



Mary Taylor, CPA
Auditor of State

PICKAWAY COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pickaway County
207 South Court Street
Circleville, Ohio 43113

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pickaway County, Ohio (the County), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pickaway County, Ohio, as of December 31, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Auto, License and Gas Tax, Job and Family Services, and Board of Mental Retardation Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2009, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is/are 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 federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule 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.

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

Mary Taylor, CPA
Auditor of State

September 9, 2009

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The discussion and analysis of Pickaway County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2008. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- The assets of the County exceeded its liabilities at December 31, 2008, by \$52,948,938.
- The net assets of governmental activities increased \$1,836,553 which represents a 3.63 percent increase from 2007, while the net assets of business-type activities increased \$17,884, which represents a 3.5 percent increase.
- For 2008, all revenues of the County totaled \$38,175,018. General revenues accounted for \$16,407,414 in revenue or 42.98 percent of all revenues. Program revenues in the form of charges for services and grants and contributions accounted for \$21,767,604 or 57.02 percent of all revenues.
- The County had \$36,320,581 in total expenses: only \$21,767,604 of these expenses was offset by program specific charges for services, grants and contributions. General revenues were \$16,407,414 of which \$13,116,271 was taxes with the remaining \$3,291,143 interest, grants, entitlements and miscellaneous revenues.
- As of December 31, 2008, the County's governmental funds reported combined ending fund balances of \$15,405,801 an increase of \$198,573 or 1.31 percent in comparison with the prior year.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Pickaway County as a financial whole or as an entire operating entity. The statements then proceed to provide a detailed look at specific financial conditions.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: The government-wide financial statements, fund financial statements, and notes to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector businesses. The statement of net assets and the statement of activities provide information about activities of the County as a whole, presenting both an aggregate view of the County's finances and a longer-term view of those assets.

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The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's tax base, current property tax laws in Ohio restricting revenue growth, and the condition of the County's capital assets (roads, bridges, sewer lines, etc.). These factors need to be considered when assessing the overall health of the County.

The statement of activities presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the County is divided into two distinct kinds of activities: governmental activities and business-type activities.

Governmental Activities - Most of the County's programs and services are reported here including human services, health, public safety, public works, economic development and assistance, conservation and recreation and general government (legislative and executive and judicial). These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The countywide sewer operation and the Sheriff web check activity are reported here.

Component Units - The County's financial statements include financial data for the Pickaway County Airport Authority. This component unit is described in the notes to the basic financial statements. The component unit is separate and may buy, sell, lease and mortgage property in its own name and can sue and be sued in its own name.

Fund Financial Statements

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General, Auto, License and Gas Tax, Job and Family Services, and Board of Mental Retardation.

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

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds - The County maintains only two proprietary funds. It uses enterprise funds to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise funds to account for its Countywide Sewer and Instant Web Check Funds.

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

Notes to the Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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Government-Wide Financial Analysis

You may recall that the statement of net assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's net assets for 2008 compared to 2007:

Table 1
Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<i>Assets:</i>						
Current and Other Assets	\$27,507,619	\$25,415,829	\$358,927	\$389,614	\$27,866,546	\$25,805,443
Capital Assets, Net	35,458,048	35,483,369	2,434,258	2,474,493	37,892,306	37,957,862
Total Assets	<u>69,965,667</u>	<u>60,899,198</u>	<u>2,793,185</u>	<u>2,864,107</u>	<u>65,758,852</u>	<u>63,763,305</u>
<i>Liabilities:</i>						
Current Liabilities	8,304,228	7,600,324	44,037	7,257	8,348,265	7,607,581
Long-Term Liabilities	2,241,096	2,715,084	2,220,553	2,346,139	4,461,649	5,061,223
Total Liabilities	<u>10,545,324</u>	<u>10,315,408</u>	<u>2,264,590</u>	<u>2,353,396</u>	<u>12,809,914</u>	<u>12,668,804</u>
<i>Net Assets:</i>						
Invested in Capital Assets, Net of Related Debt	35,102,190	35,060,164	213,705	128,354	35,315,895	35,188,518
<i>Restricted For:</i>						
Roads and Bridges	2,327,311	3,145,680	0	0	2,327,311	3,145,680
Mental Retardation Services	5,185,136	4,035,240	0	0	5,185,136	4,035,240
Capital Projects	2,289,512	2,312,739	0	0	2,289,512	2,312,739
Other Purposes	3,973,482	3,189,316	0	0	3,973,482	3,189,316
Unrestricted	<u>3,542,712</u>	<u>2,840,651</u>	<u>314,890</u>	<u>382,357</u>	<u>3,857,602</u>	<u>3,223,008</u>
Total Net Assets	<u>\$52,420,343</u>	<u>\$50,583,790</u>	<u>\$528,595</u>	<u>\$510,711</u>	<u>\$52,948,938</u>	<u>\$51,094,501</u>

Governmental current assets increased for the year ended 2008 when compared with 2007. The majority of the increase is due to increases in the cash and cash equivalents held by the County and intergovernmental receivables.

The increase in current liabilities for governmental activities is due mostly to an increase in accounts payable in 2008.

The decrease in governmental long-term liabilities is the result of the County making scheduled debt payments.

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$52,948,938 (\$52,420,343 in governmental activities and \$528,595 in business-type activities) at the end of the 2008 year.

The County's net assets are reflected in three categories: invested in capital assets, net of related debt, restricted and unrestricted.

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The County's largest portion of net assets relates to invested in capital assets, net of related debt. This accounts for 66.70 percent of net assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

The County's smallest portion of net assets is unrestricted which accounts for 7.28 percent of net assets.

The remaining balance of \$13,775,441 or 26.02 percent is restricted assets. The restricted net assets are subject to external restrictions on how they may be used.

Business-type current assets decreased due to a decrease in accounts receivable for charges for services. Capital assets decreased due to depreciation for the year. Current liabilities for business-type activities increased as a result of an increase in contracts payable and intergovernmental payable. Long-term liabilities decreased due to the County making scheduled debt payments.

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Table 2 shows the changes in net assets for 2008 compared to 2007.

Table 2
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<i>Program Revenues:</i>						
Charges for Services	\$4,119,181	\$3,726,702	\$342,716	\$423,165	\$4,461,897	\$4,149,867
Operating Grants & Contributions	16,915,068	17,142,672	0	0	16,915,068	17,142,672
Capital Grants & Contributions	390,639	600,000	0	0	390,639	600,000
<i>Total Program Revenues</i>	<u>21,424,888</u>	<u>21,469,374</u>	<u>342,716</u>	<u>423,165</u>	<u>21,767,604</u>	<u>21,892,539</u>
<i>General Revenues:</i>						
Property Taxes	6,544,472	6,583,785	0	0	6,544,472	6,583,785
Sales Taxes	6,571,799	5,895,379	0	0	6,571,799	5,895,379
Grants & Entitlements	1,770,162	891,812	0	0	1,770,162	891,812
Interest	730,014	908,894	0	0	730,014	908,894
Miscellaneous	754,098	1,364,216	36,869	51,349	790,967	1,415,565
<i>Total General Revenues</i>	<u>16,370,545</u>	<u>15,644,086</u>	<u>36,869</u>	<u>51,349</u>	<u>16,407,414</u>	<u>15,695,435</u>
<i>Total Revenues</i>	<u>37,795,433</u>	<u>37,113,460</u>	<u>379,585</u>	<u>474,514</u>	<u>38,175,018</u>	<u>37,587,974</u>
<i>Program Expenses:</i>						
<i>General Government:</i>						
Legislative & Executive	5,260,972	4,055,503	0	0	5,260,972	4,055,503
Judicial	2,134,956	2,079,168	0	0	2,134,956	2,079,168
Public Safety	7,083,549	7,167,053	0	0	7,083,549	7,167,053
Public Works	5,687,357	4,918,844	0	0	5,687,357	4,918,844
Health	4,953,812	4,422,507	0	0	4,953,812	4,422,507
Human Services	10,140,736	9,985,709	0	0	10,140,736	9,985,709
Conservation & Recreation	458,531	630,089	0	0	458,531	630,089
Economic Development & Assistance	163,203	631,930	0	0	163,203	631,930
Other	26,996	21,880	0	0	26,996	21,880
Interest & Fiscal Charges	48,768	75,613	0	0	48,768	75,613
Countywide Sewer	0	0	329,794	261,941	329,794	261,941
Instant Web Checks	0	0	31,907	16,791	31,907	16,791
<i>Total Program Expenses</i>	<u>35,958,880</u>	<u>33,988,296</u>	<u>361,701</u>	<u>278,732</u>	<u>36,320,581</u>	<u>34,267,028</u>
<i>Changes in Net Assets</i>	<u>1,836,553</u>	<u>3,125,164</u>	<u>17,884</u>	<u>195,782</u>	<u>1,854,437</u>	<u>3,320,946</u>
Net Assets at January 1	<u>50,583,790</u>	<u>47,458,626</u>	<u>510,711</u>	<u>314,929</u>	<u>51,094,501</u>	<u>47,773,555</u>
Net Assets at December 31	<u>\$52,420,343</u>	<u>\$50,583,790</u>	<u>\$528,595</u>	<u>\$510,711</u>	<u>\$52,948,938</u>	<u>\$51,094,501</u>

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Governmental Activities

The most significant program expenses for the County are Human Services, Public Safety, Public Works, Legislative and Executive, and Health. These programs account for 92.13 percent of the total governmental activities. Human Services, which accounts for 28.20 percent of the total, represents costs associated with providing services for Workforce Investment Act, child support and enforcement assistance programs, welfare programs, and Byrne program for families and individuals. These expenses reflect programs administered by Job and Family Services, Child Support Enforcement Agency and Children Services. Public Safety, which represents 19.70 percent of the total, represents costs mainly associated with the operation of the Sheriff's Department and County Jail. Public Works, which accounts for 15.82 percent of the total, represents costs associated with the operation of the County Engineer in maintaining the County's roads and bridges. Legislative and Executive expenses, which is 14.63 percent of the total, represents costs associated with the general administration of county government including the County Commissioners, Auditor, Treasurer, Prosecutor and Recorder. Health, which accounts for 13.78 percent of the total, primarily represents costs associated with the services provided by the Board of Mental Retardation. Funding for the most significant programs indicated above is from charges for services, operating grants, and in some instances property and sales taxes. The Job and Family Services, Child Support Enforcement Agency, Children Services and Clerk of Courts are basically funded with federal and state monies. The operation of the Sheriff's Department and County Jail is funded through General Fund general revenues and per diem charges to house prisoners from other jurisdictions. The Board of Mental Retardation is partially funded by a voted property tax levy. The most significant funding sources for the County Engineer are motor vehicle license fees and gasoline taxes.

As noted previously, the net assets for the governmental activities increased \$1,836,553 or 3.63 percent. This change is unlike last year when net assets increased \$3,125,164 or 6.59 percent. Total revenues increased \$681,973 or 1.84 percent over last year and expenses increased \$1,970,584 or 5.8 percent over last year.

One major factor in the change in revenues is the significant increase in general revenues for grants and entitlements not restricted to specific programs which increased \$878,350 or 98.49 percent, which is the result of increased grant funding in the General Fund.

