments of the certificates. The County does not have an equity interest in CORSA.

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 23 - GROUP PURCHASING POOL**

**County Commissioner's Association of Ohio Service Corporation**

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

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

**NOTE 24 - CLOSURE AND POSTCLOSURE COSTS**

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

The \$2,419,588 reported as a landfill closure and postclosure care liability at December 31, 2005, represents the cumulative amount reported to date based on the use of 29.01 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$5,920,570 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2005. The County expects to close the landfill in the year 2044.

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



**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 25 - CONTINGENT LIABILITIES**

**Litigation**

The County is involved in a number of claims and lawsuits which may be classified as routine litigation in which minimal non-material damages are being sought. In addition, the County is a defendant in numerous other claims and lawsuits ranging from tort liability to civil rights litigation in which the County believes the amounts claimed are overstated and not fair estimates of the ultimate settlements, if any, of these claims. Amounts paid by the County in 2005 for litigation that was settled were not material.

**Federal and State Grants**

The County participates in a number of Federal and State assisted grant programs. The major programs are: community development block grant; Ohio Department of Human Services; and Ohio Commission of Aging. These programs are subject to financial and compliance audits by grantors or representatives. At December 31, 2005, the audits of certain programs had not been completed. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The County believes that disallowed claims, if any, will not have a material adverse effect on the County's financial position.

**NOTE 26 - RELATED PARTY TRANSACTIONS**

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

**NOTE 27 – SUBSEQUENT EVENT**

During April and June 2006, the County issued short-term notes in the amounts of \$57,350 for a landfill compactor, \$38,230 for console equipment, \$30,642 for drainage backhoe equipment, \$225,000 for electronic documentation date system equipment, \$19,500 for Albert Ditch construction, and \$1,000,000 for flood damage repairs. The notes have interest rates of 4.11%, 4.25%, 4.25%, 4.25%, 4.38% and 4.25%, respectively, and will mature on April 4, 2007, April 17, 2007, April 17, 2007, April 17, 2007, June 28, 2007, and April 17, 2007, respectively.

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE 28 - DISCRETELY PRESENTED COMPONENT UNIT**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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

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

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 28 - DISCRETELY PRESENTED COMPONENT UNIT (Continued)**

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

ADVERTISING - Advertising costs are expensed as incurred.

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

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

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

**CONCENTRATIONS OF CREDIT RISK**

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

Two customers represent 71% of total assembly contract billings for 2005, and one customer represents 76% of accounts receivable at December 31, 2005.

**PROPERTY AND EQUIPMENT**

Property and equipment consists of:

<u>2005</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Leasehold Improvements	\$76,534	\$30,563	\$45,971
Vehicles	71,671	71,671	0
Machinery and Equipment	131,598	115,901	15,697
Total	<u>\$279,803</u>	<u>\$218,135</u>	<u>\$61,668</u>

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

**PREBLE COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 28 - DISCRETELY PRESENTED COMPONENT UNIT (Continued)**

**DONATED SERVICES AND FACILITIES**

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

	2005
Donated Services	
Salaries and benefits expense incurred by MRDD Board	\$1,280,482
Less payments from L&M Products	(4,189)
Value of all donated services	\$1,276,293
Donated Facilities	
Costs paid by MRDD Board	\$134,549
Estimated Equivalent Rental Value of Facilities	
Owned by MRDD Board	80,314
Value of facilities donated by MRDD Board	\$214,863

**RELATED PARTY TRANSACTIONS**

Two board members are employed by customers of the Company; another has a spouse who is a member of the MRDD Board and a family member who is employed by the Company. One board member is employed by a bank in which the Company maintains deposit accounts, and has a family member employed by the Company.

**MRDD ENDOWMENT FUND**

L&M Products is the funds custodian for an endowment fund established by the MRDD Board. As such, it collects contributions and the proceeds from fundraisers conducted by the MRDD board, and disburses funds pursuant to the terms of the endowment as requested by the MRDD Board. Activity for 2005 consists of:

Account balance, December 31, 2004	\$2,669
Contributions	2,061
Interest Income	38
Account balance, December 31, 2005	\$4,768

COMBINING FINANCIAL STATEMENTS  
AND  
INDIVIDUAL FUND SCHEDULES

PREBLE COUNTY, OHIO  
NONMAJOR FUND DESCRIPTIONS

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Special Revenue Funds

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

Children Services

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

Other Legislative and Executive

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

Other Judicial

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

Other Public Safety

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

Other Public Works

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

Other Health

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

Other Human Services

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

Other Community and Economic Development

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

Debt Service Fund

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

General Obligation Bond Retirement

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

(continued)

PREBLE COUNTY, OHIO  
NONMAJOR FUND DESCRIPTIONS  
(Continued)

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Capital Projects Funds

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

Issue II

To account for capital grants received from the Ohio Public Works Commission for an improvement project for multiple bridge and culvert replacements. Budgetary information has not been presented for this fund because the County did not anticipate any revenues or expenditures in 2005 and none occurred. The budgetary fund balance was \$2,800 at December 31, 2005.

Permanent Improvement

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

Building Construction

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

Ditch and Guardrail Construction

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

Road and Bridge Construction

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

PREBLE COUNTY, OHIO  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,312,442	\$515,023	\$415,963	\$3,243,428
Cash and Cash Equivalents in Segregated Accounts	110,784	0	0	110,784
Receivables:				
Property Taxes	420,631	204,971	0	625,602
Accounts	23,831	0	39,928	63,759
Special Assessments	172,033	0	2,464	174,497
Interfund	29,835	0	0	29,835
Due From Other Governments	1,077,600	13,288	141,635	1,232,523
Materials and Supplies Inventory	663	0	0	663
<b>Total Assets</b>	<b>\$4,147,819</b>	<b>\$733,282</b>	<b>\$599,990</b>	<b>\$5,481,091</b>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	\$91,500	\$0	\$14,344	\$105,844
Contracts Payable	238,062	0	25,385	263,447
Accrued Salaries Payable	33,115	0	0	33,115
Due to Other Governments	112,559	0	0	112,559
Interfund Payable	267,739	0	49,694	317,433
Deferred Revenue	1,633,325	218,392	144,099	1,995,816
Notes Payable	53,757	0	0	53,757
Accrued Interest Payable	1,015	0	0	1,015
<b>Total Liabilities</b>	<b>2,431,072</b>	<b>218,392</b>	<b>233,522</b>	<b>2,882,986</b>
 <b>Fund Balances:</b>				
Reserved for Encumbrances	202,216	0	101,587	303,803
Unreserved				
Undesignated, Reported in:				
Special Revenue Funds	1,514,531	0	0	1,514,531
Debt Service Fund	0	514,890	0	514,890
Capital Projects Funds	0	0	264,881	264,881
<b>Total Fund Balances</b>	<b>1,716,747</b>	<b>514,890</b>	<b>366,468</b>	<b>2,598,105</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$4,147,819</b>	<b>\$733,282</b>	<b>\$599,990</b>	<b>\$5,481,091</b>



PREBLE COUNTY, OHIO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$459,424	\$226,524	\$0	\$685,948
Charges for Services	1,119,999	0	0	1,119,999
Licenses and Permits	74,733	0	0	74,733
Fines and Forfeitures	50,241	0	0	50,241
Intergovernmental	2,479,558	27,076	453,261	2,959,895
Special Assessments	129,540	0	0	129,540
Interest	6,191	0	236	6,427
Other	10,828	156,937	59,928	227,693
<b>Total Revenues</b>	<b>4,330,514</b>	<b>410,537</b>	<b>513,425</b>	<b>5,254,476</b>
<b>Expenditures:</b>				
Current:				
General Government:				
Legislative and Executive	597,512	0	0	597,512
Judicial	276,886	0	0	276,886
Public Safety	773,614	0	0	773,614
Public Works	208,679	0	0	208,679
Health	115,849	0	0	115,849
Human Services	2,557,894	0	0	2,557,894
Community and Economic Development	617,043	0	0	617,043
Capital Outlay	0	0	694,100	694,100
Debt Service:				
Principal Retirement	0	425,000	0	425,000
Interest and Fiscal Charges	1,403	84,918	0	86,321
Issuance Costs	0	3,104	0	3,104
<b>Total Expenditures</b>	<b>5,148,880</b>	<b>513,022</b>	<b>694,100</b>	<b>6,356,002</b>
Excess of Revenues Under Expenditures	(818,366)	(102,485)	(180,675)	(1,101,526)
<b>Other Financing Sources (Uses):</b>				
Refunding Bonds Issued	0	125,000	0	125,000
Premium on Debt Issued	0	318	0	318
Payment to Refunded Bond Escrow	0	(122,214)	0	(122,214)
Notes Issued	88,372	0	0	88,372
Transfers - In	374,860	0	0	374,860
<b>Total Other Financing Sources (Uses)</b>	<b>463,232</b>	<b>3,104</b>	<b>0</b>	<b>466,336</b>
Net Change in Fund Balances	(355,134)	(99,381)	(180,675)	(635,190)
Fund Balances at Beginning of Year	2,071,881	614,271	547,143	3,233,295
Fund Balances at End of Year	\$1,716,747	\$514,890	\$366,468	\$2,598,105

PREBLE COUNTY, OHIO  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2005

	Children Services	Other Legislative and Executive	Other Judicial
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$247,340	\$624,616	\$159,947
Cash and Cash Equivalents in Segregated Accounts	0	0	0
Receivables:			
Property Taxes	420,631	0	0
Accounts	0	0	14,704
Special Assessments	0	0	0
Interfund	0	0	0
Due from Other Governments	198,336	0	0
Materials and Supplies Inventory	0	0	0
	<u>\$866,307</u>	<u>\$624,616</u>	<u>\$174,651</u>
<b>Total Assets</b>	<u>\$866,307</u>	<u>\$624,616</u>	<u>\$174,651</u>
 <b>Liabilities and Fund Balances:</b>			
Accounts Payable	\$82,145	\$459	\$1,216
Contracts Payable	92,350	0	308
Accrued Salaries Payable	0	6,892	4,419
Due to Other Governments	47,725	9,724	7,229
Interfund Payable	0	12,739	0
Deferred Revenue	575,600	0	0
Notes Payable	0	0	0
Accrued Interest Payable	0	0	0
	<u>797,820</u>	<u>29,814</u>	<u>13,172</u>
<b>Total Liabilities</b>	<u>797,820</u>	<u>29,814</u>	<u>13,172</u>
 <b>Fund Balances:</b>			
Reserved for Encumbrances	0	72,061	1,413
Unreserved			
Undesignated (Deficit)	68,487	522,741	160,066
	<u>68,487</u>	<u>594,802</u>	<u>161,479</u>
<b>Total Fund Balances (Deficit)</b>	<u>68,487</u>	<u>594,802</u>	<u>161,479</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$866,307</u>	<u>\$624,616</u>	<u>\$174,651</u>

