FULTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2009

Mary Taylor, CPA
Auditor of State

FINANCIAL CONDITION
FULTON COUNTY

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Fulton County
152 South Fulton Street, Suite 165
Wauseon, Ohio 43567

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fulton County, Ohio (the County), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fulton County, Ohio, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, County Board of Developmental Disabilities, Public Assistance, and Emergency Medical Services Advanced and Basic Life Services 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 20, 2010, 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.

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

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The schedule of federal awards expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 20, 2010

The management's discussion and analysis of Fulton County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2009. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- The total net assets of the County increased $2,118,787. Net assets of governmental activities increased $2,010,492, which represents a 3.19% increase from fiscal year 2008. Net assets of business-type activities increased $108,295 or 0.61% from fiscal year 2008.

- General revenues accounted for $16,568,480 or 48.35% of total governmental activities revenue. Program specific revenues accounted for $17,695,815 or 51.65% of total governmental activities revenue of $34,264,295.

- The County had $32,135,803 in expenses related to governmental activities; $17,695,815 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $16,568,480 were adequate to provide for these programs.

- The general fund, the County's largest major fund, had revenues and other financing sources of $10,048,751 in 2009, a decrease of $1,035,454 or 9.35% from 2008 revenues and other financing sources. The expenditures and other financing uses of the general fund were $10,406,944 in 2009, a decrease of $1,137,748 or 9.86% from 2008. The general fund balance decreased $358,193 from 2008 to 2009.

- The motor vehicle and gas tax fund, a County major fund, had revenues of $4,663,761 in 2009. The motor vehicle and gas tax fund had expenditures of $4,684,430 in 2009. The motor vehicle and gas tax fund balance decreased $20,669 from 2008 to 2009.

- The county board of developmental disabilities (the "county board of DD") fund, a County major fund, had revenues and other financing sources of $4,854,550 in 2009. The county board of DD had expenditures of $3,779,760 in 2009. The county board of DD fund balance increased $1,074,790 from 2008 to 2009.

- The public assistance fund, a County major fund, had revenues of $3,729,723 in 2009. The public assistance fund, had expenditures of $3,620,825 in 2009. The public assistance fund balance increased $108,898 from 2008 to 2009.

- The emergency medical system advanced and basic ("EMS A&B") life services fund, a County major fund, had revenues of $2,670,652 in 2009. The EMS advanced and basic life services fund had expenditures of $1,822,639 in 2009. The EMS A&B life services fund balance increased $848,013 from 2008 to 2009.

- The County had two major proprietary funds. The net assets for the water fund increased in 2009 by $251,779 or 2.18%. Net assets for the sewer fund decreased in 2009 by $160,571 or 2.60%.

- In the general fund, the actual revenues and other financing sources came in $231,229 higher than they were originally budgeted and actual expenditures and other financing uses were $1,171,576 less than the amount in the original budget. These positive variances are a result of the County's conservative budgeting process.

Using this Basic Financial Statements (BFS)

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

The statement of net assets and statement of activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other nonmajor funds presented in total in one column. In the case of the County, there are five major governmental funds. The general fund is the largest major fund.

Reporting the County as a Whole

Statement of Net Assets and the Statement of Activities

The statement of net assets and the statement of activities answer the question, "How did we do financially during 2009?" These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the County as a whole, the financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions and other factors.

In the statement of net assets and the statement of activities, the County is divided into two distinct kinds of activities:

Governmental activities - Most of the County's programs and services are reported here including human services, health, public safety, public works and general government. 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 a significant portion of the expenses of the goods or services provided.

Reporting the County's Most Significant Funds

Fund Financial Statements

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

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, motor vehicle and gas tax, board of developmental disabilities (county board of DD), public assistance and EMS advanced and basic (EMS A&B) life services 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 near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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, the 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 two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water, sewer, solid waste incinerator and recycling operations. The internal service funds used to accumulate and allocate costs intentionally for mapping services and information technology provided to other departments.

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.

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.

Government-Wide Financial Analysis

Recall that the statement of net assets provides the perspective of the County as a whole.

The table below provides a summary of the County's net assets for 2009 and 2008.