Expenses increased 5.8 percent during 2008. Several factors led to this increase. Legislative and Executive increased \$1,205,469 or 29.72 percent which is due to increases in expenditures to provide general government services. Public Works expenditures increased \$768,513 or 15.62 percent, which is due to increases in Issue II funding from Ohio Public Works and which resulted in more expenditures on public works projects. Health increased \$531,305 or 12.01 percent which is the result of the increases in salaries and benefits in providing social services to the public through the Board of Mental Retardation.

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Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2008	2008	2007	2007
<i>General Government:</i>				
Legislative and Executive	\$5,260,972	\$3,830,043	\$4,055,503	\$1,793,114
Judicial	2,134,956	1,242,243	2,079,168	1,189,939
Public Safety	7,083,549	4,828,409	7,167,053	5,649,614
Public Works	5,687,357	1,210,597	4,918,844	(664,213)
Health	4,953,812	2,163,970	4,422,507	2,047,795
Human Services	10,140,736	1,161,448	9,985,709	1,359,063
Conservation and Recreation	458,531	416,938	630,089	611,976
Economic Development and Assistance	163,203	(395,420)	631,930	434,141
Other	26,996	26,996	21,880	21,880
Interest and Fiscal Charges	48,768	48,768	75,613	75,613
Total Expenses	\$35,958,880	\$14,533,992	\$33,988,296	\$12,518,922

Of the \$35,958,880 total governmental activities expenses, \$21,424,888 or 59.58 percent was covered by direct charges to users of the services and intergovernmental grants. The majority of program revenues are grants, with the remaining portion consisting of fees and charges for services. These charges are for fees charged for real estate transfers, for the collection of property taxes throughout the County, for title fees and for court fees. Public Safety charges for services include items such as fees for boarding prisoners, patrolling subdivisions, and for special details. Health includes charges for services provided to clients of the Mental Retardation Board. For Public Works, the County Engineer has fully funded their operations.

Additional revenues were provided to the governmental activities by the state and federal governments for operations and capital improvements.

Business-Type Activities

In the past, program revenues had been adequate to cover the costs of operation for the County's business-type activities. This year, net assets increased by \$17,884 or 3.5 percent. For 2008, there was a decrease in revenues and a increase in expenses, which was the result of decreased activity from customers during the year and increase in cost associated with providing sewer services.

Financial Analysis of the County's Funds

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term receipts, disbursements, 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 a County's net resources available for spending at the end of the calendar year.

Pickaway County, Ohio
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Unaudited

As of the end of the current year, the County's governmental funds reported combined ending fund balances of \$15,405,801. Of this total, \$15,117,821 represents unreserved fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purposes restrictions. The remainder of fund balance is reserved to indicate that it is not available for new spending. While a large amount of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the statement of net assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state or federal government or the local tax levy.

The General Fund is the primary operating fund of the County. At the end of 2008, the unreserved fund balance of the General Fund was \$3,091,213. Unreserved fund balance represents 22.82 percent of expenditures. This is one measurement of the General Fund's liquidity. The fund balance of the General Fund decreased by \$264,371, with revenues exceeding expenditures by \$115,750.

The Auto, License and Gas Tax Fund balance decreased by \$777,891, which is due to increased costs associated with maintaining public roads and bridges. The Job and Family Services Fund balance decreased by \$69,260, which is the result of expenditures exceeding revenues even with an increase in grant revenue. The Board of Mental Retardation Fund balance increased by \$1,096,540, which is the result of property tax and intergovernmental revenues exceeding expenditures.

Proprietary Fund - The County's significant proprietary fund is the Countywide Sewer Fund, which accounts for the providing of sewer services to several subdivisions. Net assets of this proprietary fund at year end were \$503,456, of which \$289,751 was unrestricted, which is an increase of \$1,519 or 0.30 percent.

Budgetary Highlights - General Fund

By state statute, the Board of County Commissioners adopts the annual operating budget for the County. Essentially the budget is the County's appropriations, which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Ohio Revised Code.

The County had several revisions to the original appropriations approved by the County Commissioners. Overall these changes resulted in an increase from the original appropriations of 3.97 percent or \$542,033, from \$13,646,399 to \$14,188,432, in the General Fund. The majority of the increase occurred in the Public Safety and Transfers out expenditure functions. The County spent 95.84 percent of the amount appropriated in the General Fund during 2008.

The General Fund's budgeted revenue only increased \$156,228 over the original amount during 2008. This is a result of Pickaway County's steady economic conditions. Fluctuations in growth and diversity have typically not occurred in Pickaway County, allowing departmental managers the ability to consistently predict revenues. The County does not increase its estimated revenues unless there are insufficient revenues to cover the total appropriations of the General Fund.

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2008 amounts to \$35,315,895 (net of related debt). This investment in capital assets includes land and improvements, buildings and improvements, improvements other than buildings, machinery and equipment, furniture and fixtures, vehicles, and infrastructure.

The most significant capital asset events during 2008 were improvements to the County's infrastructure, which included \$1,006,596 for the resurfacing of County roads, the replacement of one bridge and for replacing sixteen culverts throughout the County.

For more information regarding the County's capital assets, see Note 8 of the notes to the basic financial statements.

Debt

Outstanding special assessment bonds at December 31, 2008, totaled \$196,000 with \$29,000 being retired during the year. Special assessment bonds are backed by the full faith and credit of the County. In the event of payment default by the property owner, the County would be responsible for the debt service payments.

General obligation notes outstanding at December 31, 2008 were \$503,922 with \$361,378 being retired during the year. These notes relate to proceeds used for improvements to County's facilities, finance voting machine equipment, purchase of a building, and reconstruction of roads.

Loans outstanding at December 31, 2008 were \$320,000 from the Ohio Public Works Commission and \$1,900,553 from the Ohio Water Development Authority. This relates to proceeds used to complete renovations of the Darby Township Sanitary Sewer System.

The County continues to monitor its outstanding debt. Information relative to the County's debt is identified in Note 9 and 10 of the notes to the basic financial statements.

Economic Factors

The County's budget for the general fund in 2008 was conservative. Revenues were projected to come in just slightly above what was actually received in 2007. Appropriations for 2008 were expected to increase slightly over the actual expenditures for 2007. The ending fund balance for 2008 was expected to be at the same level for 2007.

Much of the reason for the conservative budget centers on the slow down in economic growth and uncertainty of the future economic climate. The County continued to have an unemployment rate that is slightly higher than the state and federal rates. The state legislature has continued to reduce the amounts for state based programs including local government, local government revenue assistance and state funded grant programs, which may require more local support in order to maintain the current level of service. The phase out of the personal property tax on business inventory continued and also the elimination of the personal property tax exemption reimbursement from the state.

Pickaway County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

A decrease in the amount of interest income earned by the County was projected based on a decline of interest rates by the Federal Reserve, but the County hoped to realize an increase in sales tax revenue in 2009. The Super Wal-Mart Facility continued to see new construction which has brought more retail stores and restaurants to our community. Our Economic Development Director and the Pickaway Progress Partnership (formerly CIC) has worked hard at marketing Pickaway County with the goal of bringing new business to the County, which would enhance our Sales Tax and Real Estate revenues. Listed are some of those accomplishments.

Pickaway Progress Partnership (P3) LEED Certified Speculative Building: P3 secured \$1 million in loans and grants from the Ohio Department of Development (ODOD) to construct a 12,000 square foot industrial/warehouse speculative building on SR 752 in Ashville. The building is a green building and will meet the requirements of being LEED Certified, the industry standard for green buildings. P3 hopes to lease the building to growing businesses in and around Pickaway County looking for space to expand operations.

Rickenbacker East-West Connector Road: The Pickaway County Engineer in conjunction with the Pickaway County Commissioners and P3 began a transportation study of this \$40 million roadway linking the Norfolk Southern Intermodal Terminal with US 23, a 4-lane heavily traveled federal highway. This road, when complete, will provide the "back door" to the Rickenbacker area and allow for development with the potential of 15,000 new jobs to the area over the next 20 years. These entities have secured over \$600,000 in grants from regional, state and federal sources to complete the study.

Le Gourmet Chef: Circleville Pickaway LLC, owner of the former Thomson facility signed a lease with Le Gourmet Chef to occupy the 166,000 SF warehouse on site. Le Gourmet committed to bringing 35 new jobs to Circleville. They consolidated operations in New Jersey into the Circleville warehouse. This company is based in Chillicothe and distributes kitchenware through various outlet malls and the internet.

Former Thomson property: This property, which was vacant since 2004 was purchased by Circleville Pickaway LLC a unit of the Industrial Realty Group (IRG) headed by Stuart Lichter. IRG is a nationally-known developer of Brownfield properties. IRG has plans to develop the 223 acre site into a mixed-use park with retail and industrial. IRG has projected that the site has potential to attract 2,000 new jobs to Circleville over the next 20 years.

US EPA Brownfield Assessment Grants: The City of Circleville was awarded \$400,000 in grants to perform phase I and phase II environmental assessments on properties in Circleville. The goal of the program is to assess the properties and remediate them to turn into developable, job generating sites.

Former Smurfit Facility: The Ohio Department of Development approved Circleville for a \$750,000 Clean Ohio Assistance Fund (COAF) grant for asbestos remediation and environmental clean-up at this former paper mill. CircleGreen, the owner of the site has committed another \$750,000 to match the state grant and demolish buildings on site.

The County's business-type activity was projected to operate at a similar level as in 2007. The rates charged remain unchanged and expenses for sewer operations are anticipated to remain stable.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, request for additional financial information or about obtaining the separately issued financial statements of the County's component unit should be addressed to Melissa A. Betz, Pickaway County Auditor, 207 S. Court Street, Circleville, Ohio 43113.

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Pickaway County, Ohio

Statement of Net Assets

December 31, 2008

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
				Pickaway County Airport Authority
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$14,360,146	\$289,658	14,649,804	\$137,775
Cash and Cash Equivalents in Segregated Accounts	165,341	0	165,341	0
Materials and Supplies Inventory	453,455	0	453,455	26,905
Accrued Interest Receivable	56,371	0	56,371	0
Accounts Receivable	0	46,273	46,273	1,740
Intergovernmental Receivable	4,615,507	22,996	4,638,503	4,344
Sales Taxes Receivable	1,512,038	0	1,512,038	0
Property Taxes Receivable	6,045,049	0	6,045,049	0
Special Assessments Receivable	109,961	0	109,961	0
Notes Receivable	30,400	0	30,400	0
Prepaid Items	159,351	0	159,351	0
Nondepreciable Capital Assets	1,037,998	13,964	1,051,962	348,771
Depreciable Capital Assets, Net	34,420,050	2,420,294	36,840,344	1,059,742
<i>Total Assets</i>	<u>62,965,667</u>	<u>2,793,185</u>	<u>65,758,852</u>	<u>1,579,277</u>
Liabilities:				
Accounts Payable	978,131	0	978,131	1,078
Accrued Wages and Benefits	1,220,146	1,846	1,221,992	0
Contracts Payable	105,934	30,290	136,224	4,344
Intergovernmental Payable	222,291	11,901	234,192	0
Accrued Interest Payable	12,336	0	12,336	0
Deferred Revenue	5,726,847	0	5,726,847	0
Deposits Held and Due To Others	38,543	0	38,543	0
<i>Long-Term Liabilities:</i>				
Due Within One Year	1,377,092	120,306	1,497,398	0
Due In More Than One Year	864,004	2,100,247	2,964,251	0
<i>Total Liabilities</i>	<u>10,545,324</u>	<u>2,264,590</u>	<u>12,809,914</u>	<u>5,422</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	35,102,190	213,705	35,315,895	1,408,513
<i>Restricted for:</i>				
Road and Bridge Maintenance and Repair	2,327,311	0	2,327,311	0
Mental Retardation Services	5,185,136	0	5,185,136	0
Capital Projects	2,289,512	0	2,289,512	2,227
Other Purposes	3,973,482	0	3,973,482	0
Unrestricted	3,542,712	314,890	3,857,602	163,115
<i>Total Net Assets</i>	<u>\$52,420,343</u>	<u>\$528,595</u>	<u>\$52,948,938</u>	<u>\$1,573,855</u>

See accompanying notes to the basic financial statements and accountant's report.