Other Public Safety	Other Public Works	Other Health	Other Human Services	Other Community and Economic Development	Total Nonmajor Special Revenue Funds
\$629,678	\$51,059	\$7,526	\$441,297	\$150,979	\$2,312,442
110,784	0	0	0	0	110,784
0	0	0	0	0	420,631
8,263	0	60	804	0	23,831
0	172,033	0	0	0	172,033
0	4,835	25,000	0	0	29,835
143,694	0	0	0	735,570	1,077,600
0	0	0	663	0	663
<u>\$892,419</u>	<u>\$227,927</u>	<u>\$32,586</u>	<u>\$442,764</u>	<u>\$886,549</u>	<u>\$4,147,819</u>
\$3,214	\$0	\$0	\$4,466	\$0	\$91,500
10,605	134	0	34	134,631	238,062
543	2,852	2,212	15,934	263	33,115
12,868	5,271	3,129	22,842	3,771	112,559
0	255,000	0	0	0	267,739
150,122	172,033	0	0	735,570	1,633,325
40,000	13,757	0	0	0	53,757
778	237	0	0	0	1,015
<u>218,130</u>	<u>449,284</u>	<u>5,341</u>	<u>43,276</u>	<u>874,235</u>	<u>2,431,072</u>
28,615	143	70	95,123	4,791	202,216
<u>645,674</u>	<u>(221,500)</u>	<u>27,175</u>	<u>304,365</u>	<u>7,523</u>	<u>1,514,531</u>
<u>674,289</u>	<u>(221,357)</u>	<u>27,245</u>	<u>399,488</u>	<u>12,314</u>	<u>1,716,747</u>
<u>\$892,419</u>	<u>\$227,927</u>	<u>\$32,586</u>	<u>\$442,764</u>	<u>\$886,549</u>	<u>\$4,147,819</u>

PREBLE COUNTY, OHIO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Children Services	Other Legislative and Executive	Other Judicial
<b>Revenues:</b>			
Property Taxes	\$372,234	\$87,190	\$0
Charges for Services	56,521	351,890	277,653
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	834,656	12,682	520
Special Assessments	0	0	0
Interest	0	0	0
Other	444	0	0
Total Revenues	<u>1,263,855</u>	<u>451,762</u>	<u>278,173</u>
<b>Expenditures:</b>			
Current:			
General Government			
Legislative and Executive	0	597,512	0
Judicial	0	0	276,886
Public Safety	0	0	0
Public Works	0	0	0
Health	0	0	0
Human Services	1,646,245	0	0
Community and Economic Development	0	0	0
Debt Service:			
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>1,646,245</u>	<u>597,512</u>	<u>276,886</u>
Excess of Revenues Over (Under) Expenditures	<u>(382,390)</u>	<u>(145,750)</u>	<u>1,287</u>
<b>Other Financing Sources:</b>			
Notes Issued	0	0	0
Transfers - In	320,078	0	0
Total Other Financing Sources	<u>320,078</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(62,312)	(145,750)	1,287
Fund Balances (Deficit) at Beginning of Year	<u>130,799</u>	<u>740,552</u>	<u>160,192</u>
Fund Balances (Deficit) at End of Year	<u><u>\$68,487</u></u>	<u><u>\$594,802</u></u>	<u><u>\$161,479</u></u>

Other Public Safety	Other Public Works	Other Health	Other Human Services	Other Community and Economic Development	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$459,424
232,001	23,992	29,709	148,233	0	1,119,999
11,139	0	63,594	0	0	74,733
38,623	0	11,618	0	0	50,241
357,500	0	0	747,134	527,066	2,479,558
0	129,540	0	0	0	129,540
6,191	0	0	0	0	6,191
0	0	698	9,686	0	10,828
<u>645,454</u>	<u>153,532</u>	<u>105,619</u>	<u>905,053</u>	<u>527,066</u>	<u>4,330,514</u>
0	0	0	0	0	597,512
0	0	0	0	0	276,886
773,614	0	0	0	0	773,614
0	208,679	0	0	0	208,679
0	0	115,849	0	0	115,849
0	0	0	911,649	0	2,557,894
0	0	0	0	617,043	617,043
0	0	0	0	0	0
<u>778</u>	<u>625</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,403</u>
<u>774,392</u>	<u>209,304</u>	<u>115,849</u>	<u>911,649</u>	<u>617,043</u>	<u>5,148,880</u>
<u>(128,938)</u>	<u>(55,772)</u>	<u>(10,230)</u>	<u>(6,596)</u>	<u>(89,977)</u>	<u>(818,366)</u>
38,230	50,142	0	0	0	88,372
0	0	32,311	22,471	0	374,860
<u>38,230</u>	<u>50,142</u>	<u>32,311</u>	<u>22,471</u>	<u>0</u>	<u>463,232</u>
(90,708)	(5,630)	22,081	15,875	(89,977)	(355,134)
<u>764,997</u>	<u>(215,727)</u>	<u>5,164</u>	<u>383,613</u>	<u>102,291</u>	<u>2,071,881</u>
<u>\$674,289</u>	<u>(\$221,357)</u>	<u>\$27,245</u>	<u>\$399,488</u>	<u>\$12,314</u>	<u>\$1,716,747</u>

PREBLE COUNTY, OHIO  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 DECEMBER 31, 2005

	Issue II	Permanent Improvement	Building Construction	Ditch and Guardrail Construction	Road and Bridge Construction	Total Nonmajor Capital Projects Funds
<b>Assets:</b>						
Equity in Pooled Cash and Cash Equivalents	\$2,800	\$373,341	\$15,649	\$24,173	\$0	\$415,963
Receivables:						
Accounts	0	39,928	0	0	0	39,928
Special Assessments	0	0	0	2,464	0	2,464
Due From Other Governments	0	0	0	0	141,635	141,635
<b>Total Assets</b>	<b>\$2,800</b>	<b>\$413,269</b>	<b>\$15,649</b>	<b>\$26,637</b>	<b>\$141,635</b>	<b>\$599,990</b>
<b>Liabilities and Fund Balances:</b>						
Accounts Payable	\$0	\$14,344	\$0	\$0	\$0	\$14,344
Contracts Payable	0	14,312	0	11,073	0	25,385
Interfund Payable	0	14,564	0	35,130	0	49,694
Deferred Revenue	0	0	0	2,464	141,635	144,099
<b>Total Liabilities</b>	<b>0</b>	<b>43,220</b>	<b>0</b>	<b>48,667</b>	<b>141,635</b>	<b>233,522</b>
<b>Fund Balances:</b>						
Reserved for Encumbrances	0	89,770	745	11,072	0	101,587
Unreserved:						
Undesignated (Deficit)	2,800	280,279	14,904	(33,102)	0	264,881
<b>Total Fund Balances (Deficit)</b>	<b>2,800</b>	<b>370,049</b>	<b>15,649</b>	<b>(22,030)</b>	<b>0</b>	<b>366,468</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,800</b>	<b>\$413,269</b>	<b>\$15,649</b>	<b>\$26,637</b>	<b>\$141,635</b>	<b>\$599,990</b>

PREBLE COUNTY, OHIO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Issue II	Permanent Improvement	Building Construction	Ditch and Guardrail Construction	Road and Bridge Construction	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>						
Intergovernmental	\$0	\$0	\$0	\$172,814	\$280,447	\$453,261
Interest	0	0	236	0	0	236
Other	0	59,928	0	0	0	59,928
Total Revenues	0	59,928	236	172,814	280,447	513,425
<b>Expenditures:</b>						
Capital Outlay	0	214,927	1,855	196,871	280,447	694,100
Net Change in Fund Balances	0	(154,999)	(1,619)	(24,057)	0	(180,675)
Fund Balances at Beginning of Year	2,800	525,048	17,268	2,027	0	547,143
Fund Balances (Deficit) at End of Year	<u>\$2,800</u>	<u>\$370,049</u>	<u>\$15,649</u>	<u>(\$22,030)</u>	<u>\$0</u>	<u>\$366,468</u>

PREBLE COUNTY, OHIO  
AGENCY FUND DESCRIPTIONS

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

Health

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

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

Payroll Distribution

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

Soil and Water Conservation

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

Forfeited Land Sales

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

Disaster Services

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

(Continued)



PREBLE COUNTY, OHIO  
AGENCY FUND DESCRIPTIONS  
(Continued)

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Emergency Planning Committee - Right to Know

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

Family and Children's First Council

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

Housing Trust

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

Law Library

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

Undivided General Tax

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

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

Fines

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

(Continued)

PREBLE COUNTY, OHIO  
AGENCY FUND DESCRIPTIONS  
(Continued)

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Local Government

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

Council on Aging

To account for receipts and distribution of tax revenue.

Sheriff Agency

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

Alimony and Child Support

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

County Court Agency

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

Health and Life Insurance

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

Undivided General Real Estate Escrow

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

PREBLE COUNTY, OHIO  
 COMBINING STATEMENT OF CHANGES IN  
 ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Beginning Balance 1/1/2005	Additions	Reductions	Ending Balance 12/31/2005
<b>HEALTH</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$340,589	\$1,683,906	\$1,597,539	\$426,956
Receivables:				
Property Taxes	277,353	298,813	277,353	298,813
Special Assessments	864	996	864	996
Due from Other Governments	15,026	15,184	15,026	15,184
Total Assets	<u>\$633,832</u>	<u>\$1,998,899</u>	<u>\$1,890,782</u>	<u>\$741,949</u>
<b>Liabilities:</b>				
Accrued Salaries Payable	\$30,124	\$31,388	\$30,124	\$31,388
Due to Other Governments	40,075	16,303	40,075	16,303
Deposits Held and Due to Others	563,633	2,069,098	1,938,473	694,258
Total Liabilities	<u>\$633,832</u>	<u>\$2,116,789</u>	<u>\$2,008,672</u>	<u>\$741,949</u>
<b>PAYROLL DISTRIBUTION</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$66,513</u>	<u>\$0</u>	<u>\$1,781</u>	<u>\$64,732</u>
<b>Liabilities:</b>				
Undistributed Money	<u>\$66,513</u>	<u>\$0</u>	<u>\$1,781</u>	<u>\$64,732</u>
<b>SOIL AND WATER CONSERVATION</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$46,546</u>	<u>\$236,161</u>	<u>\$269,991</u>	<u>\$12,716</u>
<b>Liabilities:</b>				
Accrued Salaries Payable	\$6,450	\$6,610	\$6,450	\$6,610
Due to Other Governments	8,307	9,352	8,307	9,352
Undistributed Money	31,789	250,918	285,953	(3,246)
Total Liabilities	<u>\$46,546</u>	<u>\$266,880</u>	<u>\$300,710</u>	<u>\$12,716</u>
<b>FORFEITED LAND SALES</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$29,042</u>	<u>\$0</u>	<u>\$0</u>	<u>\$29,042</u>
<b>Liabilities:</b>				
Deposits Held and Due to Others	<u>\$29,042</u>	<u>\$0</u>	<u>\$0</u>	<u>\$29,042</u>

(Continued)

PREBLE COUNTY, OHIO  
 COMBINING STATEMENT OF CHANGES IN  
 ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2005  
 (Continued)