Net Assets

	Governmental Activities 2009	Business-type Activities 2009	Governmental Activities 2008	Business-type Activities 2008	2009 Total	2008 Total
Assets:						
Current and other assets	$ 35,325,965	$ 3,201,769	$ 32,438,153	$ 3,717,445	$ 38,527,734	$ 36,155,598
Capital assets, net	41,489,661	19,975,045	42,012,639	20,521,072	61,464,706	62,533,711
Total assets	76,815,626	23,176,814	74,450,792	24,238,517	99,992,440	98,689,309
Liabilities:						
Long-term liabilities	3,355,317	5,080,431	3,444,474	6,266,294	8,435,748	9,710,768
Other liabilities	8,340,968	186,944	7,897,469	171,079	8,527,912	8,068,548
Total liabilities	11,696,285	5,267,375	11,341,943	6,437,373	16,963,660	17,779,316
Net assets:						
Invested in capital assets, net of related debt	40,059,008	15,712,766	40,578,170	15,242,711	55,771,774	55,820,881
Restricted	22,108,618	-	19,230,650	-	22,108,618	19,230,650
Unrestricted	2,951,715	2,196,673	3,300,029	2,558,433	5,148,388	5,858,462
Total net assets	$ 65,119,341	$ 17,909,439	$ 63,108,849	$ 17,801,144	$ 83,028,780	$ 80,909,993

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2009, the County's assets exceeded liabilities by $83,028,780. This amounts to $65,119,341 in governmental activities and $17,909,439 in business-type activities. The County's finances remained strong during 2009.

Capital assets reported on the government-wide statements represent the largest portion of the County's net assets. At year-end, capital assets represented 61.47% of total governmental and business-type assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2009, were $55,771,774. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2009, the County is able to report positive balances in all three categories of net assets for the governmental activities and business-type activities.

A portion of the County's net assets, $22,108,618 or 26.63%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of $5,148,388 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net assets for fiscal years 2009 and 2008.

Change in Net Assets

	Governmental Activities 2009	Business-type Activities 2009	Governmental Activities 2008	Business-type Activities 2008	2009 Total	2008 Total
Revenues:						
Program revenues:						
Charges for services and sales	$ 5,491,244	$ 2,134,026	$ 4,637,664	$ 2,382,475	$ 7,625,270	$ 7,020,139
Operating grants and contributions	11,610,239	-	9,257,599	-	11,610,239	9,257,599
Capital grants and contributions	594,332	1,345,180	530,714	1,340,133	1,939,512	1,870,847
Total program revenues	17,695,815	3,479,206	14,425,977	3,722,608	21,175,021	18,148,585
General revenues:						
Property taxes	7,042,008	-	7,267,067	-	7,042,008	7,267,067
Sales tax	4,244,967	-	4,663,806	-	4,244,967	4,663,806
Unrestricted grants	3,223,891	-	3,115,624	-	3,223,891	3,115,624
Investment earnings	634,795	-	1,049,230	-	634,795	1,049,230
Other	1,422,819	53,636	909,027	55,773	1,476,455	964,800
Total general revenues	16,568,480	53,636	17,004,754	55,773	16,622,116	17,060,527
Total revenues	34,264,295	3,532,842	31,430,731	3,778,381	37,797,137	35,209,112
Expenses:						
Program expenses:						
General government	6,856,864	-	6,894,153	-	6,856,864	6,894,153
Public safety	6,559,092	-	6,361,977	-	6,559,092	6,361,977
Public works	4,891,314	-	4,514,970	-	4,891,314	4,514,970
Health	5,249,143	-	5,309,982	-	5,249,143	5,309,982
Human services	6,086,991	-	6,037,683	-	6,086,991	6,037,683
Economic development	1,605,364	-	1,230,456	-	1,605,364	1,230,456
Other	6,651	-	9,515	-	6,651	9,515
Intergovernmental	805,591	-	1,017,837	-	805,591	1,017,837
Interest and fiscal charges	74,793	-	97,500	-	74,793	97,500
Water	-	2,666,450	-	2,420,609	2,666,450	2,420,609
Sewer	-	520,237	-	526,231	520,237	526,231
Solid waste incinerator	-	227,232	-	223,753	227,232	223,753
Recycling	-	128,628	-	149,181	128,628	149,181
Total expenses	32,135,803	3,542,547	31,474,073	3,319,774	35,678,350	34,793,847
Transfers	(118,000)	118,000	(25,300)	25,300	-	-
Change in net assets	2,010,492	108,295	(68,642)	483,907	2,118,787	415,265
Net assets at beginning of year	63,108,849	17,801,144	63,177,491	17,317,237	80,909,993	80,494,728
Net assets at end of year	$ 65,119,341	$ 17,909,439	$ 63,108,849	$ 17,801,144	$ 83,028,780	$ 80,909,993