Pickaway County, Ohio
Statement of Activities
December 31, 2008

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:				
Governmental Activities:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	\$5,260,972	\$1,430,929	\$0	\$0
Judicial	2,134,956	774,796	117,917	0
Public Safety	7,083,549	1,308,536	946,604	0
Public Works	5,687,357	337,411	4,139,349	0
Health	4,953,812	149,297	2,249,906	390,639
Human Services	10,140,736	76,619	8,902,669	0
Conservation and Recreation	458,531	41,593	0	0
Community and Economic Development	163,203	0	558,623	0
Other	26,996	0	0	0
Interest and Fiscal Charges	48,768	0	0	0
<i>Total Governmental Activities</i>	<u>35,958,880</u>	<u>4,119,181</u>	<u>16,915,068</u>	<u>390,639</u>
Business-Type Activities:				
Countywide Sewer	329,794	294,444	0	0
Instant Web Checks	31,907	48,272	0	0
<i>Total Business-Type Activities</i>	<u>361,701</u>	<u>342,716</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$36,320,581</u>	<u>\$4,461,897</u>	<u>\$16,915,068</u>	<u>\$390,639</u>
Component Units:				
Pickaway County Airport Authority	\$53,137	\$141,760	\$0	\$60,959
<i>Total Component Units</i>	<u>\$53,137</u>	<u>\$141,760</u>	<u>\$0</u>	<u>\$60,959</u>

General Revenues:

Property Taxes Levied for:

- General Purposes
- Board of Mental Retardation
- Debt Service

Sales Tax for:

- General Purposes
- Capital Projects

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Changes in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

See accompanying notes to the basic financial statements and accountant's report.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	Pickaway County Airport Authority
(\$3,830,043)	\$0	(\$3,830,043)	\$0
(1,242,243)	0	(1,242,243)	0
(4,828,409)	0	(4,828,409)	0
(1,210,597)	0	(1,210,597)	0
(2,163,970)	0	(2,163,970)	0
(1,161,448)	0	(1,161,448)	0
(416,938)	0	(416,938)	0
395,420	0	395,420	0
(26,996)	0	(26,996)	0
(48,768)	0	(48,768)	0
(14,533,992)	0	(14,533,992)	0
0	(35,350)	(35,350)	0
0	16,365	16,365	0
0	(18,985)	(18,985)	0
(14,533,992)	(18,985)	(14,552,977)	0
0	0	0	88,623
0	0	0	88,623
2,617,723	0	2,617,723	0
3,594,019	0	3,594,019	0
332,730	0	332,730	0
6,392,933	0	6,392,933	0
178,866	0	178,866	0
1,770,162	0	1,770,162	0
730,014	0	730,014	0
754,098	36,869	790,967	896
16,370,545	36,869	16,407,414	896
1,836,553	17,884	1,854,437	89,519
50,583,790	510,711	51,094,501	1,423,377
\$52,420,343	\$528,595	\$52,948,938	\$1,512,896

Pickaway County, Ohio

Balance Sheet

Governmental Funds

December 31, 2008

	General	Auto, License and Gas Tax	Job and Family Services	Board of Mental Retardation
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,874,416	\$475,018	\$155,957	\$5,183,031
Cash and Cash Equivalents In Segregated Accounts	70,670	561	0	0
Materials and Supplies Inventory	35,559	411,502	4,925	0
Accrued Interest Receivable	56,294	0	0	0
Interfund Receivable	24,031	0	0	0
Intergovernmental Receivable	644,325	1,879,196	444,453	208,047
Prepaid Items	133,796	0	16,810	0
Sales Taxes Receivable	1,512,038	0	0	0
Property Taxes Receivable	2,546,783	0	0	3,498,266
Special Assessments Receivable	0	0	0	0
Notes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$7,897,912</u>	<u>\$2,766,277</u>	<u>\$622,145</u>	<u>\$8,889,344</u>
Liabilities:				
Accounts Payable	\$351,708	\$124,526	\$205,495	\$96,764
Accrued Wages and Benefits	578,440	136,491	233,237	161,311
Contracts Payable	0	0	0	0
Intergovernmental Payable	66,673	1,879	16,674	5,367
Interfund Payable	0	0	0	0
Deferred Revenue	3,637,539	1,218,482	0	3,706,313
Deposits Held and Due To Others	38,543	0	0	0
<i>Total Liabilities</i>	<u>4,672,903</u>	<u>1,481,378</u>	<u>455,406</u>	<u>3,969,755</u>
Fund Balances:				
Reserved:				
Reserved for Encumbrances	0	30,440	0	0
Reserved for Debt Service	0	0	0	0
Reserved for Prepays	133,796	0	16,810	0
<i>Unreserved, Undesignated, Reported in:</i>				
General Fund	3,091,213	0	0	0
Special Revenue Funds	0	1,254,459	149,929	4,919,589
Debit Service Fund	0	0	0	0
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>3,225,009</u>	<u>1,284,899</u>	<u>166,739</u>	<u>4,919,589</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,897,912</u>	<u>\$2,766,277</u>	<u>\$622,145</u>	<u>\$8,889,344</u>

See accompanying notes to the basic financial statements and accountant's report.

Pickaway County, Ohio
*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2008*

Other Governmental Funds	Total Governmental Funds		
\$5,671,724	\$14,360,146	Total Governmental Funds Balances	\$15,405,801
94,110	165,341	<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
1,469	453,455	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	35,458,048
77	56,371		
0	24,031	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
1,439,486	4,615,507	Property Taxes	345,832
8,745	159,351	Sales Tax	605,605
0	1,512,038	Intergovernmental Revenue	2,748,528
0	6,045,049	Special Assessments	109,961
109,961	109,961	Total	3,699,965
30,400	30,400		
\$7,355,972	\$27,531,650	In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds an interest expenditure is reported when due.	(12,336)
\$199,638	\$978,131	Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds:	
110,667	1,220,146	General Obligation Notes	(503,922)
105,934	105,934	Special Assessment Bonds	(196,000)
131,698	222,291	Capital Leases Payable	(85,936)
24,031	24,031	Compensated Absences	(1,455,238)
974,439	9,536,773		
0	38,543	Total	(2,241,096)
1,546,407	12,125,849	<i>Net Assets of Governmental Activities</i>	\$52,310,382
0	30,440		
98,189	98,189		
8,745	159,351		
0	3,091,213		
3,354,927	9,678,904		
58,192	58,192		
2,289,512	2,289,512		
5,809,565	15,405,801		
\$7,355,972	\$27,531,650		

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
December 31, 2008

	General	Auto, License and Gas Tax	Job and Family Services	Board of Mental Retardation
Revenues:				
Property Taxes	\$2,605,736	\$0	\$0	\$3,579,242
Sales Tax	5,787,328	0	0	0
Charges for Services	2,254,405	286,937	0	7,459
Licenses and Permits	2,821	0	0	0
Fines and Forfeitures	151,364	947	0	0
Intergovernmental	1,804,334	3,814,814	5,736,226	2,199,485
Interest	701,252	21,845	0	0
Contributions and Donations	0	0	0	0
Special Assessments	0	0	0	0
Rent	72,716	0	0	0
Other	281,391	39,954	80,985	39,911
<i>Total Revenues</i>	<u>13,661,347</u>	<u>4,164,497</u>	<u>5,817,211</u>	<u>5,826,097</u>
Expenditures:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	4,567,263	0	0	0
Judicial	1,773,945	0	0	0
Public Safety	5,960,977	0	0	0
Public Works	94,589	4,942,388	0	0
Health	111,974	0	0	4,674,557
Human Services	517,611	0	6,124,047	0
Conservation and Recreation	403,250	0	0	0
Community and Economic Development	0	0	0	0
Other	26,996	0	0	0
Capital Outlay	7,500	0	0	0
<i>Debt Service:</i>				
Principal Retirement	73,144	0	12,839	0
Interest and Fiscal Charges	8,348	0	1,398	0
<i>Total Expenditures</i>	<u>13,545,597</u>	<u>4,942,388</u>	<u>6,138,284</u>	<u>4,674,557</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>115,750</u>	<u>(777,891)</u>	<u>(321,073)</u>	<u>1,151,540</u>
Other Financing Sources (Uses):				
Inception of Capital Lease	36,392	0	0	0
Issuance of Notes	0	0	0	0
Insurance Recoveries	0	0	0	0
Transfers In	40,000	0	251,813	0
Transfers Out	(456,513)	0	0	(55,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(380,121)</u>	<u>0</u>	<u>251,813</u>	<u>(55,000)</u>
<i>Net Change in Fund Balances</i>	<u>(264,371)</u>	<u>(777,891)</u>	<u>(69,260)</u>	<u>1,096,540</u>
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>3,489,380</u>	<u>2,062,790</u>	<u>235,999</u>	<u>3,823,049</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$3,225,009</u>	<u>\$1,284,899</u>	<u>\$166,739</u>	<u>\$4,919,589</u>

See accompanying notes to the basic financial statements and accountant's report.

Pickaway County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
December 31, 2008*

All Other Governmental Funds	Total Governmental Funds
\$339,730	\$6,524,708
178,866	5,966,194
1,317,464	3,866,265
0	2,821
56,191	208,502
4,571,224	18,126,083
6,917	730,014
390,639	390,639
41,593	41,593
0	72,716
239,141	681,382
<u>7,141,765</u>	<u>36,610,917</u>
496,817	5,064,080
354,028	2,127,973
921,016	6,881,993
408,398	5,445,375
155,021	4,941,552
3,600,275	10,241,933
44,643	447,893
163,203	163,203
0	26,996
759,130	766,630
340,756	426,739
43,819	53,565
<u>7,287,106</u>	<u>36,587,932</u>
<u>(145,341)</u>	<u>22,985</u>
0	36,392
38,000	38,000
101,196	101,196
259,700	551,513
(40,000)	(551,513)
<u>358,896</u>	<u>175,588</u>
213,555	198,573
<u>5,596,010</u>	<u>15,207,228</u>
<u>\$5,809,565</u>	<u>\$15,405,801</u>

Net Change in Fund Balances - Total Governmental Funds	\$198,573
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
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. This is the amount by which capital outlays exceeded depreciation in the current period:	
Capital Asset Additions	2,218,267
Depreciation	<u>(2,146,954)</u>
Total	71,313
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(96,634)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Property Taxes	26,764
Sales Taxes	605,605
Intergovernmental Revenue	559,147
Special Assessments	<u>(7,000)</u>
Total	1,184,516
Repayment of principal of long-term liabilities (e.g. bonds, notes, leases) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	426,739
Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues in the statement of activities:	
Proceeds from Sale of Notes	(38,000)
Inception of Capital Leases	<u>(36,392)</u>
Total	(74,392)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	4,797
Compensated absences expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds.	<u>121,641</u>
<i>Changes in Net Assets of Governmental Activities</i>	<u>\$1,836,553</u>