	Beginning Balance 1/1/2005	Additions	Reductions	Ending Balance 12/31/2005
<b>DISASTER SERVICES</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$85,951	\$213,382	\$206,539	\$92,794
<b>Liabilities:</b>				
Accounts Payable	\$261	\$185	\$261	\$185
Contracts Payable	0	71	0	71
Accrued Salaries Payable	2,130	1,920	2,130	1,920
Due to Other Governments	2,857	22,777	2,857	22,777
Undistributed Money	80,703	218,630	231,492	67,841
Total Liabilities	\$85,951	\$243,583	\$236,740	\$92,794
<b>EMERGENCY PLANNING COMMITTEE-RIGHT TO KNOW</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$51,062	\$18,320	\$11,188	\$58,194
<b>Liabilities:</b>				
Undistributed Money	\$51,062	\$18,320	\$11,188	\$58,194
<b>FAMILY AND CHILDREN'S FIRST COUNCIL</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$124,416	\$242,515	\$314,208	\$52,723
<b>Liabilities:</b>				
Accrued Salaries Payable	\$1,520	\$1,581	\$1,520	\$1,581
Due to Other Governments	2,037	2,394	2,037	2,394
Deposits Held and Due to Others	120,859	246,072	318,183	48,748
Total Liabilities	\$124,416	\$250,047	\$321,740	\$52,723
<b>HOUSING TRUST</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$62,509	\$255,580	\$254,380	\$63,709
<b>Liabilities:</b>				
Deposits Held and Due to Others	\$62,509	\$255,580	\$254,380	\$63,709
<b>LAW LIBRARY</b>				
<b>Assets:</b>				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$51,025	\$51,025	\$0
<b>Liabilities:</b>				
Accounts Payable	\$0	\$4,046	\$0	\$4,046
Deposits Held and Due to Others	0	51,025	55,071	(4,046)
Total Liabilities	\$0	\$55,071	\$55,071	\$0

(Continued)

PREBLE COUNTY, OHIO  
 COMBINING STATEMENT OF CHANGES IN  
 ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2005  
 (Continued)

	Beginning Balance 1/1/2005	Additions	Reductions	Ending Balance 12/31/2005
<b>UNDIVIDED GENERAL TAX</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,552,269	\$65,380,705	\$65,912,612	\$1,020,362
Receivables:				
Property Taxes	35,060,996	42,474,985	35,060,996	42,474,985
Accounts	8,780	12,637	8,780	12,637
Special Assessments	972,255	844,780	972,255	844,780
Due from Other Governments	1,773,404	1,725,763	1,773,404	1,725,763
Total Assets	<u>\$39,367,704</u>	<u>\$110,438,870</u>	<u>\$103,728,047</u>	<u>\$46,078,527</u>
<b>Liabilities:</b>				
Accrued Salaries Payable	\$79	\$79	\$79	\$79
Due to Other Governments	37,815,537	45,058,276	37,815,537	45,058,276
Undistributed Money	1,552,088	65,380,886	65,912,802	1,020,172
Total Liabilities	<u>\$39,367,704</u>	<u>\$110,439,241</u>	<u>\$103,728,418</u>	<u>\$46,078,527</u>
<b>FINES</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,115	\$154,978	\$154,978	\$1,115
Receivables:				
Accounts	0	13,854	0	13,854
Total Assets	<u>\$1,115</u>	<u>\$168,832</u>	<u>\$154,978</u>	<u>\$14,969</u>
<b>Liabilities:</b>				
Undistributed Money	\$1,115	\$154,978	\$154,978	\$1,115
Deposits Held and Due to Others	0	13,854	0	13,854
Total Liabilities	<u>\$1,115</u>	<u>\$168,832</u>	<u>\$154,978</u>	<u>\$14,969</u>
<b>LOCAL GOVERNMENT</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$0	\$1,768,674	\$1,768,674	\$0
Due from Other Governments	492,401	503,067	492,401	503,067
Total Assets	<u>\$492,401</u>	<u>\$2,271,741</u>	<u>\$2,261,075</u>	<u>\$503,067</u>
<b>Liabilities:</b>				
Due to Other Governments	\$492,401	\$503,067	\$492,401	\$503,067
Undistributed Money	0	1,768,674	1,768,674	0
Total Liabilities	<u>\$492,401</u>	<u>\$2,271,741</u>	<u>\$2,261,075</u>	<u>\$503,067</u>
<b>COUNCIL ON AGING</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$23,011	\$719,976	\$719,976	\$23,011
Due from Other Governments	34,615	34,980	34,615	34,980
Total Assets	<u>\$57,626</u>	<u>\$754,956</u>	<u>\$754,591</u>	<u>\$57,991</u>
<b>Liabilities:</b>				
Undistributed Money	\$57,626	\$731,945	\$754,591	\$34,980
Deposits Held and Due to Others	0	23,011	0	23,011
Total Liabilities	<u>\$57,626</u>	<u>\$754,956</u>	<u>\$754,591</u>	<u>\$57,991</u>

(Continued)

PREBLE COUNTY, OHIO  
 COMBINING STATEMENT OF CHANGES IN  
 ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2005  
 (Continued)

	Beginning Balance 1/1/2005	Additions	Reductions	Ending Balance 12/31/2005
<b>SHERIFF AGENCY</b>				
<b>Assets:</b>				
Cash and Cash Equivalents in Segregated Accounts	\$315,050	\$1,963,487	\$2,178,995	\$99,542
<b>Liabilities:</b>				
Deposits Held and Due to Others	\$315,050	\$1,963,487	\$2,178,995	\$99,542
<b>ALIMONY AND CHILD SUPPORT</b>				
<b>Assets:</b>				
Cash and Cash Equivalents in Segregated Accounts	\$1,600	\$342,902	\$342,908	\$1,594
<b>Liabilities:</b>				
Deposits Held and Due to Others	\$1,600	\$342,902	\$342,908	\$1,594
<b>COUNTY COURT AGENCY</b>				
<b>Assets:</b>				
Cash and Cash Equivalents in Segregated Accounts	\$449,532	\$5,276,444	\$5,049,123	\$676,853
Receivables:				
Accounts	78,389	85,626	78,389	85,626
Total Assets	\$527,921	\$5,362,070	\$5,127,512	\$762,479
<b>Liabilities:</b>				
Deposits Held and Due to Others	\$527,921	\$5,362,070	\$5,127,512	\$762,479
<b>HEALTH AND LIFE INSURANCE</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$24,574	\$2,152,245	\$2,122,393	\$54,426
<b>Liabilities:</b>				
Undistributed Money	\$24,574	\$2,152,245	\$2,122,393	\$54,426
<b>UNDIVIDED GENERAL REAL ESTATE ESCROW</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$21,182	\$14,659	\$4,301	\$31,540
<b>Liabilities:</b>				
Undistributed Money	\$21,182	\$14,659	\$4,301	\$31,540

(Continued)

PREBLE COUNTY, OHIO  
 COMBINING STATEMENT OF CHANGES IN  
 ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2005  
 (Continued)

	Beginning Balance 1/1/2005	Additions	Reductions	Ending Balance 12/31/2005
<b>TOTAL AGENCY FUNDS</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,428,779	\$72,841,101	\$73,338,560	\$1,931,320
Cash and Cash Equivalents in Segregated Accounts	766,182	7,633,858	7,622,051	777,989
Receivables:				
Property Taxes	35,338,349	42,773,798	35,338,349	42,773,798
Accounts	87,169	112,117	87,169	112,117
Special Assessments	973,119	845,776	973,119	845,776
Due from Other Governments	2,315,446	2,278,994	2,315,446	2,278,994
Total Assets	<u>\$41,909,044</u>	<u>\$126,485,644</u>	<u>\$119,674,694</u>	<u>\$48,719,994</u>
<b>Liabilities:</b>				
Accounts Payable	\$261	\$4,231	\$261	\$4,231
Contracts Payable	0	71	0	71
Accrued Salaries Payable	40,303	41,578	40,303	41,578
Due to Other Governments	38,361,214	45,612,169	38,361,214	45,612,169
Undistributed Money	1,886,652	70,691,255	71,248,153	1,329,754
Deposits Held and Due to Others	1,620,614	10,327,099	10,215,522	1,732,191
Total Liabilities	<u>\$41,909,044</u>	<u>\$126,676,403</u>	<u>\$119,865,453</u>	<u>\$48,719,994</u>

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$1,588,200	\$1,608,432	\$20,232
Permissive Sales Tax	4,350,000	4,341,301	(8,699)
Charges for Services	1,788,230	1,654,073	(134,157)
Licenses and Permits	3,500	3,455	(45)
Fines and Forfeitures	77,656	67,821	(9,835)
Intergovernmental	1,097,000	1,116,197	19,197
Interest	275,000	373,220	98,220
Other	302,340	296,185	(6,155)
<b>Total Revenues</b>	<b>9,481,926</b>	<b>9,460,684</b>	<b>(21,242)</b>
<b>Expenditures:</b>			
Current:			
General Government			
Legislative and Executive			
County Commissioners			
Personal Services	358,325	354,696	3,629
Materials and Supplies	6,083	5,914	169
Charges and Services	210,671	159,262	51,409
Other	78,605	74,390	4,215
<b>Total County Commissioners</b>	<b>653,684</b>	<b>594,262</b>	<b>59,422</b>
Microfilm			
Personal Services	80,291	76,684	3,607
Materials and Supplies	4,064	2,211	1,853
Charges and Services	2,151	1,816	335
Other	10,457	7,333	3,124
<b>Total Microfilm</b>	<b>96,963</b>	<b>88,044</b>	<b>8,919</b>
County Auditor			
Personal Services	186,047	185,547	500
Materials and Supplies	4,373	3,090	1,283
Charges and Services	5,893	3,495	2,398
Other	2,555	1,512	1,043
<b>Total County Auditor</b>	<b>198,868</b>	<b>193,644</b>	<b>5,224</b>
County Treasurer			
Personal Services	64,871	63,451	1,420
Materials and Supplies	8,378	8,179	199
Charges and Services	11,219	9,665	1,554
Other	100	0	100
<b>Total County Treasurer</b>	<b>\$84,568</b>	<b>\$81,295</b>	<b>\$3,273</b>

(Continued)



PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)

	Budget	Actual	Variance Positive (Negative)
Prosecutor			
Personal Services	\$469,420	\$457,220	\$12,200
Materials and Supplies	23,491	22,028	1,463
Charges and Services	32,806	26,313	6,493
Other	37,153	32,007	5,146
<b>Total Prosecutor</b>	<b>562,870</b>	<b>537,568</b>	<b>25,302</b>
Bureau of Inspection			
Charges and Services	147,344	121,290	26,054
Data Processing			
Personal Services	16,154	16,108	46
Materials and Supplies	7,822	5,770	2,052
Charges and Services	22,615	20,603	2,012
Other	4,880	3,104	1,776
<b>Total Data Processing</b>	<b>51,471</b>	<b>45,585</b>	<b>5,886</b>
Board of Elections			
Personal Services	93,840	92,510	1,330
Materials and Supplies	21,080	20,698	382
Charges and Services	63,567	55,619	7,948
Other	1,000	960	40
<b>Total Board of Elections</b>	<b>179,487</b>	<b>169,787</b>	<b>9,700</b>
Building Maintenance			
Personal Services	177,713	177,712	1
Materials and Supplies	20,850	20,750	100
Charges and Services	177,026	168,186	8,840
Capital Purchases	420	413	7
Other	500	84	416
<b>Total Building Maintenance</b>	<b>376,509</b>	<b>367,145</b>	<b>9,364</b>
Recorder			
Personal Services	118,027	116,763	1,264
Materials and Supplies	4,813	3,860	953
Charges and Services	2,589	1,956	633
<b>Total Recorder</b>	<b>125,429</b>	<b>122,579</b>	<b>2,850</b>
Rural Zoning			
Personal Services	10,750	10,750	0
Materials and Supplies	3,429	3,359	70
Charges and Services	3,909	3,902	7
Other	2,091	2,045	46
<b>Total Rural Zoning</b>	<b>\$20,179</b>	<b>\$20,056</b>	<b>\$123</b>