Governmental Activities

Governmental net assets increased by $2,010,492 in 2009 from 2008.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2009, general government expenses totaled $6,856,864, or 21.34% of total governmental expenses. General government programs were supported by $2,785,054 in direct charges to users and $1,861 in operating grants and contributions.

The County's largest program was public safety, which primarily supports the operations of the sheriff's department, E-911, emergency medical services, and the EMS advanced & basic life services. The program accounted for $6,559,092 or 20.41% of total governmental expenses. Public safety programs are primarily supported by revenues from charges to users of services, of $1,725,640, and operating grants and contributions of $407,365.

The next largest program is human services, which accounted for $6,086,991 of expenses, or 18.95% of total governmental expenses of the County during 2009. Human services programs include the operations of the public assistance, public assistance trust, child support enforcement agency and the children services board. These expenses were funded in part by $462,906 in charges to users of services and $4,836,899 in operating grants and contributions in 2009.

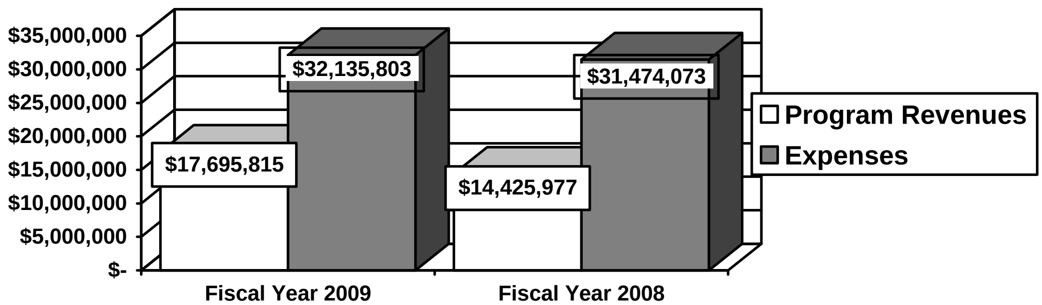
Another significant County program is health, which accounted for $5,249,143 of expenses, or 16.34% of total governmental expenses of the County during 2009. Health programs include the operation of the county board of DD, the senior center and the dog warden and kennel. These expenses were funded in part by $388,892 in charges to users of services and $934,228 in operating grants and contributions in 2009.

Operating grants and contributions were the largest type of program revenue. The State and federal government contributed revenues of $11,610,239 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, $4,836,899, or 41.66%, subsidized human services programs, $3,941,678 or 33.95%, subsidized public works programs, and $934,228, or 8.05%, subsidized health programs. Another type of program revenue is direct charges to users of governmental activities, made up $5,491,244 or 16.03% of total governmental revenues. These charges for services and sales include fees for charges for services, licenses and permits, and fines and forfeitures related to judicial activities, and rental income.

General revenues totaled $16,568,480, and amounted to 48.35% of total revenues. These revenues primarily consist of property and sales tax revenue of $11,286,975, or 68.13% of total general revenues in 2009. Property taxes decreased by 3.10% during 2009. Sales tax revenue decreased 8.98% in 2009. The other primary source of general revenues is grants and entitlements not restricted to specific programs which include local government revenue, homestead and rollback and tangible personal property tax reimbursement revenue. Interest earnings decreased during 2009 to $634,795, or 3.84%, of total general revenues.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2009. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities – Program Revenues vs. Total Expenses