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
December 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$2,572,500	\$2,572,500	\$2,605,736	\$33,236
Sales Tax	5,400,000	5,400,000	5,728,804	328,804
Charges for Services	2,039,123	2,301,563	2,297,899	(3,664)
Licenses and Permits	3,600	3,600	2,821	(779)
Fines and Forfeitures	125,664	125,664	132,669	7,005
Intergovernmental	1,288,612	1,337,184	1,651,351	314,167
Investment Earnings	731,000	704,856	694,573	(10,283)
Rent	69,000	69,000	72,716	3,716
Other	500,650	372,010	298,070	(73,940)
<i>Total Revenues</i>	<u>12,730,149</u>	<u>12,886,377</u>	<u>13,484,639</u>	<u>598,262</u>
Expenditures:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	4,624,128	4,585,454	4,320,451	265,003
Judicial	1,754,059	1,835,532	1,738,290	97,242
Public Safety	5,681,403	6,021,153	5,848,754	172,399
Public Works	124,558	124,558	93,701	30,857
Health	84,200	113,673	112,651	1,022
Human Services	510,488	518,806	518,806	0
Conservation and Recreation	408,250	403,250	403,250	0
Other	0	62,728	39,348	23,380
Capital Outlay	7,500	7,500	7,500	0
<i>Debt Service:</i>				
Principal Retirement	0	55,500	55,500	0
Interest and Fiscal Charges	0	3,765	3,765	0
<i>Total Expenditures</i>	<u>13,194,586</u>	<u>13,731,919</u>	<u>13,142,016</u>	<u>589,903</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(464,437)</u>	<u>(845,542)</u>	<u>342,623</u>	<u>1,188,165</u>
Other Financing Sources (Uses):				
Advances In	0	0	41,735	41,735
Advances Out	0	0	(27,697)	(27,697)
Transfers In	200,000	200,000	40,000	(160,000)
Transfers Out	(451,813)	(456,513)	(456,513)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(251,813)</u>	<u>(256,513)</u>	<u>(402,475)</u>	<u>(145,962)</u>
<i>Net Change in Fund Balance</i>	(716,250)	(1,102,055)	(59,852)	1,042,203
<i>Fund Balance at Beginning of Year</i>	<u>2,888,833</u>	<u>2,888,833</u>	<u>2,888,833</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2,172,583</u>	<u>\$1,786,778</u>	<u>\$2,828,981</u>	<u>\$1,042,203</u>

See accompanying notes to the basic financial statements and the accountant's report.

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Auto, License and Gas Tax Fund
December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$78,000	\$78,000	\$151,013	\$73,013
Fines and Forfeitures	800	800	947	147
Intergovernmental	3,800,000	3,800,000	3,951,383	151,383
Interest	0	0	21,284	21,284
Other	20,000	20,000	39,954	19,954
<i>Total Revenues</i>	<u>3,898,800</u>	<u>3,898,800</u>	<u>4,164,581</u>	<u>265,781</u>
Expenditures:				
<i>Current:</i>				
Public Works	4,339,964	5,017,041	4,908,873	108,168
<i>Total Expenditures</i>	<u>4,339,964</u>	<u>5,017,041</u>	<u>4,908,873</u>	<u>108,168</u>
<i>Net Change in Fund Balance</i>	(441,164)	(1,118,241)	(744,292)	373,949
<i>Fund Balance at Beginning of Year</i>	1,057,075	1,057,075	1,057,075	0
<i>Prior Year Encumbrances Appropriated</i>	96,477	96,477	96,477	0
<i>Fund Balance at End of Year</i>	<u>\$712,388</u>	<u>\$35,311</u>	<u>\$409,260</u>	<u>\$373,949</u>

See accompanying notes to the basic financial statements and accountant's report.

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Job and Family Services Fund
December 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$6,445,985	\$6,445,985	\$5,734,668	(\$711,317)
Other	187,076	187,076	80,985	(106,091)
<i>Total Revenues</i>	<u>6,633,061</u>	<u>6,633,061</u>	<u>5,815,653</u>	<u>(817,408)</u>
Expenditures:				
<i>Current:</i>				
Human Services	6,884,874	6,884,874	6,100,922	783,952
<i>Total Expenditures</i>	<u>6,884,874</u>	<u>6,884,874</u>	<u>6,100,922</u>	<u>783,952</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(251,813)</u>	<u>(251,813)</u>	<u>(285,269)</u>	<u>(33,456)</u>
Other Financing Sources:				
Transfers In	251,813	251,813	251,813	0
<i>Total Other Financing Sources</i>	<u>251,813</u>	<u>251,813</u>	<u>251,813</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	(33,456)	(33,456)
<i>Fund Balance at Beginning of Year</i>	<u>189,413</u>	<u>189,413</u>	<u>189,413</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$189,413</u></u>	<u><u>\$189,413</u></u>	<u><u>\$155,957</u></u>	<u><u>(\$33,456)</u></u>

See accompanying notes to the basic financial statements and accountant's report.

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Board of Mental Retardation Fund
December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$3,725,000	\$3,725,000	\$3,579,242	(\$145,758)
Charges for Services	16,000	16,000	7,459	(8,541)
Intergovernmental	1,506,600	1,506,600	2,240,337	733,737
Other	5,000	20,000	40,407	20,407
<i>Total Revenues</i>	<u>5,252,600</u>	<u>5,267,600</u>	<u>5,867,445</u>	<u>599,845</u>
Expenditures:				
<i>Current:</i>				
Health	5,194,000	5,441,700	4,670,564	771,136
<i>Total Expenditures</i>	<u>5,194,000</u>	<u>5,441,700</u>	<u>4,670,564</u>	<u>771,136</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>58,600</u>	<u>(174,100)</u>	<u>1,196,881</u>	<u>1,370,981</u>
Other Financing Uses:				
Transfers Out	(65,000)	(55,000)	(55,000)	0
<i>Total Other Financing Uses</i>	<u>(65,000)</u>	<u>(55,000)</u>	<u>(55,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(6,400)	(229,100)	1,141,881	1,370,981
<i>Fund Balance Beginning of Year</i>	<u>4,041,150</u>	<u>4,041,150</u>	<u>4,041,150</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$4,034,750</u>	<u>\$3,812,050</u>	<u>\$5,183,031</u>	<u>\$1,370,981</u>

See accompanying notes to the basic financial statements and accountant's report.

Pickaway County, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2008

	Business-Type Activities		Total
	Countywide Sewer	Other Enterprise Fund	
Assets:			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$262,338	\$27,320	\$289,658
Accounts Receivable	46,273	0	46,273
Intergovernmental Receivable	22,996	0	22,996
<i>Total Current Assets</i>	<u>331,607</u>	<u>27,320</u>	<u>358,927</u>
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	13,964	0	13,964
Depreciable Capital Assets, Net	2,420,294	0	2,420,294
<i>Total Noncurrent Assets</i>	<u>2,434,258</u>	<u>0</u>	<u>2,434,258</u>
<i>Total Assets</i>	<u>2,765,865</u>	<u>27,320</u>	<u>2,793,185</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accrued Wages and Benefits	1,846	0	1,846
Contracts Payable	29,510	780	30,290
Intergovernmental Payable	10,500	1,401	11,901
OPWC Loans Payable	20,000	0	20,000
OWDA Loans Payable	100,306	0	100,306
<i>Total Current Liabilities</i>	<u>162,162</u>	<u>2,181</u>	<u>164,343</u>
<i>Long-Term Liabilities:</i>			
OPWC Loans Payable	300,000	0	300,000
OWDA Loans Payable	1,800,247	0	1,800,247
<i>Total Long-Term Liabilities</i>	<u>2,100,247</u>	<u>0</u>	<u>2,100,247</u>
<i>Total Liabilities</i>	<u>2,262,409</u>	<u>2,181</u>	<u>2,264,590</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	213,705	0	213,705
Unrestricted	289,751	25,139	314,890
<i>Total Net Assets</i>	<u>\$503,456</u>	<u>\$25,139</u>	<u>\$528,595</u>

See accompanying notes to the basic financial statements and accountant's report.

Pickaway County, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
December 31, 2008*

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
Operating Revenues:			
Charges for Services	\$294,444	\$48,272	\$342,716
Other	36,869	0	36,869
<i>Total Operating Revenues</i>	<u>331,313</u>	<u>48,272</u>	<u>379,585</u>
Operating Expenses:			
Personal Services	21,518	0	21,518
Fringe Benefits	3,163	0	3,163
Contractual Services	262,116	31,137	293,253
Materials and Supplies	2,762	770	3,532
Depreciation	40,235	0	40,235
<i>Total Operating Expenses</i>	<u>329,794</u>	<u>31,907</u>	<u>361,701</u>
<i>Change in Net Assets</i>	1,519	16,365	17,884
<i>Net Assets at Beginning of Year</i>	<u>501,937</u>	<u>8,774</u>	<u>510,711</u>
<i>Net Assets at End of Year</i>	<u>\$503,456</u>	<u>\$25,139</u>	<u>\$528,595</u>

See accompanying notes to the basic financial statements and accountant's report.

Pickaway County, Ohio

Statement of Cash Flows

Proprietary Funds

December 31, 2008

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$338,991	\$48,272	\$387,263
Cash Received from Other Revenues	36,869	0	36,869
Cash Payments to Employees for Services and Benefits	(24,502)	0	(24,502)
Cash Payments for Goods and Services	(2,762)	(770)	(3,532)
Cash Payments for Contract Services	(225,503)	(31,149)	(256,652)
<i>Net Cash from Operating Activities</i>	<u>123,093</u>	<u>16,353</u>	<u>139,446</u>
Cash Flows from Capital and Related Financing Activities:			
Principal Paid on OPWC Loan	(20,000)	0	(20,000)
Principal Paid on OWDA Loans	(105,586)	0	(105,586)
<i>Net Cash from (used by) Capital and Related Financing Activities</i>	<u>(125,586)</u>	<u>0</u>	<u>(125,586)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(2,493)	16,353	13,860
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>264,831</u>	<u>10,967</u>	<u>275,798</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$262,338</u>	<u>\$27,320</u>	<u>\$289,658</u>

See accompanying notes to the basic financial statements and accountant's report.

(Continued)

Pickaway County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008
(continued)

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating Income	\$1,519	\$16,365	\$17,884
<i>Adjustments:</i>			
Depreciation	40,235	0	40,235
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	43,708	0	43,708
Intergovernmental Receivable	839	0	839
<i>Increase (Decrease) in Liabilities:</i>			
Intergovernmental Payable	10,500	(12)	10,488
Contracts Payable	26,113	0	26,113
Accrued Wages and Benefits	179	0	179
<i>Net Cash from Operating Activities</i>	<u>\$123,093</u>	<u>\$16,353</u>	<u>\$139,446</u>

See accompanying notes to the basic financial statements and accountant's report.

Pickaway County, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2008

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$1,863	\$2,383,020
Cash and Cash Equivalents in Segregated Accounts	0	708,660
Intergovernmental Receivable	0	4,385,845
Property Taxes Receivable	0	41,696,312
<i>Total Assets</i>	1,863	\$49,173,837
Liabilities:		
Accounts Payable	0	22,812
Accrued Wages and Benefits	0	73,959
Intergovernmental Payable	0	48,253,492
Compensated Absences Payable	0	30,132
Deposits Held and Due To Others	0	452,318
Undistributed Monies	0	341,124
<i>Total Liabilities</i>	0	\$49,173,837
Net Assets:		
Held in Trust for Other Individuals and Organizations	1,863	
<i>Total Net Assets</i>	\$1,863	

See accompanying notes to the basic financial statements and accountant's report.