(Continued)

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)

	Budget	Actual	Variance Positive (Negative)
Insurance			
Charges and Services	\$662,905	\$661,964	\$941
Total General Government Legislative and Executive	<u>3,160,277</u>	<u>3,003,219</u>	<u>157,058</u>
General Government			
Judicial			
Appeals Court			
Other	34,272	33,800	472
Common Pleas Court			
Personal Services	127,728	127,018	710
Materials and Supplies	4,310	4,010	300
Charges and Services	19,120	13,857	5,263
Other	5,600	4,753	847
Total Common Pleas Court	<u>156,758</u>	<u>149,638</u>	<u>7,120</u>
Jury Commission			
Personal Services	600	600	0
Materials and Supplies	1,200	1,132	68
Total Jury Commission	<u>1,800</u>	<u>1,732</u>	<u>68</u>
Adult Probation			
Other	1,200	1,111	89
Common Pleas Referee			
Personal Services	68,773	68,740	33
Juvenile Court			
Personal Services	340,569	339,804	765
Materials and Supplies	18,934	17,136	1,798
Charges and Services	121,715	113,321	8,394
Capital Purchases	29,658	21,308	8,350
Other	25,084	22,898	2,186
Total Juvenile Court	<u>535,960</u>	<u>514,467</u>	<u>21,493</u>
Probate Court			
Personal Services	99,315	98,222	1,093
Materials and Supplies	10,599	10,483	116
Charges and Services	2,217	2,069	148
Other	2,598	2,350	248
Total Probate Court	<u>\$114,729</u>	<u>\$113,124</u>	<u>\$1,605</u>

(Continued)

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)

	Budget	Actual	Variance Positive (Negative)
Clerk of Courts			
Personal Services	\$165,306	\$156,296	\$9,010
Materials and Supplies	9,140	9,043	97
Charges and Services	26,887	26,887	0
Other	480	400	80
<b>Total Clerk of Courts</b>	<b>201,813</b>	<b>192,626</b>	<b>9,187</b>
Municipal Court			
Personal Services	115,933	114,104	1,829
Charges and Services	12,305	12,224	81
Other	2,500	842	1,658
<b>Total Municipal Court</b>	<b>130,738</b>	<b>127,170</b>	<b>3,568</b>
Law Library			
Personal Services	16,984	10,674	6,310
Miscellaneous			
Personal Services	41,206	41,206	0
Charges and Services	392,470	391,074	1,396
Other	131,562	131,562	0
<b>Total Miscellaneous</b>	<b>565,238</b>	<b>563,842</b>	<b>1,396</b>
<b>Total General Government</b>			
Judicial	1,828,265	1,776,924	51,341
Public Safety			
Coroner			
Personal Services	52,314	51,731	583
Materials and Supplies	1,850	1,729	121
Charges and Services	57,745	50,655	7,090
Other	2,575	2,208	367
<b>Total Coroner</b>	<b>114,484</b>	<b>106,323</b>	<b>8,161</b>
Sheriff Dispatch			
Personal Services	366,751	366,019	732
Materials and Supplies	1,635	1,389	246
Charges and Services	2,432	2,432	0
<b>Total Sheriff Dispatch</b>	<b>370,818</b>	<b>369,840</b>	<b>978</b>
Sheriff			
Personal Services	2,582,155	2,579,715	2,440
Materials and Supplies	119,676	112,097	7,579
Charges and Services	594,777	582,821	11,956
Capital Purchases	133,262	130,927	2,335
Other	6,079	5,901	178
<b>Total Sheriff</b>	<b>\$3,435,949</b>	<b>\$3,411,461</b>	<b>\$24,488</b>

(Continued)

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)

	Budget	Actual	Variance Positive (Negative)
Building Regulations			
Personal Services	\$182,756	\$182,170	\$586
Materials and Supplies	3,830	3,824	6
Charges and Services	2,685	2,295	390
Other	1,275	1,165	110
Total Building Regulations	<u>190,546</u>	<u>189,454</u>	<u>1,092</u>
Sheriff's Rotary Fund			
Personal Services	6,520	3,656	2,864
Total Public Safety	<u>4,118,317</u>	<u>4,080,734</u>	<u>37,583</u>
Public Works			
Highways			
Charges and Services	49,680	49,680	0
Health			
Tuberculosis			
Other	1,000	9	991
Vital Statistics			
Charges and Services	72,411	66,605	5,806
Total Health	<u>73,411</u>	<u>66,614</u>	<u>6,797</u>
Human Services			
Soldier's Relief			
Personal Services	23,895	23,586	309
Materials and Supplies	3,200	2,145	1,055
Charges and Services	125,733	120,596	5,137
Other	3,814	2,183	1,631
Total Soldier's Relief	<u>156,642</u>	<u>148,510</u>	<u>8,132</u>
Veteran's Services			
Personal Services	93,927	89,850	4,077
Charges and Services	33,160	29,838	3,322
Other	7,917	7,732	185
Total Veteran's Services	<u>\$135,004</u>	<u>\$127,420</u>	<u>\$7,584</u>

(Continued)

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)

	Budget	Actual	Variance Positive (Negative)
Public Assistance Charges and Services	\$50,041	\$40,982	\$9,059
County Recreation Charges and Services	640	523	117
Total Human Services	342,327	317,435	24,892
Intergovernmental Agriculture Charges and Services	266,962	265,990	972
Total Expenditures	9,839,239	9,560,596	278,643
Excess of Revenues Over (Under) Expenditures	(357,313)	(99,912)	257,401
<b>Other Financing Uses:</b>			
Advances - Out	0	(85,130)	(85,130)
Transfers - Out	0	(500,584)	(500,584)
Total Other Financing Uses	0	(585,714)	(585,714)
Net Change in Fund Balance	(357,313)	(685,626)	(328,313)
Fund Balance at Beginning of Year	991,583	991,583	0
Prior Year Encumbrances Appropriated	347,307	347,307	0
Fund Balance at End of Year	\$981,577	\$653,264	(\$328,313)

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
MOTOR VEHICLE AND GAS TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$175,000	\$170,695	(\$4,305)
Fines and Forfeitures	40,000	38,047	(1,953)
Intergovernmental	3,850,000	3,785,794	(64,206)
Interest	42,000	22,381	(19,619)
Other	5,000	519	(4,481)
Total Revenues	<u>4,112,000</u>	<u>4,017,436</u>	<u>(94,564)</u>
<b>Expenditures:</b>			
Current:			
Public Works			
Engineer			
Personal Services	1,775,194	1,727,043	48,151
Materials and Supplies	760,369	625,479	134,890
Charges and Services	1,444,147	1,380,237	63,910
Capital Purchases	413,059	403,996	9,063
Other	15,000	12,747	2,253
Total Engineer	<u>4,407,769</u>	<u>4,149,502</u>	<u>258,267</u>
Debt Service:			
Principal Retirement	1,100,000	1,100,000	0
Interest and Fiscal Charges	28,161	28,161	0
Total Debt Service	<u>1,128,161</u>	<u>1,128,161</u>	<u>0</u>
Total Expenditures	<u>5,535,930</u>	<u>5,277,663</u>	<u>258,267</u>
Excess of Revenues Over (Under) Expenditures	(1,423,930)	(1,260,227)	163,703
<b>Other Financing Sources:</b>			
Notes Issued	900,000	800,000	(100,000)
Net Change in Fund Balance	(523,930)	(460,227)	63,703
Fund Balance at Beginning of Year	410,396	410,396	0
Prior Year Encumbrances Appropriated	113,534	113,534	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$63,703</u>	<u>\$63,703</u>

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
HUMAN SERVICES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$283,000	\$983,295	\$700,295
Intergovernmental	3,311,474	2,382,805	(928,669)
Total Revenues	3,594,474	3,366,100	(228,374)
<b>Expenditures:</b>			
Current:			
Human Services			
Public Assistance			
Personal Services	1,997,839	1,855,349	142,490
Materials and Supplies	71,616	61,931	9,685
Charges and Services	1,935,044	1,612,931	322,113
Capital Purchases	54,226	54,170	56
Other	71,961	70,507	1,454
Total Expenditures	4,130,686	3,654,888	475,798
Excess of Revenues Over (Under) Expenditures	(536,212)	(288,788)	247,424
<b>Other Financing Sources:</b>			
Transfers - In	717,405	109,527	(607,878)
Net Changes in Fund Balance	181,193	(179,261)	(360,454)
Fund Balance at Beginning of Year	87,963	87,963	0
Prior Year Encumbrances Appropriated	93,506	93,506	0
Fund Balance at End of Year	\$362,662	\$2,208	(\$360,454)

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
COMMUNITY MENTAL HEALTH FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$268,560	\$274,248	\$5,688
Charges for Services	7,944	9,743	1,799
Intergovernmental	2,380,483	2,258,140	(122,343)
Other	0	7,595	7,595
	<u>2,656,987</u>	<u>2,549,726</u>	<u>(107,261)</u>
Total Revenues			
<b>Expenditures:</b>			
Current:			
Health			
648 Board			
Personal Services	235,350	224,901	10,449
Materials and Supplies	9,899	9,462	437
Charges and Services	2,643,152	2,411,952	231,200
Capital Purchases	16,615	12,886	3,729
Other	5,127	1,480	3,647
	<u>2,910,143</u>	<u>2,660,681</u>	<u>249,462</u>
Total Health			
Human Services			
Treatment Alternatives to Street Crime			
Personal Services	180,500	178,852	1,648
Materials and Supplies	5,156	3,761	1,395
Charges and Services	57,156	50,349	6,807
Capital Purchases	6,400	6,263	137
Other	17,828	15,025	2,803
	<u>267,040</u>	<u>254,250</u>	<u>12,790</u>
Total Human Services			
Total Expenditures	<u>3,177,183</u>	<u>2,914,931</u>	<u>262,252</u>
Net Change in Fund Balance	(520,196)	(365,205)	154,991
Fund Balance at Beginning of Year	254,785	254,785	0
Prior Year Encumbrances Appropriated	512,199	512,199	0
Fund Balance at End of Year	<u>\$246,788</u>	<u>\$401,779</u>	<u>\$154,991</u>



PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
MENTAL RETARDATION LEVY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$1,056,400	\$1,062,617	\$6,217
Charges for Services	18,800	14,029	(4,771)
Intergovernmental	1,987,014	2,105,929	118,915
Other	<u>22,000</u>	<u>17,520</u>	<u>(4,480)</u>
Total Revenues	<u>3,084,214</u>	<u>3,200,095</u>	<u>115,881</u>
<b>Expenditures:</b>			
Current:			
Human Services			
Mental Retardation Levy			
Personal Services	2,018,941	1,931,703	87,238
Materials and Supplies	11,897	9,862	2,035
Charges and Services	1,107,613	1,014,635	92,978
Capital Purchases	<u>233,770</u>	<u>53,700</u>	<u>180,070</u>
Total Human Services	<u>3,372,221</u>	<u>3,009,900</u>	<u>362,321</u>
Debt Service			
Principal Retirement	229,500	229,500	0
Interest and Fiscal Charges	<u>5,393</u>	<u>5,393</u>	<u>0</u>
Total Debt Service	<u>234,893</u>	<u>234,893</u>	<u>0</u>
Total Expenditures	<u>3,607,114</u>	<u>3,244,793</u>	<u>362,321</u>
Excess of Revenues Over (Under) Expenditures	(522,900)	(44,698)	478,202
<b>Other Financing Sources:</b>			
Notes Issued	<u>201,100</u>	<u>204,500</u>	<u>3,400</u>
Net Change in Fund Balance	(321,800)	159,802	481,602
Fund Balance at Beginning of Year	1,314,925	1,314,925	0
Prior Year Encumbrances Appropriated	<u>192,565</u>	<u>192,565</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,185,690</u></u>	<u><u>\$1,667,292</u></u>	<u><u>\$481,602</u></u>

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL  
(BUDGET BASIS)  
SEWER FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Charges for Services	\$242,970	\$37,308	(\$205,662)
Grants	103,000	386,574	283,574
OWDA Loans Issued	<u>882,792</u>	<u>570,074</u>	<u>(312,718)</u>
Total Revenues	<u>1,228,762</u>	<u>993,956</u>	<u>(234,806)</u>
<b>Expenses:</b>			
Personal Services	3,984	3,579	405
Materials and Supplies	6,195	1,756	4,439
Charges and Services	305,829	129,916	175,913
Miscellaneous	2,568	1,404	1,164
Capital Outlay	978,777	923,307	55,470
Debt Service:			
Principal Retirement	<u>11,358</u>	<u>11,358</u>	<u>0</u>
Total Expenses	<u>1,308,711</u>	<u>1,071,320</u>	<u>237,391</u>
Net Change in Fund Equity	(79,949)	(77,364)	2,585
Fund Equity at Beginning of Year	58,313	58,313	0
Prior Year Encumbrances Appropriated	<u>102,496</u>	<u>102,496</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$80,860</u></u>	<u><u>\$83,445</u></u>	<u><u>\$2,585</u></u>

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL  
(BUDGET BASIS)  
LANDFILL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$2,987,225	\$3,120,249	\$133,024
Grants	45,000	74,892	29,892
Interest	850	9,471	8,621
Notes Issued	171,460	164,700	(6,760)
Bond Issuance Costs	0	(79,298)	(79,298)
Payment to Refunding Bond Escrow Agent	0	(3,123,279)	(3,123,279)
Refunding Bonds Issued	0	3,195,000	3,195,000
Premium on Debt Issued	0	7,577	7,577
Total Revenues	<u>3,204,535</u>	<u>3,369,312</u>	<u>164,777</u>
<b>Expenses:</b>			
Personal Services	504,936	438,500	66,436
Materials and Supplies	195,803	156,923	38,880
Charges and Services	2,324,576	2,009,076	315,500
Capital Outlay	440,737	425,792	14,945
Debt Service:			
Principal Retirement	462,460	462,460	0
Interest and Fiscal Charges	183,768	157,567	26,201
Total Expenses	<u>4,112,280</u>	<u>3,650,318</u>	<u>461,962</u>
Excess of Revenues Over (Under) Expenses	(907,745)	(281,006)	626,739
<b>Non-Operating Revenues (Expenses):</b>			
Advances In	<u>75,000</u>	<u>0</u>	<u>(75,000)</u>
Net Change in Fund Equity	(832,745)	(281,006)	551,739
Fund Equity at Beginning of Year	1,463,182	1,463,182	0
Prior Year Encumbrances Appropriated	<u>578,101</u>	<u>578,101</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$1,208,538</u></u>	<u><u>\$1,760,277</u></u>	<u><u>\$551,739</u></u>

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
CHILDREN SERVICES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$361,200	\$381,470	\$20,270
Charges for Services	83,500	56,521	(26,979)
Intergovernmental	858,913	845,009	(13,904)
Other	<u>68</u>	<u>444</u>	<u>376</u>
Total Revenues	<u>1,303,681</u>	<u>1,283,444</u>	<u>(20,237)</u>
<b>Expenditures:</b>			
Current:			
Human Services			
Children Services Special Levy			
Materials and Supplies	10,000	4,410	5,590
Charges and Services	<u>1,817,520</u>	<u>1,739,008</u>	<u>78,512</u>
Total Expenditures	<u>1,827,520</u>	<u>1,743,418</u>	<u>84,102</u>
Excess of Revenues Over (Under) Expenditures	(523,839)	(459,974)	63,865
<b>Other Financing Sources:</b>			
Transfers - In	<u>320,000</u>	<u>320,078</u>	<u>78</u>
Net Change in Fund Balance	(203,839)	(139,896)	63,943
Fund Balance at Beginning of Year	76,896	76,896	0
Prior Year Encumbrances Appropriated	<u>186,155</u>	<u>186,155</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$59,212</u></u>	<u><u>\$123,155</u></u>	<u><u>\$63,943</u></u>

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
OTHER LEGISLATIVE AND EXECUTIVE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$56,000	\$87,190	\$31,190
Charges for Services	402,500	351,890	(50,610)
Intergovernmental	5,000	12,682	7,682
<b>Total Revenues</b>	<u>463,500</u>	<u>451,762</u>	<u>(11,738)</u>
<b>Expenditures:</b>			
Current:			
General Government			
Legislative and Executive			
Real Estate Assessment			
Personal Services	167,642	163,878	3,764
Materials and Supplies	9,244	6,259	2,985
Charges and Services	576,265	374,140	202,125
Other	29,020	25,255	3,765
<b>Total Real Estate Assessment</b>	<u>782,171</u>	<u>569,532</u>	<u>212,639</u>
Ohio Election Commission			
Charges and Services	3,000	2,175	825
Geographical Information System			
Personal Services	5,000	0	5,000
Materials and Supplies	5,000	0	5,000
Charges and Services	80,000	57,620	22,380
<b>Total Geographical Information System</b>	<u>90,000</u>	<u>57,620</u>	<u>32,380</u>
HAVA			
Charges and Services	5,000	0	5,000
Delinquent Real Estate and Tax Collection			
Personal Services	26,567	25,900	667
Charges and Services	42,309	39,394	2,915
Other	7,615	7,592	23
<b>Total Delinquent Real Estate and Tax Collection</b>	<u>76,491</u>	<u>72,886</u>	<u>3,605</u>
<b>Total Expenditures</b>	<u>956,662</u>	<u>702,213</u>	<u>254,449</u>
<b>Net Change in Fund Balance</b>	(493,162)	(250,451)	242,711
Fund Balance at Beginning of Year	688,799	688,799	0
Prior Year Encumbrances Appropriated	101,009	101,009	0
<b>Fund Balance at End of Year</b>	<u>\$296,646</u>	<u>\$539,357</u>	<u>\$242,711</u>

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
OTHER JUDICIAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$311,718	\$275,690	(\$36,028)
Intergovernmental	300	520	220
Total Revenues	<u>312,018</u>	<u>276,210</u>	<u>(35,808)</u>
<b>Expenditures:</b>			
Current:			
General Government			
Judicial			
Court Computerization			
Charges and Services	<u>132,387</u>	<u>73,635</u>	<u>58,752</u>
Court Computerization-Legal Research			
Other	<u>5,792</u>	<u>3,584</u>	<u>2,208</u>
Probate Court - Conduct of Business			
Capital Purchases	<u>600</u>	<u>494</u>	<u>106</u>
Certificate of Title Administration			
Personal Services	161,455	156,852	4,603
Materials and Supplies	5,250	4,522	728
Charges and Services	38,450	38,190	260
Capital Purchases	<u>56</u>	<u>0</u>	<u>56</u>
Total Certificate of Title Administration	<u>205,211</u>	<u>199,564</u>	<u>5,647</u>
CASA/GAL Program			
Personal Services	608	284	324
Capital Purchases	110	110	0
Other	<u>929</u>	<u>661</u>	<u>268</u>
Total CASA/GAL Program	<u>1,647</u>	<u>1,055</u>	<u>592</u>
Court Training			
Personal Services	<u>7,200</u>	<u>2,078</u>	<u>5,122</u>
Total Expenditures	<u>352,837</u>	<u>280,410</u>	<u>72,427</u>
Net Change in Fund Balance	(40,819)	(4,200)	36,619
Fund Balance at Beginning of Year	139,091	139,091	0
Prior Year Encumbrances Appropriated	<u>20,409</u>	<u>20,409</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$118,681</u></u>	<u><u>\$155,300</u></u>	<u><u>\$36,619</u></u>

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
OTHER PUBLIC SAFETY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$119,029	\$127,392	\$8,363
Licenses and Permits	38,000	11,139	(26,861)
Fines and Forfeitures	1,075	777	(298)
Intergovernmental	369,620	357,500	(12,120)
Interest	6,002	6,412	410
Total Revenues	<u>533,726</u>	<u>503,220</u>	<u>(30,506)</u>
<b>Expenditures:</b>			
Current:			
Public Safety			
9-1-1 Emergency Services			
Personal Services	12,400	2,285	10,115
Materials and Supplies	2,000	0	2,000
Charges and Services	36,611	28,399	8,212
Capital Purchases	374,106	362,981	11,125
Other	1,950	1,017	933
Total 9-1-1 Emergency Services	<u>427,067</u>	<u>394,682</u>	<u>32,385</u>
Felony Delinquent Care and Custody			
Personal Services	55,740	16,189	39,551
Charges and Services	229,456	207,091	22,365
Total Felony Delinquent Care and Custody	<u>285,196</u>	<u>223,280</u>	<u>61,916</u>
Jail Inmates Commissary			
Materials and Supplies	30,058	28,851	1,207
Charges and Services	8,480	7,095	1,385
Total Jail Inmates Commissary	<u>38,538</u>	<u>35,946</u>	<u>2,592</u>
Concealed Handgun			
Materials and Supplies	29,270	7,634	21,636
Charges and Services	10,000	285	9,715
Total Concealed Handgun	<u>39,270</u>	<u>7,919</u>	<u>31,351</u>
Enforcement and Education			
Charges and Services	3,205	2,100	1,105
Traffic Safety Study			
Charges and Services	2,400	0	2,400
Bryne Memorial Grant			
Capital Purchases	10,597	10,597	0
Total Expenditures	<u>806,273</u>	<u>674,524</u>	<u>131,749</u>
Excess of Revenues Over (Under) Expenditures	(272,547)	(171,304)	101,243
<b>Other Financing Sources:</b>			
Notes Issued	78,230	78,230	0
Net Changes in Fund Balance	(194,317)	(93,074)	101,243
Fund Balance at Beginning of Year	640,804	640,804	0
Prior Year Encumbrances Appropriated	27,250	27,250	0
Fund Balance at End of Year	<u>\$473,737</u>	<u>\$574,980</u>	<u>\$101,243</u>