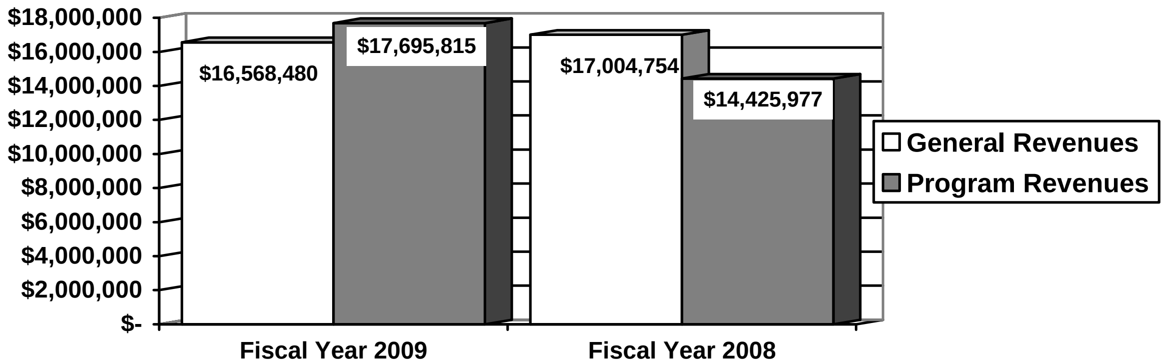


Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Program expenses:				
General government	$ 6,856,864	$ 4,069,949	$ 6,894,153	$ 4,112,238
Public safety	6,559,092	4,426,087	6,361,977	5,357,266
Public works	4,891,314	227,269	4,514,970	(397,106)
Health	5,249,143	3,926,023	5,309,982	3,726,058
Human services	6,086,991	787,186	6,037,683	2,686,347
Economic development and assistanc	1,605,364	116,439	1,230,456	438,441
Other	6,651	6,651	9,515	9,515
Intergovernmental	805,591	805,591	1,017,837	1,017,837
Interest and fiscal charges	74,793	74,793	97,500	97,500
Total	$ 32,135,803	$ 14,439,988	$ 31,474,073	$17,048,096

The dependence upon general revenues for governmental activities is apparent; with 44.94% and 54.17% of expenses supported through taxes and other general revenues during 2009 and 2008, respectively.

Governmental Activities - General and Program Revenues



Business-Type Activities

The water and sewer funds are the County's two major proprietary funds. The business-type activities had revenues of $3,532,842 and expenses of $3,542,547 for 2009. The net assets of these programs increased $108,295 or 0.61% from 2008. During 2009, these programs received $1,345,180 in capital grants and contributions.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

The County's governmental funds reported a combined fund balance of $24,115,410, which is $2,801,927 greater than last year's total of $21,313,483. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2009 and December 31, 2008, for all major and nonmajor governmental funds.

	Fund Balance December 31, 2009	Fund Balance December 31, 2008	Increase (Decrease)
Major funds:			
General	$ 3,853,535	$ 4,211,728	$ (358,193)
Motor vehicle and gas tax	2,155,413	2,176,082	(20,669)
County board of DD	5,576,292	4,501,502	1,074,790
Public assistance	665,093	556,195	108,898
EMS A & B life services	4,391,857	3,543,844	848,013
Other nonmajor governmental funds	7,473,220	6,324,132	1,149,088
Total	$ 24,115,410	$ 21,313,483	$ 2,801,927

General Fund

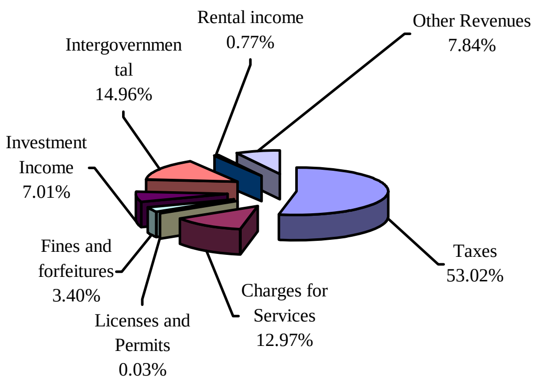
The general fund is the operating fund of the County. At the end of the fiscal year, the fund balance of the general fund was $3,853,535, a 8.51% decrease from 2008.

The table that follows assists in illustrating the revenues of the general fund.