Pickaway County, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
December 31, 2008

	<u>Private Purpose Trust</u>
Additions	\$0
Deductions	<u>0</u>
<i>Change in Net Assets</i>	0
<i>Net Assets at Beginning of Year</i>	<u>1,863</u>
<i>Net Assets at End of Year</i>	<u><u>\$1,863</u></u>

See accompanying notes to the basic financial statements and accountant's report.

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Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 1 - DESCRIPTION OF PICKAWAY COUNTY AND REPORTING ENTITY

Pickaway County, Ohio (the County), was created in 1810. 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 County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, Probate Court Judge and a Common Pleas Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Pickaway County, this includes the Pickaway County Board of Mental Retardation and Development Disabilities, Pickaway County Child Support Enforcement Agency, Pickaway County Job and Family Services and departments and activities that are directly operated by the elected County officials.

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 for which the County approves the budget, the issuance of debt or levying of taxes. On September 8, 2008 Brooks Yates Center Diversified Opportunities, Inc. (the Workshop), a former discretely presented component unit of the County, became a stand alone Adult Day Service Provider. Prior to September 8, 2008 these Services were provided by the Pickaway County Board of MR/DD through the workshop.

Discretely Presented Component Unit

The component unit column in the basic financial statements identify the financial data of the County's component unit, Pickaway County Airport Authority. The Authority is reported separately to emphasize that it is legally separate from the County.

Pickaway County Airport Authority - Pickaway County Airport Authority (the Authority) operates on a fiscal year ending December 31. The five member Board for the Authority is appointed by the County Commissioners. The Commissioners also review the budget and have the ability to impose its will on the Authority. Pickaway County provides utilities and insurance for the Authority. During 2008, the County made \$7,500 in financial contributions either to or on behalf of the Authority. Financial information is included in the accompanying financial statements.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 1 - DESCRIPTION OF PICKAWAY COUNTY AND REPORTING ENTITY *(Continued)*

The County is associated with certain organizations that are defined as jointly governed organizations or related organizations. These organizations are presented in Notes 19 and 20 to the basic financial statements. These organizations are:

- Berger Hospital
- Paint Valley Mental Health Alcohol and Drug Addiction Board
- Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District
- County Risk Sharing Authority (CORSA)
- Southern Ohio Council of Governments
- Pickaway County Library

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 districts listed below, the County serves as fiscal agent, but the districts are not fiscally dependent on the County. Accordingly, the activity of the following districts is presented as agency funds within the County's financial statements.

- Soil and Water Conservation District
- Pickaway County Health District

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 activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the County's accounting policies are described below.

A. 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 and component units, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

The statement of net assets presents the financial condition of the governmental and business-type activities and the component units 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 business-type activities and component units 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 and grants and contributions that are restricted to meeting the operational or capital requirements of 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 business segment or governmental function 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. 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: governmental, proprietary and fiduciary.

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

General Fund - 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.

Auto, License and Gas Tax Fund - This fund accounts for the County road and bridge maintenance, repair and improvement programs. Revenue sources include State grants, charges for services and license fees.

Job and Family Services Fund - This fund accounts for various Federal and State grants, as well as transfers from the General Fund that are used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Board of Mental Retardation Fund - This fund accounts for the operation of a school, workshop and resident homes for the mentally retarded and developmentally disabled. Revenue sources include a County-wide property tax levy and Federal and State grants.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

Other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose, and funding sources used for debt service and capital projects.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The County has no internal service fund.

Countywide Sewer Fund - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Countywide Sewer Fund accounts for sewer services provided to individual users in several subdivisions of the County.

The Sheriff web check fund accounts for criminal background check services completed by the Sheriff's office for area businesses and governments.

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The County's fiduciary funds are a private-purpose trust fund and agency funds. The County's private-purpose trust fund is established to account for assets that are used by the Juvenile Court for the benefit of the children of the County. The County's agency funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that have been collected and which will be distributed to other political subdivisions.

C. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of 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 statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on 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 net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

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

D. Basis of Accounting

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

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

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 12). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, revenue sources considered to be both measurable and available at year-end include delinquent property taxes, sales taxes, charges for services and fees, fines and forfeitures, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), and grants.

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

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also 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.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

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.

E. Budgetary Process

All funds, except Jail Commissary (non-major special revenue), Law Enforcement - Prosecutor (non-major special revenue) and fiduciary 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 level of control has been established by County Commissioners at the object level within each department. Advances between funds are not required to be budgeted.

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 when the original certificate of estimated resources was adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2008. The County does not include advances between funds in the certificate of estimated resources.

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

F. Cash, Cash Equivalents, and Investments

To improve cash management, cash and investments received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents".

Cash and cash equivalents that are held separately with the departments of the County, and not included in the County Treasury, are recorded as "cash and cash equivalents in segregated accounts".

During 2008, investments were limited to STAR Ohio, U.S. Government Securities, certificates of deposits, and other interest bearing accounts with local commercial banks.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2008.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during 2008 amounted to \$701,252 which includes \$435,377 assigned from other County funds.

G. Inventory

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

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental funds when used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the 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 utilized by the enterprise fund are reported both in the business-type activities column of the government-wide statement of net assets and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars. The County's infrastructure consists of roads, bridges, culverts and sanitary sewer lines. 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 not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

All capital assets are depreciated except for land and construction in progress. 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 replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	40-150 years	N/A
Improvements Other Than Buildings	40-150 years	N/A
Machinery and Equipment	3-25 years	N/A
Furniture and Fixtures	10-30 years	N/A
Vehicles	3-15 years	N/A
Plant and Facilities	N/A	40-150 years
Infrastructure	10-60 years	70 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balance. As of December 31, 2008, there were no internal balances reported on the statement of net assets.

K. Compensated Absences

The County reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences" as interpreted by Interpretation No. 6 of the GASB, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

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 employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable will become eligible to receive payment in the future. The County has determined that employees with the County for ten or more years are probable to receive payment in the future. The liability is based on accumulated sick leave and employees' wage rates at year end.

The entire compensated absence liability is reported on the government-wide financial statements.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from 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 a liability on the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term notes are recognized as a liability in the governmental fund financial statements when due.

M. Fund Balance Reserves

The County reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances, prepaids and debt service.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. 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 and charges for background checks. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

P. Interfund Transactions

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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

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 nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2008.

R. Estimates

The preparation of the 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.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the County is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budget 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) is presented for the General Fund and major special revenue funds on the budget basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and modified accrual 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.
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING *(Continued)*

The following table summarizes the adjustments necessary to reconcile the GAAP and budget basis statements for the General Fund and major special revenue funds:

Net Change in Fund Balances (Deficits) / Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses				
	General	Auto, License and Gas Tax	Job and Family Services	Board of Mental Retardation
GAAP Basis	(\$264,371)	(\$777,891)	(\$69,260)	\$1,096,540
<i>Adjustments:</i>				
Net Adjustment for Revenue Accruals	(176,708)	84	(1,558)	41,348
Net Adjustment for Expenditure Accruals	403,581	33,515	37,362	3,993
Net Adjustment for Other Sources (Uses)	(22,354)	0	0	0
Budget Basis	(\$59,852)	(\$744,292)	(\$33,456)	\$1,141,881

NOTE 4 - NEW GASB PRONOUNCEMENTS

For fiscal year 2008, the County implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", and GASB No. 50, "Pension Disclosures", an amendment of GASB Statements No. 25 and No. 27. The implementation of GASB Statement No. 49 and 50 had some effect on the disclosure requirements, however, there was no effect on the prior period fund balances of the County.

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS

Moneys held in the County Treasury are pooled for the purpose of investment management. The County is authorized to invest in those instruments identified in section 135.35 of the Ohio Revised Code. Specifically, these authorized instruments consist of:

1. United States treasury notes, bills, bonds or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States, or any book entry, zero-coupon security that is a direct obligation of the United States.
2. Bonds, 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 provide that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of the agreement must not exceed thirty days.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County.
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investment in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAROhio).
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value.
9. Up to 25 percent of the County's total average portfolio in either (a) high grade commercial paper when the aggregate value of the notes does not exceed 10 percent of the aggregate value of the outstanding commercial paper of the issuing corporation, and the notes mature no later than 270 days after purchase or (b) bankers acceptances of banks insured by the FDIC when the obligations are eligible for purchase by the Federal Reserve System and mature no later than 180 days after purchase.
10. Up to 15 percent of the County's total average portfolio in high grade notes issued by the U.S. corporations, and the notes mature no later than two years after purchase.
11. High grade debt interests issued by foreign nations diplomatically recognized by the U.S. government. All interest and principal shall be denominated and payable in U.S. Funds. In the aggregate, this investment shall not exceed 1 percent of the County's total average portfolio and shall mature no later than five years after purchase.

Investments in stripped principal or interest obligations, except for federally issued or federally guaranteed stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the County's name. During the year 2008, the County complied with the provisions of these statutes.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

The amounts available for deposit and investment are as follows:

Cash and Cash Equivalents: (carrying amounts)	
- Pooled	\$17,034,687
- Segregated	874,001
- Component Units	137,775
Reconciling items (net*) to arrive at bank balances	<u>767,464</u>
Total available for deposits and investments (Bank balance of deposit/carrying amount of investments)	<u><u>\$18,813,927</u></u>

The following information is presented in accordance with GASB Statement No. 40, "Deposit and Investment Risk Disclosures." Additional disclosures for the component units are presented in Note 18.

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County.

As of December 31, 2008, the carrying amount of all County deposits was \$4,675,837. Based on the criteria described in GASB Statement No. 40, \$4,693,301 of the County's bank balance of \$5,443,301 was exposed to custodial risk as discussed above while \$750,000 was covered by FDIC. The \$4,693,301 exposed to custodial risk was uninsured, and collateral was held by pledging banks trust department but not in the County's name.

Custodial Credit Risk - The County's policy requires that deposits follow the Ohio Revised Code.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

Investments

As of December 31, 2008 the County had the following investments and maturities:

Investment Type	Fair Value	Investment In Maturities in Years			
		Less Than One Year	1-2 Years	3-4 Years	5 Years
U.S. Government Securities	\$8,947,535	\$1,215,274	\$3,744,328	\$2,737,933	\$1,250,000
STAROhio	4,423,091	4,423,091	0	0	0
Total Investments	\$13,370,626	\$5,638,365	\$3,744,328	\$2,737,933	\$1,250,000

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County limits investment portfolio matures to five years or less.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County limits its investments to those authorized by State statute. Standard and Poor's has assigned a rating of "AAAm" to STAROhio and "AAA" to U.S. Government Securities.

Custodial Credit Risk - For investments, custodial credit risk is the risk that, in event of the failure of the counter party, the County will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The County's policy provides that investments be held in the County's name. All of the County's investments are held in the County's name.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy minimizes concentration of credit risk by diversifying assets by issuer as necessary. The County's investments in U.S. Government Securities and the STAROhio account were 66.92% and 33.08%, respectively, of the County's total investments.

A. Component Unit

Deposits and Investments

Cash and cash equivalents held by Pickaway County Airport Authority are classified as "cash and cash equivalents."