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
OTHER PUBLIC WORKS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Charges for Services	\$20,000	\$22,628	\$2,628
Special Assessments	130,686	129,540	(1,146)
Total Revenues	<u>150,686</u>	<u>152,168</u>	<u>1,482</u>
<b>Expenditures:</b>			
Current:			
Public Works			
Ditch Maintenance			
Personal Services	165,600	153,633	11,967
Materials and Supplies	13,615	8,951	4,664
Charges and Services	9,925	2,935	6,990
Capital Purchases	48,301	46,240	2,061
Other	1,000	882	118
Total Ditch Maintenance	<u>238,441</u>	<u>212,641</u>	<u>25,800</u>
Debt Service:			
Principal Retirement	27,500	27,500	0
Interest and Fiscal Charges	657	657	0
Total Debt Service	<u>28,157</u>	<u>28,157</u>	<u>0</u>
Total Expenditures	<u>266,598</u>	<u>240,798</u>	<u>25,800</u>
Excess of Revenues Over (Under) Expenditures	<u>(115,912)</u>	<u>(88,630)</u>	<u>27,282</u>
<b>Other Financing Sources:</b>			
Notes Issued	62,642	63,899	1,257
Advances - In	50,000	50,000	0
Total Other Financing Sources	<u>112,642</u>	<u>113,899</u>	<u>1,257</u>
Net Change in Fund Balance	(3,270)	25,269	28,539
Fund Balance at Beginning of Year	23,189	23,189	0
Prior Year Encumbrances Appropriated	2,322	2,322	0
Fund Balance at End of Year	<u><u>\$22,241</u></u>	<u><u>\$50,780</u></u>	<u><u>\$28,539</u></u>



PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
OTHER HEALTH FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$3,000	\$4,811	\$1,811
Licenses and Permits	69,030	65,108	(3,922)
Fines and Forfeitures	12,000	11,618	(382)
Other	400	638	238
	<u>84,430</u>	<u>82,175</u>	<u>(2,255)</u>
Total Revenues			
<b>Expenditures:</b>			
Current:			
Health			
Dog and Kennel			
Personal Services	80,207	79,764	443
Materials and Supplies	2,056	1,877	179
Charges and Services	28,723	26,966	1,757
Other	2,263	2,251	12
	<u>113,249</u>	<u>110,858</u>	<u>2,391</u>
Total Dog and Kennel			
Marriage License			
Charges and Services	5,019	4,813	206
	<u>5,019</u>	<u>4,813</u>	<u>206</u>
Total Expenditures	<u>118,268</u>	<u>115,671</u>	<u>2,597</u>
Excess of Revenues Over (Under) Expenditures	(33,838)	(33,496)	342
<b>Other Financing Sources:</b>			
Transfers - In	32,311	32,311	0
	<u>32,311</u>	<u>32,311</u>	<u>0</u>
Net Changes in Fund Balance	(1,527)	(1,185)	342
Fund Balance at Beginning of Year	6,109	6,109	0
Prior Year Encumbrances Appropriated	2,342	2,342	0
	<u>2,342</u>	<u>2,342</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$6,924</u></u>	<u><u>\$7,266</u></u>	<u><u>\$342</u></u>

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
OTHER HUMAN SERVICES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$163,740	\$157,998	(\$5,742)
Intergovernmental	812,233	758,480	(53,753)
Other	500	9,686	9,186
Total Revenues	<u>976,473</u>	<u>926,164</u>	<u>(50,309)</u>
<b>Expenditures:</b>			
Current:			
Human Services			
Victim Witness			
Personal Services	89,649	88,915	734
Materials and Supplies	2,921	2,902	19
Charges and Services	20,799	15,108	5,691
Capital Purchases	169	169	0
Other	800	750	50
Total Victim Witness	<u>114,338</u>	<u>107,844</u>	<u>6,494</u>
Ohio Children's Trust			
Charges and Services	<u>16,375</u>	<u>16,188</u>	<u>187</u>
Child Support Enforcement			
Personal Services	488,399	471,811	16,588
Materials and Supplies	10,373	9,974	399
Charges and Services	474,660	387,411	87,249
Capital Purchases	30,000	0	30,000
Total Child Support Enforcement	<u>1,003,432</u>	<u>869,196</u>	<u>134,236</u>
Indigent Guardianship			
Charges and Services	<u>10,000</u>	<u>7,069</u>	<u>2,931</u>
Total Expenditures	<u>1,144,145</u>	<u>1,000,297</u>	<u>143,848</u>
Excess of Revenues Over (Under) Expenditures	(167,672)	(74,133)	93,539
<b>Other Financing Source:</b>			
Transfers - In	<u>22,471</u>	<u>22,471</u>	<u>0</u>
Net Change in Fund Balance	(145,201)	(51,662)	93,539
Fund Balance at Beginning of Year	318,397	318,397	0
Prior Year Encumbrances Appropriated	<u>69,768</u>	<u>69,768</u>	<u>0</u>
Fund Balance at End of Year	<u>\$242,964</u>	<u>\$336,503</u>	<u>\$93,539</u>

PREBLE COUNTY, OHIO  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 (BUDGET BASIS)  
 OTHER COMMUNITY AND ECONOMIC DEVELOPMENT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	<u>\$1,145,869</u>	<u>\$531,851</u>	<u>(\$614,018)</u>
<b>Expenditures:</b>			
Current:			
Community and Economic Development CDBG			
Charges and Services	985,252	616,632	368,620
Community Corrections Planning Board Personal Services	<u>251,790</u>	<u>4,790</u>	<u>247,000</u>
Total Expenditures	<u>1,237,042</u>	<u>621,422</u>	<u>615,620</u>
Net Change in Fund Balance	(91,173)	(89,571)	1,602
Fund Balance at Beginning of Year	6,555	6,555	0
Prior Year Encumbrances Appropriated	<u>91,170</u>	<u>91,170</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$6,552</u></u>	<u><u>\$8,154</u></u>	<u><u>\$1,602</u></u>

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
GENERAL OBLIGATION BOND RETIREMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$203,300	\$229,757	\$26,457
Intergovernmental	12	27,076	27,064
Other	<u>18,512</u>	<u>156,937</u>	<u>138,425</u>
Total Revenues	<u>221,824</u>	<u>413,770</u>	<u>191,946</u>
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	425,000	425,000	0
Interest and Fiscal Charges	86,341	84,918	1,423
Issuance Costs	<u>0</u>	<u>3,104</u>	<u>(3,104)</u>
Total Expenditures	<u>511,341</u>	<u>513,022</u>	<u>(1,681)</u>
Excess of Revenues Over (Under) Expenditures	<u>(289,517)</u>	<u>(99,252)</u>	<u>190,265</u>
<b>Other Financing Sources (Uses):</b>			
Refunding Bonds Issued	0	125,000	125,000
Premium on Debt Issued	0	318	318
Payment to Refunding Bond Escrow Agent	0	(122,214)	(122,214)
Transfers - In	<u>144,000</u>	<u>0</u>	<u>(144,000)</u>
Total Other Financing Sources (Uses)	<u>144,000</u>	<u>3,104</u>	<u>(140,896)</u>
Net Change in Fund Balance	(145,517)	(96,148)	49,369
Fund Balance at Beginning of Year	<u>606,561</u>	<u>606,561</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$461,044</u></u>	<u><u>\$510,413</u></u>	<u><u>\$49,369</u></u>

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
PERMANENT IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Other	<u>\$0</u>	<u>\$20,000</u>	<u>\$20,000</u>
<b>Expenditures:</b>			
Capital Outlay			
Charges and Services	69,415	64,735	4,680
Capital Purchases	<u>348,815</u>	<u>341,105</u>	<u>7,710</u>
Total Expenditures	<u>418,230</u>	<u>405,840</u>	<u>12,390</u>
Net Change in Fund Balance	(418,230)	(385,840)	32,390
Fund Balance at Beginning of Year	558,763	558,763	0
Prior Year Encumbrances Appropriated	<u>81,992</u>	<u>81,992</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$222,525</u></u>	<u><u>\$254,915</u></u>	<u><u>\$32,390</u></u>

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
BUILDING CONSTRUCTION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Interest	<u>\$174</u>	<u>\$264</u>	<u>\$90</u>
<b>Expenditures:</b>			
Capital Outlay			
Charges and Services	2,858	1,855	1,003
Capital Purchases	<u>14,512</u>	<u>745</u>	<u>13,767</u>
Total Expenditures	<u>17,370</u>	<u>2,600</u>	<u>14,770</u>
Net Change in Fund Balance	(17,196)	(2,336)	14,860
Fund Balance at Beginning of Year	16,281	16,281	0
Prior Year Encumbrances Appropriated	<u>958</u>	<u>958</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$43</u></u>	<u><u>\$14,903</u></u>	<u><u>\$14,860</u></u>

PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
(BUDGET BASIS)  
DITCH AND GUARDRAIL CONSTRUCTION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental	<u>\$191,658</u>	<u>\$172,814</u>	<u>(\$18,844)</u>
<b>Expenditures:</b>			
Capital Outlay			
Charges and Services	55,127	37,247	17,880
Capital Purchases	<u>171,658</u>	<u>170,694</u>	<u>964</u>
Total Expenditures	<u>226,785</u>	<u>207,941</u>	<u>18,844</u>
Excess of Revenues Under Expenditures	(35,127)	(35,127)	0
<b>Other Financing Sources:</b>			
Advances - In	<u>35,130</u>	<u>35,130</u>	<u>0</u>
Net Change in Fund Balance	3	3	0
Fund Balance at Beginning of Year	<u>2,027</u>	<u>2,027</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$2,030</u></u>	<u><u>\$2,030</u></u>	<u><u>\$0</u></u>

PREBLE COUNTY, OHIO  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 (BUDGET BASIS)  
 ROAD AND BRIDGE CONSTRUCTION FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	<u>\$696,000</u>	<u>\$280,447</u>	<u>(\$415,553)</u>
<b>Expenditures:</b>			
Capital Outlay			
Charges and Services	97,322	6,995	90,327
Capital Purchases	<u>598,678</u>	<u>273,452</u>	<u>325,226</u>
Total Expenditures	<u>696,000</u>	<u>280,447</u>	<u>415,553</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>



PREBLE COUNTY, OHIO  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN FUND EQUITY - BUDGET AND ACTUAL  
(BUDGET BASIS)  
EMPLOYEES HEALTH INSURANCE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Charges for Services	<u>\$0</u>	<u>\$15,147</u>	<u>\$15,147</u>
<b>Expenses:</b>			
Charges and Services	7,000	2,146	4,854
Claims	<u>394,353</u>	<u>154,041</u>	<u>240,312</u>
Total Expenses	<u>401,353</u>	<u>156,187</u>	<u>245,166</u>
Excess of Revenues Over (Under) Expenses	(401,353)	(141,040)	260,313
Transfers - In	<u>0</u>	<u>16,197</u>	<u>16,197</u>
Net Change in Fund Equity	(401,353)	(124,843)	276,510
Fund Equity at Beginning of Year	415,689	415,689	0
Prior Year Encumbrances Appropriated	<u>144,524</u>	<u>144,524</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$158,860</u></u>	<u><u>\$435,370</u></u>	<u><u>\$276,510</u></u>

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STATISTICAL SECTION

THE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT  
SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL  
CAPACITY OF THE COUNTY