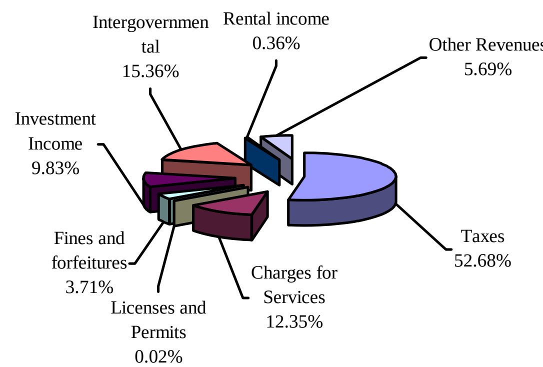
	2009 Amount	2008 Amount	Percentage Change
Revenues:			
Taxes	$ 5,289,273	$ 5,727,262	(7.65) %
Charges for services	1,294,750	1,341,994	(3.52) %
Licenses and permits	2,298	2,303	(0.22) %
Fines and forfeitures	339,116	403,001	(15.85) %
Intergovernmental	1,493,217	1,670,747	(10.63) %
Investment income	698,607	1,068,022	(34.59) %
Rental income	76,281	38,529	97.98 %
Other	782,330	618,145	26.56 %
Total	$ 9,975,872	$10,870,003	(8.23) %

Tax revenue represents 53.02% of all general fund revenue. Tax revenue decreased by 7.65% below the prior year. This is due to the decrease in sales tax receipts due to the recession in 2009. The increase in other revenue is primarily due to an increase in reimbursements received during 2009. Charges for services revenue decreased 3.52% from 2008. This is primarily due to a decrease in charges received for services provided by the County Auditor and County Treasurer. The decrease in investment income was due to decreases in interest rates by the Federal Reserve. Intergovernmental revenue decreased 10.63% from 2008 due to less local government receipts received from the State. All other revenue remained comparable to 2008.

Revenues – Fiscal Year 2009



Revenues – Fiscal Year 2008

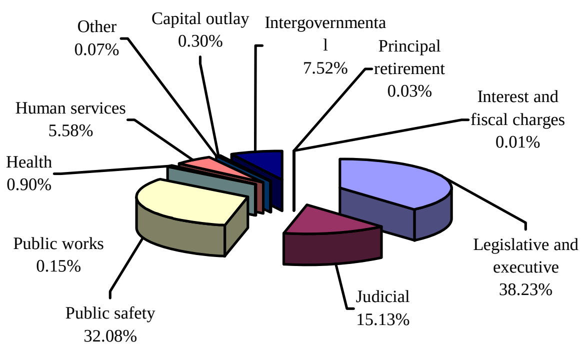


The table that follows assists in illustrating the expenditures of the general fund.

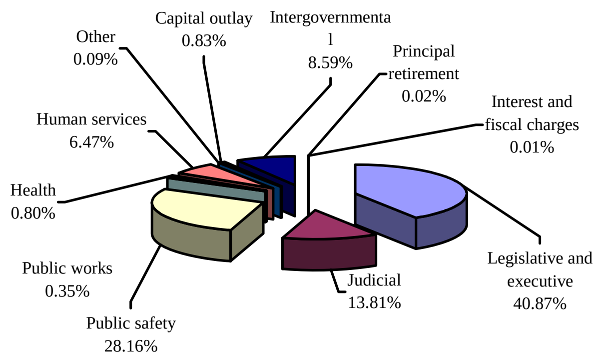
	2009 Amount	2008 Amount	Percentage Change
Expenditures:			
General government			
Legislative and executive	$ 3,856,309	$ 4,610,676	(16.36) %
Judicial	1,526,478	1,559,148	(2.10) %
Public safety	3,235,422	3,178,009	1.81 %
Public works	15,111	39,176	(61.43) %
Health	90,893	90,826	0.07 %
Human services	562,717	729,270	(22.84) %
Other	6,651	9,515	(30.10) %
Capital outlay	30,475	92,956	(67.22) %
Intergovernmental	758,742	970,113	(21.79) %
Principal retirement	2,678	2,472	8.33 %
Interest and fiscal charges	622	828	(24.88) %
Total	$ 10,086,098	$11,282,989	(10.61) %

Overall general fund expenditures decreased 10.61% from the prior year, which is mainly due to the decrease in revenues. Legislative and executive expenditures decreased approximately $750,000, which was the largest decrease of any expenditure line item. This is due to the County trimming various administrative services in order to cope with decreased revenues due to the recession. Human services expenditures relate to the following services: county home, children services, soldier's relief, and veteran's services. These services saw an overall decrease in contractual services related expenditures in 2009.