At year end, the carrying amount of the Pickaway County Airport Authority deposits was \$137,775 and the bank balance was \$137,560. The entire bank balance was covered by federal depository insurance.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 6 - INTERFUND TRANSACTIONS

Interfund balances at December 31, 2008, consist of the following receivables and payables:

	Interfund Receivables	Interfund Payable
General	\$24,031	\$0
Nonmajor Special Revenue Funds	0	24,031
Totals	\$24,031	\$24,031

All balances are scheduled to be collected in the subsequent year. All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

A summary of interfund transfers for 2008 were as follows:

	Transfers In	Transfers Out
General	\$40,000	\$456,513
Job and Family Services	251,813	0
Board of Mental Retardation	0	55,000
Nonmajor Other Governmental Funds	259,700	40,000
Totals	\$551,513	\$551,513

Transfers are used to (1) 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 (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the year ended December 31, 2008, the County made transfers of \$251,813, \$4,700 and \$200,000 from the General Fund to the Job and Family Services Fund, Capital Improvement Fund and the Special Children Services Nonmajor Special Revenue Fund, respectively, to subsidize the programs of those funds.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 7 - RECEIVABLES

Receivables at December 31, 2008 consisted of property taxes, sales taxes, accounts (billings for user charged services), interest, special assessments and intergovernmental grants. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivable follows:

Governmental Activities	
<i>General Fund:</i>	
Local Government Distributions	\$492,760
State Property Tax Reimbursements	151,565
Total General Fund	<u>644,325</u>
<i>Auto, License and Gas Tax Fund:</i>	
Motor Vehicle License Tax	792,195
Gasoline Tax	1,035,528
Grants	<u>51,473</u>
Total Auto, License and Gas Tax Fund	1,879,196
<i>Job and Family Services Fund:</i>	
State and Federal Funding	444,453
<i>Board of Mental Retardation Fund:</i>	
State Property Tax Reimbursements	208,047

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 7 - RECEIVABLES (Continued)

<i>Non Major Special Revenue Funds:</i>	
Motor Vehicle Permissive Tax	182,592
Special Children Services	155,503
Child Support Enforcement Agency	144,128
P.C. Access Visitation Center	8,204
VOCA Grant	12,770
Youth Services Subsidy Grant	85,000
Felony Delinquent Care/Custody	84,999
Crime Victims Assistance	62,435
HUD Grants	432,250
Emergency Management	95,744
COPS Grant	2,413
Workforce Development	115,258
Community Correction Grant	58,190
Nonmajor Special Revenue Funds	<u>1,439,486</u>
Total Intergovernmental Receivable	<u><u>\$4,615,507</u></u>

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 8- CAPITAL ASSETS

A summary of changes in general capital assets during 2008 were as follows:

	Balance at January 1, 2008	Additions	Deletions	Balance at December 31, 2008
Governmental Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$738,028	\$0	\$0	\$738,028
Construction in Progress	0	299,970	0	299,970
Total Nondepreciable Capital Assets	738,028	299,970	0	1,037,998
<i>Depreciable Capital Assets:</i>				
Buildings	17,437,161	155,000	(9,118)	17,583,043
Improvements Other Than Buildings	1,055,988	43,017	0	1,099,005
Machinery and Equipment	6,206,335	352,913	(68,623)	6,490,625
Furniture and Fixtures	1,068,633	0	(72,884)	995,749
Vehicles	3,329,933	360,771	(64,858)	3,625,846
Infrastructure	25,428,346	1,006,596	(410,189)	26,024,753
Total Depreciable Capital Assets	54,526,396	1,918,297	(625,672)	55,819,021
<i>Accumulated Depreciation:</i>				
Buildings	(2,899,885)	(136,049)	2,887	(3,033,047)
Improvements Other Than Buildings	(165,815)	(23,138)	0	(188,953)
Machinery and Equipment	(3,224,594)	(374,190)	14,303	(3,584,481)
Furniture and Fixtures	(560,619)	(39,589)	41,643	(558,565)
Vehicles	(1,734,086)	(273,138)	60,016	(1,947,208)
Infrastructure	(11,196,056)	(1,300,850)	410,189	(12,086,717)
Total Accumulated Depreciation	(19,781,055)	(2,146,954)	529,038	(21,398,971)
Depreciable Capital Assets, Net	34,745,341	(228,657)	(96,634)	34,420,050
Governmental Activities Capital Assets, Net	\$35,483,369	\$71,313	(\$96,634)	\$35,458,048

At December 31, 2008, capital assets include \$482,921 of machinery and equipment and \$37,650 of vehicles under capitalized leases.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 8- CAPITAL ASSETS (Continued)

For governmental activities, depreciation expense was charged to functions as follows:

Governmental Activities	
<i>General Government:</i>	
Legislative and Executive	\$139,699
Judicial	34,856
Public Safety	358,064
Public Works	1,482,468
Health	59,032
Human Services	69,697
Conservation and Recreation	3,138
Governmental Activities Depreciation Expense	\$2,146,954

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008
Business-Type Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$13,964	\$0	\$0	\$13,964
Total Nondepreciable Capital Assets	13,964	0	0	13,964
<i>Depreciable Capital Assets:</i>				
Plant and Facilities	376,966	0	0	376,966
Infrastructure	2,479,628	0	0	2,479,628
Total Depreciable Capital Assets	2,856,594	0	0	2,856,594
<i>Accumulated Depreciation:</i>				
Plant and Facilities	(357,808)	(4,811)	0	(362,619)
Infrastructure	(38,257)	(35,424)	0	(73,681)
Total Accumulated Depreciation	(396,065)	(40,235)	0	(436,300)
Depreciable Capital Assets, Net	2,460,529	(40,235)	0	2,420,294
Business-Type Activities Capital Assets, Net	\$2,474,493	(\$40,235)	\$0	\$2,434,258

The business-type activities of the County are the sewer operations at various subdivisions throughout the County.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 9 - LONG-TERM OBLIGATIONS

The County's long-term obligations activity for the year ended December 31, 2008, was as follows:

Purpose	Outstanding January 1, 2008	Additions	Deletions	Outstanding December 31, 2008	Amounts Due Within One Year
Governmental Activities:					
<i>General Obligation Notes Payable:</i>					
TIF Note 2004-2010 4.25%	\$715,000	\$0	\$285,000	\$430,000	\$295,000
Capital Improvement 2006-2008 4.49%	55,500	0	55,500	0	0
Engineer's Note 2007-2011 4.50%	56,800	0	13,278	43,522	13,875
Agriculture Society's Note 2008-2112 4.50%	0	38,000	7,600	30,400	7,600
<i>Special Assessment Bonds with Governmental Commitment:</i>					
Northwood Park Sanitary Sewer Improvement 1999-2019 6.00%	115,000	0	7,000	108,000	7,000
Greenbriar Ditch Extension 2007-2012 4.50%	110,000	0	22,000	88,000	22,000
<i>Other Long-Term Obligations:</i>					
Compensated Absences	1,576,879	1,543,150	1,664,791	1,455,238	998,913
Capital Leases	85,905	36,392	36,361	85,936	32,704
Governmental Activities Long-Term Obligations	\$2,715,084	\$1,617,542	\$2,091,530	\$2,241,096	\$1,377,092

The Northwood Park Sanitary Sewer Improvement Bonds were issued in 1999 for \$157,160 with a 6.00% interest rate. The Northwood Park Sanitary Sewer Improvement Bonds were issued to finance improvements to the sewer system for the Northwood Park subdivision. These bonds will be repaid through the collection of special assessments on the benefitting property owners in the debt service funds. The County is obligated to the extent of the remaining balance, if the property owners were to default.

The 2004 Tax Increment Financing Note was issued for \$970,000 with a 5.50% interest rate. This note was restructured in 2006 with an interest rate of 4.25% and a maturity in 2010. These notes are issued for financing of construction related to the reconstruction of Crites Road and U.S. 23. These notes will be repaid through Tax Increment Financing Debt Service Fund.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

The Capital Improvement Note was issued in 2006 for \$111,000 with a 4.49% interest rate. This note was issued for the purchase of six Sheriff cruisers. This note was paid through the General Fund. This note was fully retired during 2008.

The Greenbriar Ditch Extension Bonds were issued in 2007 for \$110,000 with a 4.50% interest rate. These bonds were issued for the installation and repair of ditching on Greenbriar Road, and will be paid with special assessments from the Greenbriar Ditch Debt Service Fund.

The Engineer's Note was issued in 2007 for \$56,800 with a 4.50% interest rate. This note was issued for the purchase of a hydraulic boom excavator. This note will be paid by the Engineer's Note Debt Service Fund.

The Agriculture Society's Note was issued in 2008 for \$38,000 with a 4.50% interest rate. This note was issued to purchase signs at the fairgrounds. This note was issued by the County Commissioners, but will be paid by the Agriculture Society per written agreement. The County is obligated to the extent of the remaining balance, if the Agriculture Society were to default.

The compensated absences liability will be paid from the fund from which the employees are paid. The capital leases will be repaid through the General Fund, Job and Family Service Fund and other nonmajor special revenue funds. The amount of principal payments on the capital leases paid in 2008 amounted to \$36,361.

The following is a summary of the County's future principal and interest requirements for long-term obligations, including \$77,833 of interest:

For the Year Ended December 31,	TIF Crites Road Note	Northwood Park Sanitary Sewer Improvement Bonds	Greenbriar Ditch Bonds	Engineer's Note	Agriculture Society's Note	Totals
2009	\$310,194	\$13,480	\$25,956	\$15,834	\$7,259	\$372,723
2010	137,869	14,060	24,967	15,834	7,585	200,315
2011	0	13,580	23,978	15,834	7,927	61,319
2012	0	14,100	22,989	0	7,911	45,000
2013	0	13,560	0	0	0	13,560
2014 - 2018	0	67,920	0	0	0	67,920
2019	0	13,780	0	0	0	13,780
Totals	<u>\$448,063</u>	<u>\$150,480</u>	<u>\$97,890</u>	<u>\$47,502</u>	<u>\$30,682</u>	<u>\$774,617</u>

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

In April 2008, Pickaway County signed a guarantee for \$500,000 loan through the Rural Industrial Park Loan Program offered through the Ohio Department of Development. The loan is the primary responsibility of Pickaway Progress Partnership or P³, the area's community improvement corporation. However in the event that P³ would default on the loan, the Ohio Department of Development would first try to sell the property and building. If a sale does not occur, the loan would then be the responsibility of the Village of Ashville and Pickaway County. The Village of Ashville would be obligated to a maximum of \$20,000 annually and the remainder would be the responsibility of Pickaway County. The loan is a fifteen year loan with no payments due until the first year of sale or leased occupancy of the building or in the fifth year of the loan, whichever comes first.

NOTE 10 - LOANS PAYABLE

The County's loan transactions for the year ending December 31, 2008, were as follows:

Purpose	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008	Amount Due Within One Year
Business - Type Activities:					
<i>OPWC Loans</i>					
Darby Township Sewer Improvements, 0%	\$340,000	\$0	\$20,000	\$320,000	\$20,000
<i>OWDA Loans Payable</i>					
Darby Township Sewer Improvements, 0%	2,006,139	0	105,586	1,900,553	100,306
Business - Type Activities Loan Payable	\$2,346,139	\$0	\$125,586	\$2,220,553	\$120,306

The Ohio Public Works Commission (OPWC) Loan is related to improvements to the Darby Township Sanitary Sewer System. The loan will be paid in annual installments of \$20,000, over 20 years. The debt is to be repaid by user charges to consumers that use the system. This loan is to be a zero percentage interest rate for the life of the loan. This loan was issued in 2005 for \$380,000.