PREBLE COUNTY, OHIO  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)  
LAST TEN YEARS

Year	General Government	Public Safety	Public Works	Health	Human Services	Community and Economic Development	Miscellaneous	Capital Outlay	Intergovernmental	Debt Service	Total
1996	\$3,176,660	\$2,860,306	\$2,607,197	\$1,887,794	\$7,022,486	\$194,613	\$557,509	\$471,481	\$0	\$492,369	\$19,270,415
1997	3,933,614	3,202,474	3,062,046	1,980,154	7,642,402	160,762	285,068	79,344	234,720	502,940	21,083,524
1998	4,939,209	3,668,337	3,293,890	2,146,321	6,039,855	309,864	216,772	11,236	261,634	487,924	21,375,042
1999	5,242,641	4,364,072	3,622,233	2,100,113	6,265,276	572,144	246,961	701,495	266,110	478,674	23,859,719
2000	4,302,189	4,583,154	3,356,047	1,468,818	7,034,462	219,312	179,089	896,843	292,235	476,589	22,808,738
2001	4,538,539	4,597,401	3,630,173	1,865,454	8,092,728	226,321	400,789	936,874	251,489	486,212	25,025,980
2002	4,756,299	4,511,957	3,569,577	2,852,425	8,857,951	280,558	267,941	2,589,829	329,480	633,787	28,649,804
2003	4,840,066	4,182,682	4,651,339	2,690,693	8,187,333	515,767	351,325	656,020	277,162	634,629	26,987,016
2004	5,418,937	4,347,251	4,214,217	2,407,487	8,639,321	134,390	0	1,398,311	270,562	618,416	27,448,892
2005	5,436,557	4,872,201	4,210,397	2,640,776	8,975,708	617,043	0	694,100	262,724	552,373	28,261,879

SOURCE: Preble County Auditor's Office

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds

PREBLE COUNTY, OHIO  
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)  
LAST TEN YEARS

Year	Taxes	Charges for Services	Licenses and Permits	Fines and Forfeitures	Intergovernmental	Special Assessments	Interest	Gifts and Donations	Other	Total
1996	\$7,271,911	\$2,408,265	\$60,387	\$112,836	\$8,951,002	\$133,399	\$504,510	\$0	\$1,038,133	\$20,480,443
1997	7,783,850	3,748,717	60,519	192,963	9,322,979	185,249	664,276	0	166,555	22,125,108
1998	7,815,457	2,962,098	62,080	208,416	9,085,263	201,277	786,443	0	258,409	21,379,443
1999	8,220,292	2,821,500	65,859	149,220	11,046,409	214,445	646,994	7,803	265,247	23,437,769
2000	8,267,897	3,466,909	67,120	200,416	9,929,063	139,479	925,118	8,547	184,145	23,188,694
2001	6,841,179	3,310,274	63,313	208,089	13,234,029	131,503	765,092	0	382,135	24,935,614
2002	7,025,661	3,780,550	61,194	133,891	15,265,855	85,247	362,564	0	304,682	27,019,644
2003	7,510,784	3,732,003	65,716	210,371	13,110,189	126,703	227,428	0	363,087	25,346,281
2004	7,765,658	3,442,982	90,336	145,258	14,782,878	119,441	219,554	0	473,037	27,039,144
2005	8,027,741	3,264,081	78,163	117,643	15,354,304	129,540	435,844	0	653,902	28,061,218

SOURCE: Preble County Auditor's Office

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds

PREBLE COUNTY, OHIO  
 GOVERNMENT - WIDE EXPENSES BY PROGRAM - GOVERNMENTAL ACTIVITIES  
 LAST THREE YEARS (1)

Year	General Government	Public Safety	Public Works	Health	Human Services	Community and Economic Development	Other	Intergovernmental	Interest and Fiscal Charges	Total
2003	\$5,068,705	\$4,221,470	\$4,712,095	\$2,630,328	\$8,043,728	\$515,767	\$351,325	\$277,162	\$146,030	\$25,966,610
2004	5,448,014	3,950,235	3,901,296	2,354,935	8,371,298	134,390	0	270,562	161,379	24,592,109
2005	5,586,317	4,633,405	4,094,666	2,645,059	8,832,263	617,043	0	262,724	165,240	26,836,717

SOURCE: Preble County Auditor's Office

(1) 2003 was the first year the County implemented GASB 34

PREBLE COUNTY, OHIO  
 GOVERNMENT - WIDE REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES  
 LAST THREE YEARS (1)

Year	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	Property Taxes	Permissive Sales Tax	Grants and Entitlements	Unrestricted Investment Earnings	Other	Total
2003	\$4,386,447	\$11,503,363	\$613,166	\$3,458,313	\$4,002,410	\$1,292,547	\$160,541	\$93,878	\$25,510,665
2004	3,808,939	13,860,468	512,997	3,700,756	4,150,454	1,292,091	206,911	473,037	28,005,653
2005	3,627,324	14,061,639	423,474	3,498,628	4,436,627	1,104,905	423,906	653,902	28,230,405

SOURCE: Preble County Auditor's Office

(1) 2003 was the first year the County implemented GASB 34

PREBLE COUNTY, OHIO  
PROPERTY TAX LEVIES AND COLLECTIONS (1)  
LAST TEN YEARS

Collection Year	Total Current Tax Levy	Current Tax Collections	Percent of Total Tax Collections To Tax Levy	Delinquent Taxes Collected	Total Taxes Collected	Total Collections as a percent of Current Taxes Levied	Accumulated Delinquencies
1996	\$17,660,029	\$15,967,880	90.42%	\$610,659	\$16,578,539	93.88%	\$1,256,452
1997	18,684,560	16,640,307	89.06	670,168	17,310,475	92.65	1,333,032
1998	18,944,704	18,640,060	98.39	658,260	19,298,320	101.87	1,232,645
1999	19,885,617	19,429,417	97.71	880,656	20,310,073	102.13	1,095,670
2000	2,924,594	2,839,626	97.09	90,581	2,930,207	100.19	154,172
2001	3,238,806	3,035,092	93.71	111,980	3,147,072	97.17	245,906
2002	3,881,668	3,528,898	90.91	255,646	3,784,544	97.50	343,030
2003	3,886,407	3,593,200	92.46	188,989	3,782,189	97.32	302,128
2004	3,897,801	3,547,389	91.01	162,940	3,710,329	95.19	285,369
2005	3,460,199	3,198,697	92.44	138,008	3,336,705	96.43	231,087

SOURCE: Preble County Auditor's Office

(1) 1996 through 1999 include property tax levies and collections for all County districts.  
2000 through 2005 include property tax levies and collections for the County itself.



PREBLE COUNTY, OHIO  
 ASSESSED VALUE AND ESTIMATED  
 TRUE VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS

Year	Real Property		Personal Property		Public Utility Property		Totals		Percentage of Assessed Value To Estimated True Value
	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual	
1996	\$405,445,920	\$1,158,416,914	\$67,720,288	\$270,881,152	\$49,556,290	\$198,225,160	\$522,722,498	\$1,627,523,226	32.12%
1997	417,422,840	1,192,636,686	72,609,640	290,438,560	47,954,760	191,819,040	537,987,240	1,674,894,286	32.12
1998	428,491,480	1,223,878,170	69,307,870	277,231,480	49,714,690	198,858,760	547,514,040	1,699,968,410	32.21
1999	527,731,770	1,507,381,370	67,982,700	271,930,800	49,940,120	200,353,640	645,654,590	1,979,665,810	32.61
2000	539,406,360	1,541,161,028	72,259,640	289,038,560	45,677,980	130,508,514	657,343,980	1,960,708,102	33.53
2001	549,811,270	1,570,889,342	77,869,080	311,476,320	39,348,060	157,392,240	667,028,410	2,039,757,902	32.70
2002	603,905,830	1,725,445,228	80,650,420	322,601,680	40,128,730	160,514,920	724,684,980	2,208,561,828	32.81
2003	612,615,800	1,750,330,856	76,932,310	307,729,240	39,588,480	158,353,920	729,136,590	2,216,414,016	32.90
2004	622,119,380	1,777,483,942	77,333,530	309,334,120	40,304,990	161,219,960	739,757,900	2,248,038,022	32.91
2005	622,233,470	1,777,809,913	77,802,430	311,209,720	39,286,760	112,247,886	739,322,660	2,201,267,519	33.60

SOURCE: Preble County Auditor's Office

PREBLE COUNTY, OHIO  
PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS  
(PER \$1,000 OF ASSESSED VALUE)  
LAST TEN YEARS

Collection Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<u>County Entity</u>										
General Fund	\$2.80	\$2.80	\$2.80	\$2.80	\$2.45	\$2.45	\$2.45	\$2.45	\$2.45	\$2.45
Children Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Mental 169-Special Levy	1.72	1.72	1.72	1.72	1.72	1.73	1.73	1.73	1.73	1.73
Mental Health Board #648	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65
Council on Aging	0.50	1.50	1.50	1.50	1.50	1.00	1.00	1.00	1.00	1.00
Jail Construction	1.00	0.70	0.70	0.70	0.45	0.45	0.45	0.35	0.35	0.35
<b>Total County Entity</b>	<b>7.67</b>	<b>8.37</b>	<b>8.37</b>	<b>8.37</b>	<b>7.77</b>	<b>7.28</b>	<b>7.28</b>	<b>7.18</b>	<b>7.18</b>	<b>7.18</b>
<u>Other Entities:</u>										
Health District	0.30	0.30	0.30	0.30	0.30	0.60	0.60	0.60	0.60	0.60
<b>Total County-Wide Rates</b>	<b>7.97</b>	<b>8.67</b>	<b>8.67</b>	<b>8.67</b>	<b>8.07</b>	<b>7.88</b>	<b>7.88</b>	<b>7.78</b>	<b>7.78</b>	<b>7.78</b>
<u>School Districts</u>										
College Corner	40.65	32.10	32.10	32.10	32.10	32.10	32.10	32.10	32.10	32.10
Eaton City	33.90	33.20	33.20	33.20	33.20	38.60	38.60	38.60	38.30	38.30
National Trail	34.00	34.50	34.50	34.30	33.90	33.00	33.00	33.00	32.60	32.60
Preble Shawnee	25.00	22.50	22.50	25.49	25.49	25.49	25.49	25.49	22.99	23.49
Tri-County North	42.70	43.47	41.17	40.85	40.55	39.75	39.75	38.95	37.95	42.85
Twin Valley	41.50	44.42	44.42	44.00	43.70	42.50	42.50	42.35	41.90	41.90
MVCTC	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58
<u>Townships</u>										
Dixon	5.30	5.30	5.30	5.30	5.80	5.80	5.80	5.80	5.80	5.80
Gasper	2.70	2.70	2.70	2.70	2.70	4.80	4.80	4.80	4.80	4.80
Gratis	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	7.30	7.30
Harrison	5.55	6.55	6.55	6.55	6.80	6.80	6.80	6.80	5.20	7.05
Israel	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Jackson	4.70	4.95	4.95	4.95	4.95	4.95	4.95	4.95	5.70	5.70
Jefferson	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20
Lanier	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	6.20	6.20
Monroe	4.60	5.60	5.60	5.60	5.60	5.60	5.60	5.60	5.60	5.60
Somers	7.70	7.70	7.70	7.70	7.70	6.70	6.70	6.70	6.70	6.70
Twin	5.62	6.12	6.12	6.12	6.12	6.12	6.12	6.12	6.12	6.12
Washington	8.20	8.20	8.20	8.20	8.20	9.20	9.20	9.20	9.20	9.20
<u>Municipalities</u>										
Camden	6.20	6.30	6.30	6.30	7.30	5.30	5.30	11.30	11.30	11.30
College Corner	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40
Eaton	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60
Eldorado	6.84	6.84	6.84	6.84	6.84	6.84	6.84	6.84	6.84	6.84
Gratis	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80
Lewisburg	8.45	9.45	9.45	9.45	9.45	9.45	9.45	9.45	9.45	9.45
New Paris	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Verona	8.30	13.30	13.30	13.30	14.30	14.30	14.30	14.30	14.30	14.30
West Alexandria	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80
West Elkton	10.10	11.10	11.10	11.10	11.10	11.10	11.10	11.10	11.10	11.10
West Manchester	9.15	11.15	11.15	11.10	11.15	11.15	11.15	9.15	7.40	7.40