The Ohio Water Development Authority (OWDA) Loan is related to improvements to the Darby Township Sanitary Sewer System. The OWDA has granted an original loan amount of \$1,624,478 and a supplementary loan amount of \$487,248, for a maximum loan amount of \$2,111,726 for this project. The loan will be repaid in semiannual installments of \$52,793 effective July 1, 2008, over 20 years for the original loan amount with the final installment payable in July 1, 2027. The debt is to be repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt construction.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The County has entered into agreements to lease equipment and other assets. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the basic financial statements. Capital lease payments are reflected as debt service in the basic financial statements for the governmental funds. New leases are, in substance, capital purchases and are reflected as current expenditures and proceeds from capital leases in the fund financial statements. The capital lease obligations reflected above as part of the long-term obligations represent the present value of the net future minimum lease payments on all capital leases.

The following is a schedule of the future minimum lease payments under lease obligations which have been capitalized as of December 31, 2008.

For the Year Ended December 31,	Capital Lease Obligations
2009	\$39,039
2010	31,931
2011	13,048
2012	8,854
2013	5,327
Total Minimum Lease Payments	98,199
Less: Amount Representing Interest	12,263
Present Value of Minimum Lease Payments	\$85,936

NOTE 12 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2005. Real property taxes are payable annually or semiannually. The first payment is due February 15, with the remainder payable by July 18.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due October 10. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by October 10.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 12 - PROPERTY TAXES *(Continued)*

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes that were measurable and unpaid as of December 31, 2008. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2008 operations. The receivable is therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 2008, was \$3 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Category	Assessed Value
<i>Real Estate:</i>	
Agriculture	\$144,161,190
Residential	705,686,040
Commercial	105,062,260
Industrial	29,814,780
Minerals	446,460
Public Utilities	12,631,290
<i>Personal Property:</i>	
General	23,752,801
Public Utilities	54,372,570
Total Assessed Values	<u><u>\$1,075,927,391</u></u>

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 13 - PERMISSIVE SALES TAX

In 1988, in accordance with Sections 5739.02 and 5741.02 of the Revised Code, the County Commissioners, by resolution, imposed a 1 percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. In December 2001, the County Commissioners, by resolution, imposed an additional one-half percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. 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 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. A warrant payable to the County is then drawn within five days. Proceeds of the tax were credited to the General Fund and the Capital Improvement, a Non-Major Capital Projects Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 2008 amounted to \$5,966,194.

NOTE 14 - ACCOUNTABILITY

The following funds had deficit fund balances as of December 31, 2008:

Non-major Special Revenue Funds:

COPS Grants	\$2,224
Diversion Program	31
Dog & Kennel	5,024
GIS	1,019

The deficits in these funds are the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

NOTE 15 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2008, the County contracted with County Risk Sharing Authority (CORSAs), a jointly governed organization, for liability, property, and crime insurance. The CORSAs program has a \$2,500 deductible.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 15 - RISK MANAGEMENT - (Continued)

Coverages provided by the program are as follows:

Property:

Buildings & Contents (\$100,000 annual aggregate pool limit for flood and earthquake)	\$75,184,807
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Liability:

General Liability	\$1,000,000
Excess Liability	5,000,000
Law Enforcement	1,000,000
Automobile	1,000,000
Uninsured/Underinsured Motorist	250,000
Faithful Performance and Employee Bond	1,000,000
Boiler and Machinery (each accident)	100,000,000

Settlement amounts on claims have not exceeded insurance coverage in any of the past three years. There have been no significant reductions in insurance coverage from the prior year.

The County participates in the Workers' Compensation Program provided by the State of Ohio. During 2008, the County belonged to a pool with 63 other Ohio counties (County Commissioners Association of Ohio) for a workers' compensation group-rating program. The County joined this group plan to achieve lower workers' compensation rates.

The County purchases health, dental and vision insurances through the Franklin County Cooperative Health Benefits Program (FCCHBP). Insurance purchased through the FCCHBP is not considered limited risk health insurance. Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The County pays all elected officials' bonds by statute.

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS

A. Ohio Public Employees Retirement System

All Pickaway County employees, who are not certified teachers with the Board of Mental Retardation and Developmental Disabilities (MRDD), participate 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 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 maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2008, the members of all three plans, except those in law enforcement, were required to contribute 10.0% of their annual covered salaries. Members participating in the Traditional Plan who were in law enforcement contributed 10.1% of their annual covered salaries and members in public safety contributed 10.1%. The employer contribution rate for pension benefits for 2008 was 14.0%, except for those plan members in law enforcement or public safety. For those classifications, the employer pension contributions were 17.4% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to OPERS for the years ended December 31, 2008, 2007, and 2006 were \$1,098,693, \$1,230,507 and \$1,301,933 respectively; 96.98% has been contributed for 2008, and 100% has been contributed for 2007 and 2006. Of the 2008 amount, \$42,372 was unpaid at December 31, 2008 and is recorded as a liability in the basic financial statements.

B. State Teachers Retirement System of Ohio

The Pickaway County Board of Mental Retardation and Developmental Disabilities contributes for all certified teachers to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, OH 43215-3771 or by calling (614) 227-4090.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2002, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2002.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Plan members are required to contribute 10% of their annual covered salary and the County is required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's contributions for pension obligations to STRS for the fiscal years ended December 31, 2008, 2007, and 2006 were \$24,881, \$21,466, and \$21,849, respectively. These contributions were equal to the required contributions for each of these years.

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System or the State Teachers Retirement System have an option to choose social security or the Public Employees Retirement System/State Teachers Retirement System. As of December 31, 2008, none of the elected officials had elected social security.

NOTE 17 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care benefits 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 primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. Health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". 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 employer contribution rate 2008 was 14.0% of covered payroll for all employees, except those in law enforcement and public safety. The employer contribution rate for law enforcement and public safety was 17.4%. The portion of the County's contributions allocated to fund health care was 7% in 2008 for all employees.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 17 - POSTEMPLOYMENT BENEFITS *(Continued)*

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, 2007, include a rate of return on investments of 6.5%, an annual increase in active employee total payroll of 4% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase .5% and 4% annually for the next seven years and 4% annually after seven years.

OPERS's Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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

At year-end, the number of active contributing participants in the Traditional and Combined Plans was 363,503. Actual employer contributions for 2008 that were used to fund postemployment benefits were \$1,056,114. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17.0 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. In addition to the HCCP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2007, which will allow additional funds to be allocated to the health care plan.

B. State Teachers Retirement System

Comprehensive health care benefits are provided through the State Teachers Retirement System of Ohio (STRS) to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physician's fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. The STRS is funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. By law, health care benefits are not guaranteed and the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14% of covered payroll.

The STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the County, this amount equaled \$1,914 for 2008.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 17 - POSTEMPLOYMENT BENEFITS *(Continued)*

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2008, the balance in the Health Care Stabilization Fund was \$3.7 billion. For the year ended June 30, 2008, net health care costs paid by STRS were \$288,878,000 and there were 126,506 eligible benefit recipients.

NOTE 18 - ADDITIONAL DISCLOSURE FOR DISCRETELY PRESENTED COMPONENT UNIT

A. Measurement Focus and Basis of Accounting

Pickaway County Airport Authority uses fund accounting to report on their operations and uses the cash basis of accounting.

B. Budgetary Basis of Accounting

Budgetary information for the discretely presented component unit is not presented because it is not included in the entity for which the "appropriated budget" is adopted and does not maintain separate budgetary financial records.

C. Capital Assets

Property and equipment for the component unit is stated at historical cost and is updated for the costs of additions and retirements during the year. Donated fixed assets have been recorded at the fair market value at the date of the gift. The assets for Pickaway County Airport are depreciated on a straight line basis using the following estimated useful lives:

Category	Pickaway County Airport
Buildings and Improvements	30-40 years
Infrastructure	10-60 years

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 18 - ADDITIONAL DISCLOSURE FOR DISCRETELY PRESENTED COMPONENT UNIT *(Continued)*

A summary of changes in capital assets for the Pickaway County Airport during 2008 were as follows:

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008
<i>Non-Depreciable Capital Assets:</i>				
Land	218,036	0	0	218,036
Construction in Progress	0	130,735	0	130,735
Total Non-Depreciable Capital Assets	218,036	130,735	0	348,771
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	924,555	0	0	924,555
Infrastructure	382,507	0	0	382,507
Total Depreciable Capital Assets	1,307,062	0	0	1,307,062
<i>Accumulated Depreciation:</i>				
Buildings	(194,174)	(23,114)	0	(217,288)
Infrastructure	(20,469)	(9,563)	0	(30,032)
Total Accumulated Depreciation	(214,643)	(32,677)	0	(247,320)
Depreciable Capital Assets, Net	1,092,419	(32,677)	0	1,059,742
Capital Assets, Net	\$1,310,455	\$98,058	\$0	\$1,408,513

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

A. Berger Hospital

Berger Hospital is a jointly governed organization that provides diversified health care services to the community. The hospital is governed by a 9 member board: Pickaway County Commissioners appoint 4 members of the board, the City of Circleville appoints 4 members of the board and the final board member is the City of Circleville's Mayor. The Mayor is the President of the Board but does not have voting privileges unless there is a tie. The City of Circleville holds legal title to the Hospital. The degree of control exercised by the County is limited to its representation on the Board. Pickaway County does not have an ongoing financial interest in or an ongoing financial responsibility for the Hospital. During 2008, the County did not make any contributions to the Hospital. Complete financial statements can be obtained from the Berger Hospital, 600 N. Pickaway, Circleville, Ohio, 43113.

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS *(Continued)*

B. Paint Valley Mental Health Alcohol and Drug Addiction Board

The Paint Valley Mental Health Alcohol and Drug Addiction Board serves Pike, Fayette, Highland, Pickaway and Ross Counties and is a jointly governed organization that is responsible for developing, coordinating, modernizing, funding, monitoring and evaluating a community-based mental health and substance abuse program. The Board consists of eighteen members. The Director of the Ohio Department of Mental Health appoints four members and the Director of the Ohio Department of Alcohol and Drug Addiction Services appoints four members. The remaining members are appointed by the County Commissioners of Pike, Fayette, Highland, Pickaway, and Ross Counties in the same proportion as each County's population bears to the total population of the five counties combined. The Board receives revenue from the participating counties and receives federal and state funding through grant monies that are applied for and received by the Board of Trustees. Pickaway County cannot significantly influence operations of the Board, who has sole budgetary authority and controls surpluses and deficits. Pickaway County has no ongoing financial interest or responsibility. During 2008, Pickaway County did not make any contributions to the program.

C. Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District

The County is a member of the Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District, which is a jointly governed organization of the four-named counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989, as required by the Ohio Revised Code.

The Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District is governed and operated through three groups. A twelve member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the Ross County Auditor and Treasurer, and the Ross County Commissioners budget and finance the District with board approval. A twenty-nine member policy committee, comprised of seven members from each county and one at-large member appointed by the board of directors, is responsible for preparing the solid waste management plan of the District in conjunction with a twenty-three member Technical Advisory Council (members appointed by the policy committee). The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. Although the counties contributed amounts to the District at the time of its creation, all contributions have since been returned to the respective counties and no future contributions by the counties are anticipated. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

D. County Risk Sharing Authority (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among forty-one 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 coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS *(Continued)*

Each member County has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation 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 budgeting and financing of CORSA is limited to its voting authority and any representation 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 payment of the certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2008 was \$204,923.