Source: Preble County Auditor's Office

PREBLE COUNTY, OHIO  
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
LAST TEN YEARS

Collection Year	Current Billed (1)	Current Amount Collected	Percent Collected	Delinquent Assessments Collected	Total Assessments Collected	Delinquent Assessments Collected as a Percent of Total Assessments Collected	Total Collections as a Percent of Current Assessments Levied	Accumulated Delinquencies
1996	\$11,327	\$11,157	98.50%	\$226	\$11,383	1.99%	100.49%	\$414
1997	0	0	0.00	42	42	100.00	100.00	372
1998	14,298	14,298	100.00	330	14,628	2.26	102.31	42
1999	6,852	6,852	100.00	0	6,852	0.00	100.00	46
2000	6,852	6,852	100.00	0	6,852	0.00	100.00	46
2001	13,701	11,177	81.58	46	11,223	0.41	81.91	2,524
2002	12,877	12,877	100.00	2,375	15,252	15.57	118.44	149
2003	6,182	4,017	64.98	0	4,017	0.00	64.98	2,165
2004	6,197	6,197	100.00	0	6,197	0.00	100.00	2,165
2005	5,986	5,986	100.00	0	5,986	0.00	100.00	2,384

SOURCE: County Auditor, Preble County, Ohio

(1) Includes only special assessments for capital projects.

PREBLE COUNTY, OHIO  
RATIO OF GROSS GENERAL BONDED DEBT  
TO ASSESSED VALUE AND GROSS BONDED DEBT PER CAPITA  
LAST TEN YEARS

Year	Population (1)	Assessed Value	Gross Bonded Debt (2)	Ratio of Gross Bonded Debt to Assessed Value	Gross Bonded Debt per Capita
1996	\$40,113	\$522,722,498	\$4,580,000	.876%	\$114.18
1997	40,113	537,987,240	4,365,000	.811	108.82
1998	40,113	547,514,040	4,140,000	.756	103.21
1999	40,113	645,654,590	3,905,000	.605	97.35
2000	42,337	657,343,980	3,660,000	.557	86.45
2001	42,337	667,028,410	3,400,000	.510	80.31
2002	42,337	724,684,980	3,915,000	.540	92.47
2003	42,337	729,136,590	3,515,000	.482	83.02
2004	42,337	739,757,900	3,100,000	.419	73.22
2005	42,337	739,322,660	2,675,000	.362	63.18

(1) Source: 1990 and 2000 Census

(2) Includes only general obligation bonds supported by general revenue. Does not include general obligation bonds recorded in enterprise funds.

PREBLE COUNTY, OHIO  
 COMPUTATION OF LEGAL DEBT MARGIN  
 DECEMBER 31, 2005

	Total Debt Limit (1)	Total Unvoted Debt Limit (2)
Assessed Value of County, Collection Year 2005	\$739,322,660	\$739,322,660
Debt Limitation	16,983,067	7,393,227
Outstanding Debt:		
General Obligation Bonds and Notes	8,386,654	6,796,654
Total Outstanding Debt	8,386,654	6,796,654
Less Exempt Debt:		
2002 County Jail Current Interest Bonds	1,225,000	0
2002 County Jail Capital Appreciation Bonds	240,000	0
2005 County Fairgrounds Refunding Bonds	125,000	0
2002 Various Purpose Bonds	1,075,000	1,075,000
1996 Fairgrounds Project Bonds	10,000	10,000
2004 OWDA Loan	809,955	809,955
2002 OPWC Loan	170,370	170,370
1996 Landfill Improvement Bonds	225,000	225,000
2005 Landfill Improvement Refunding Bonds	3,195,000	3,195,000
Mental Retardation Development Note	204,500	204,500
Flood Damage Repair Note	800,000	800,000
Landfill Compactor Note	114,700	114,700
Albert Ditch Construction Note	23,257	23,257
Drainage Backhoe Note	40,642	40,642
Console Equipment Note	78,230	78,230
Land Acquisition Note	50,000	50,000
Total Exempt Debt	8,386,654	6,796,654
Total Net Debt Subject to Limitation	0	0
Total Legal Debt Margin (Debt Limitation minus Net Debt)	\$16,983,067	\$7,393,227

(1) The Debt Limitation is calculated as follows:

3% of first \$100,000,000 of assessed value	\$3,000,000
1 1/2% of next \$200,000,000 of assessed value	3,000,000
2 1/2% of amount of assessed value in excess of \$300,000,000	10,983,067
	\$16,983,067

(2) The Debt Limitation equals 1% of the assessed value.

SOURCE: Preble County Auditor's Office

PREBLE COUNTY, OHIO  
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
 DECEMBER 31, 2005

Jurisdiction	Bonded Debt Outstanding (1)	Percentage Applicable to Preble County	Amount Applicable to Preble County
Direct Debt:			
County	\$2,675,000	100.00%	\$2,675,000
Overlapping Debt			
School Districts: (2)			
Eaton City	28,840,000	100.00	28,840,000
Preble Shawnee Local	3,375,900	96.10	3,244,240
Tri-County North Local	1,860,000	91.75	1,706,550
Twin Valley Local	3,115,000	100.00	3,115,000
National Trail Local	2,765,000	99.57	2,753,110
Total Overlapping Debt			39,658,900
Total Direct and Overlapping Debt			\$42,333,900

SOURCE: Preble County Auditor's Office

(1) Includes only general obligation bonds supported by general revenue. Does not include general obligation bonds recorded in Enterprise Funds.

(2) Includes only Preble County based schools. Does not include foreign school districts. Preble County portion of foreign school debt is immaterial.

PREBLE COUNTY, OHIO  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED  
DEBT TO GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN YEARS

Year	Debt Principal and Interest (1)	Total General Governmental Expenditures (2)	Ratio of Debt Principal and Interest to General Governmental Expenditures
1996	\$450,915	\$19,270,415	2.34%
1997	463,983	21,083,524	2.20
1998	464,456	21,375,042	2.17
1999	464,041	23,859,719	1.94
2000	476,589	22,808,738	2.09
2001	486,212	25,025,980	1.94
2002	633,787	28,649,804	2.21
2003	634,629	26,987,016	2.35
2004	618,416	27,448,892	2.20
2005	552,373	28,261,879	1.95

SOURCE: Preble County Auditor's Office

(1) Excluding general obligation debt reported in the Enterprise Funds

(2) Includes General, Special Revenue, Debt Service and Capital Projects Funds

PREBLE COUNTY, OHIO  
 DEMOGRAPHIC STATISTICS  
 LAST TEN YEARS

Year	Population (1)	School Enrollment (2)	Unemployment Rate Preble County (3)
1996	40,113	8,231	4.30%
1997	40,113	8,228	4.10
1998	40,113	8,173	4.00
1999	40,113	8,057	4.10
2000	42,337	7,882	4.20
2001	42,337	7,918	4.50
2002	42,337	7,992	4.64
2003	42,337	7,490	6.00
2004	42,337	7,402	6.10
2005	42,337	7,479	5.40

SOURCE: (1) U.S. Bureau of the Census, both 1990 and 2000

(2) Preble County Educational Service Center

(3) Ohio Bureau of Employment Services



PREBLE COUNTY, OHIO  
PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS  
LAST TEN YEARS

Year	Assessed Values (1)	Bank Deposits at December 31, (2)	Building Permits Issued (3)
1996	\$522,722,498	\$127,809,000	304
1997	537,987,240	138,869,000	274
1998	547,514,040	144,073,000	285
1999	645,654,590	151,057,000	253
2000	657,343,980	166,193,000	208
2001	667,028,410	171,949,000	245
2002	724,684,980	128,873,000	229
2003	729,136,590	195,713,000	193
2004	739,757,900	176,671,000	103
2005	739,322,660	178,725,000	117

(1) See Assessed Value and Estimated True Value of Taxable Property Statistical Table

(2) SOURCE: Federal Reserve Bank of Cleveland; no main office in Preble County

(3) SOURCE: Building Inspection Department

PREBLE COUNTY, OHIO  
 PRINCIPAL TAXPAYERS  
 DECEMBER 31, 2005

Taxpayer	2005 Real Property Assessed Value	Percentage of Total Real Property
Proctor & Gamble	\$16,869,570	2.28 %
Dayton Power & Light	15,247,530	2.06
Neaton Auto Products	12,954,370	1.75
Parker Hannifin Corporation	8,266,700	1.12
Henny Penny Corporation	7,897,640	1.07
North American Nutrition	5,557,310	0.75
Texas Eastern	5,491,500	0.74
Lewisburg Container Company	5,462,510	0.74
Bullen Ultrasonics	4,724,930	0.64
United Telephone Company	4,138,000	0.56
	<u>\$86,610,060</u>	<u>11.71 %</u>

SOURCE: Preble County Auditor's Office

PREBLE COUNTY, OHIO  
 MISCELLANEOUS STATISTICS  
 DECEMBER 31, 2005

Year of Incorporation	1808
County Seat	City of Eaton
<u>County Employees:</u>	
Full-Time	345
Part-Time	61
<u>Number of Political Subdivisions Totally or Partially Within the County</u>	
Municipalities	11
Townships	12
School Districts	10
<u>Higher Educational Facilities Within 25 Miles of Preble County</u>	
Miami University	
University of Dayton	
Indiana University - Richmond	
Sinclair Community College	
Earlham College	
Major Metropolitan Areas and Neighboring Communities	Miles from County Seat
Richmond, Indiana	13
Dayton, Ohio	24
Hamilton, Ohio	28
Cincinnati, Ohio	55
Indianapolis, Indiana	82
Columbus, Ohio	95
Ten Largest Employers	Number of Employees
Neaton Auto Products	774
Parker Hannifin Corporation	556
Henny Penny Corporation	462
Lewisburg Container Company	276
North American Nutrition	274
Zumstein Inc	247
Iams Company	183
Bullen Ultrasonics	139
Weyerhaeuser	116
Carlisle Engineered Products	101

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Betty Montgomery**

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## **FINANCIAL CONDITION**

### **PREBLE COUNTY**

#### **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 26, 2006**