E. Southern Ohio Council of Governments

The County is a member of the Southern Ohio Council of Governments, which is a jointly governed organization created under the Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Mental Retardation and Development Disabilities. Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto and Vinton Counties. During 2008, the County contributed \$390 to this organization. Financial statements can be obtained from the Southern Ohio Council of Governments, 43 N. Paint St., Chillicothe, Ohio, 45601.

NOTE 20 - RELATED ORGANIZATIONS

A. Pickaway County Library

The Pickaway County District Library is statutorily created as a separate and distinct political subdivision of the State. Four trustees of the District Library are appointed by the County Commissioners, and three trustees are appointed by the judges of the Common Pleas Court. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the County for operational subsidies. Due process is required to remove board members. No subsidies are provided by the County.

NOTE 21 - RELATED PARTY TRANSACTION

Pickaway County Airport Authority

Pickaway County Airport Authority a discretely presented component unit of Pickaway County, received contributions from the County for improvements to facilities. These contributions are reflected as operating revenues and operating expenses at cost or fair market value as applicable, in the basic financial statements. In 2008, these contributions were \$7,500.

NOTE 22 - CONTINGENT LIABILITIES

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

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecutor, any potential liability would not have a material effect on the County's financial condition.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

NOTE 23 - SUBSEQUENT EVENTS

On March 2, 2009, the County purchased 4 large tractors/mowers for \$80,100 with a loan from Savings Bank. The loan will be repaid by March 2, 2013 with 4 annual payments from the Auto, License and Gas Tax Fund.

On March 16, 2009, the County approved two construction contracts for bridge repair totaling \$6,214,676. These projects will be funded by the Federal Government, Ohio Public Work Commission grants and loans and local funding provided by the County.

On April 20, 2009, the County took out an infrastructure loan with Savings Bank in the amount of \$225,000 for infrastructure improvements at the Wal-Mart entrance. This loan will be paid in 6 semi-annual payments, ending on April 20, 2012, from the Tax Increment Financing Fund.

PICKAWAY COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Passed through Ohio Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	049080-05-P4-2007/2008	10.553	\$2,731
National School Lunch Program	049080-LL-P4-2007/2008	10.555	3,709
Total U.S. Department of Agriculture			<u>6,440</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through Ohio Department of Development:</i>			
Community Development Block Grant	B-F-06-060-1	14.228	33,000
Community Development Block Grant	B-C-05-060-1	14.228	502
Total - Community Development Block Grant			<u>33,502</u>
HOME Investment Partnership Program	B-C-05-060-2	14.239	383
Total U.S. Department of Housing and Urban Development			<u>33,885</u>
<u>U.S. Department of Justice</u>			
<i>Passed through Ohio Department of Criminal Justice Services:</i>			
Public Safety Partnership and Community Policing Grants	2004CKWX0133	16.710	34,609
Edward Byrne Memorial Justice Assistance Grant Program	2007-JG-LLE-5237	16.738	9,345
<i>Passed through Ohio Office of the Attorney General:</i>			
Crime Victim Assistance	2009VAGENE502	16.575	4,475
Crime Victim Assistance	2008VAGENE503	16.575	14,473
Crime Victim Assistance	2008VAGENE095T	16.575	19,183
Crime Victim Assistance	2007VAGENE095T	16.575	69,302
Total - Crime Victim Assistance			<u>107,433</u>
Total U.S. Department of Justice			<u>151,387</u>
<u>U.S. Department of Homeland Security</u>			
<i>Passed through Ohio Department of Homeland Security:</i>			
Homeland Security Grant Program (SHSP)	2007-GE-T7-0030	97.067	70,960
Emergency Management Performance Grant	2007-EM-E7-0085	97.042	8,967
Emergency Management Performance Grant	2007-EM-E7-0024	97.042	13,863
Emergency Management Performance Grant	2008-EM-E7-0024	97.042	7,553
Total - Emergency Management Performance Grant			<u>30,383</u>
Total U.S. Department of Homeland Security			<u>101,343</u>
<u>U.S. Department of Education</u>			
<i>Passed through Ohio Department of Education:</i>			
<i>Special Education Cluster:</i>			
Special Education_Grants to States	066191-6BSF-2007/2008	84.027	20,330
Special Education_Preschool Grants	066191-PGS1-2007/2008	84.173	8,871
Total - Special Education Cluster			<u>29,201</u>
Special Education Grants for Infants and Families with Disabilities	31-6400-083	84.181	37,637
State Grants for Innovative Programs	066191-C2S1-2007/2008	84.298	101
Total U.S. Department of Education			<u>66,939</u>

PICKAWAY COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities</i>			
Social Services Block Grant	31-6400-083	93.667	42,847
State Children's Insurance Program	31-6400-083	93.767	724
Medical Assistance Program	31-6400-083	93.778	54,255
<i>Passed through Ohio Secretary of State</i>			
Voting Access for Individuals with Disabilities Grants to States	09-SOS-HHHS-65	93.617	835
Total U.S. Department of Health and Human Services			<u>98,661</u>
<u>U.S. Election Assistance Commission</u>			
<i>Passed through Ohio Department of Secretary of State</i>			
Help America Vote Act Requirements Payments	n/a	90.401	720
Total U.S. Election Assistance Commission			<u>720</u>
<u>U.S. Department of Transportation</u>			
<i>Received Directly from Federal Agency:</i>			
Airport Improvement Program	n/a	20.106	118,001
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction	PIC-CR4 2.64	20.205	29,516
<i>Passed through Ohio Department of Public Safety:</i>			
State and Community Highway Safety	HVEO-2009-65-00-00-00248-00	20.600	1,196
State and Community Highway Safety	HVEO-2008-65-00-00-00487-00	20.600	9,151
Total - State and Community Highway Safety			<u>10,347</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	HVEO-2009-65-00-00-00248-00	20.601	1,196
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	HVEO-2008-65-00-00-00487-00	20.601	9,151
Total - Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants			<u>10,347</u>
Total U.S. Department of Transportation			<u>168,211</u>
<u>U.S. Department of Labor</u>			
<i>Passed through Area 20/21 Workforce Investment Board:</i>			
Workforce Services Month	31-6400-083	17.207	1,829
Work Investment Act-Adult	31-6400-083	17.258	651,126
Work Investment Act-Youth	31-6400-083	17.259	161,852
Work Investment Act-Dislocated Worker	31-6400-083	17.260	274,887
Total - Workforce Investment Act			<u>1,087,865</u>
Total U.S. Department of Labor			<u>1,089,694</u>
Total Federal Awards Expenditures			<u><u>\$1,717,281</u></u>

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

PICKAWAY COUNTY

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2008**

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 - 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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Mary Taylor, CPA

Auditor of State

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

Pickaway County
207 South Court Street
Circleville, Ohio 43113

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Pickaway County, Ohio (the County) as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain internal control matters that we reported to the County's management in a separate letter dated September 9, 2009.

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Compliance and Other Matters

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

We did note certain noncompliance or another matter that we reported to the County's management in a separate letter dated September 9, 2009

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

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

Mary Taylor, CPA
Auditor of State

September 9, 2009



Mary Taylor, CPA

Auditor of State

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

Pickaway County
207 South Court Street
Circleville, Ohio 43113

To the Board of County Commissioners:

Compliance

We have audited the compliance of Pickaway 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, 2008. 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, Pickaway County, Ohio 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, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying schedule of findings as item 2008-001.

Internal Control over Compliance

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

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Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that the County's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as finding 2008-001 to be a significant deficiency.

A material weakness is significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that the County's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. We did not consider the deficiency described in the accompanying schedule of findings to be a material weakness.

The County's response to the finding we identified is described in the accompanying schedule of findings. We did not audit the County's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

September 9, 2009

PICKAWAY COUNTY
 SCHEDULE OF FINDINGS
 OMB CIRCULAR A -133 § .505
 DECEMBER 31, 2008

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Workforce Investment Act CFDA #17.258, 17.259, 17.260; Victims of Crime Assistance CFDA # 16.575
<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

PICKAWAY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2008
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number	2008-001
CFDA Title and Number	14.228 – Community Development Block Grant/States Program
Federal Award Number / Year	B-C-05-060-1/2005; B-F-06-060-1/2006
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

**Cash Management – 15 Day Rule –
Material Non-Compliance/Significant Deficiency**

24 C.F.R. Section 85.21(c) and Section (A)(3)(f) of the Ohio Department of Development, Office of Housing and Community Partnership’s Financial Management Rules and Regulations Handbook, require grantees to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that fund draw downs should be limited to amounts that will enable the grantee to disburse funds on hand to a balance of less than \$5,000 within fifteen days of receipt.

In 2008 the County did not disburse federal cash received from drawdown requests within the 15 day requirement for either of the 2008 Community Development Block Grant drawdowns it received, ranging in amount between \$38,200 and \$103,000; these funds were held in excess of fifteen days, varying from 40 to as many as 135 days.

During the County’s 2007 audit we noted the County did not disburse federal cash received from drawdown requests within the 15 day requirement for six of the seven Community Development Block Grant drawdowns it received, ranging in amount between \$7,800 and \$114,000; these funds were held in excess of fifteen days, varying from 30 days to as many as 140 days.

During the 2006 audit we noted the County did not disburse federal cash received from drawdown requests within the fifteen day requirement for fourteen of the fifteen Community Development Block Grant drawdowns it received, ranging in amount between \$6,837 and \$117,000; these were held in excess of fifteen days, varying from 43 to 209 days.

The County has no controls in place to ensure compliance with federal cash management requirements.

Although the County held the monies for more than the allowable 15 day period, funds were deposited in a non-interest bearing account.

We recommend the County adhere to the guidance provided in the Ohio Department of Development, Office of Housing and Community Partnership’s Financial Management Rules and Regulations Handbook, and implement a system of internal controls which will ensure compliance with these requirements. Such a system of cash management will allow the County to disburse grant cash drawdowns to a balance of less than \$5,000 within fifteen days of receipt.

PICKAWAY COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2008
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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FINDING 2008-001 (Continued)

**Cash Management – 15 Day Rule –
Material Non-Compliance/Significant Deficiency (Continued)**

Officials' Response and Corrective Action Plan:

The County will implement a system whereby we will provide interfund cash advances from the general fund; these will be used to pay contractors and will be repaid to the general fund once the requested grant funds have been received from the Ohio Department of Development.

Anticipated Completion Date: September 23, 2009
Responsible Contact: Patricia Webb, Commissioner's office

PICKAWAY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
 OMB CIRCULAR A -133 § .315 (b)
 DECEMBER 31, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2007-001	Finding for Recovery – Repaid Under Audit	Yes	
2007-002	Financial Statement Adjustments – there were two audit adjustments and several immaterial differences noted.	No	Partially Corrected - Re-Issued in the Management Letter
2007-003	Federal Cash Management – 15 Day Rule – the County did not significantly disburse Community Development Block Grant receipts within fifteen days of receipt.	No	Re-Issued as Finding 2008-001



Mary Taylor, CPA
Auditor of State

FINANCIAL CONDITION

PICKAWAY 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
OCTOBER 13, 2009**