Expenditures – Fiscal Year 2009



Expenditures – Fiscal Year 2008



Motor Vehicle and Gas Tax Fund

The motor vehicle and gas tax fund, a County major fund, had revenues of $4,663,761 in 2009. The motor vehicle and gas tax fund had expenditures of $4,684,430 in 2009. The motor vehicle and gas tax fund balance decreased $20,669 from 2008 to 2009. The decrease is due to expenditures for public works projects exceeding revenues.

County Board of Developmental Disabilities (County Board of DD)

The county board of DD, a County major fund, had revenues and other financing sources of $4,854,550 in 2009. The county board of DD had expenditures of $3,779,760 in 2009. The county board of DD fund balance increased $1,074,790 from 2008 to 2009. The increase is due to revenues, consisting mainly of property taxes, exceeding expenditures during 2009.

Public Assistance Fund

The public assistance fund, a County major fund, had revenues of $3,729,723 in 2009. The public assistance fund, had expenditures of $3,620,825 in 2009. The public assistance fund balance increased $108,898 from 2008 to 2009. The increase is due to increased revenues received from the State while expenditures made from public assistance services remained consistent with the prior year.

EMS Advanced and Basic Life Services Fund

The EMS A&B life services fund, a County major fund, had revenues of $2,670,652. The EMS advanced and basic life services fund had expenditures of $1,822,639. The EMS advanced and basic life services fund balance increased $848,013 from 2008 to 2009. This increase is primarily due to revenues, consisting of property taxes and charges for services, exceeding expenditures.

Budgeting Highlights – General Fund

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). 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 ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

In the general fund, actual revenues and other financing sources of $10,289,779 exceeded original and final budgeted revenues and other financing sources by $231,229 and $172,229, respectively. These increases are due to the County's conservative approach to budgeting. Actual expenditures and other financing uses of $10,673,903 were $1,171,576 and $651,098 lower than original and final budgeted appropriations, respectively.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

Capital Assets and Debt Administration

Capital Assets

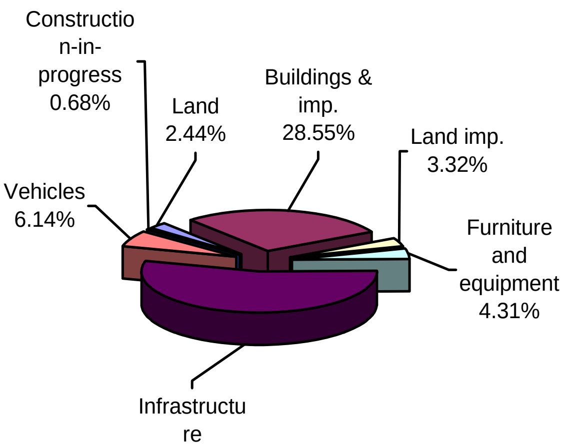
At the end of 2009, the County had $61,464,706 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, $41,489,661 was reported in governmental activities and $19,975,045 was reported in business-type activities, see Note 10 to the basic financial statements for detail. The following table shows fiscal 2009 balances compared to 2008:

Capital Assets at December 31
(Net of Depreciation)

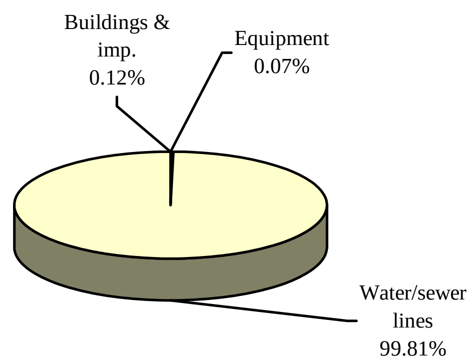
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	$ 1,011,931	$ 1,011,931	$ -	$ -	$ 1,011,931	$ 1,011,931
Construction-in-progress	282,421	251,137	-	-	282,421	251,137
Land improvements	1,375,427	1,456,518	-	-	1,375,427	1,456,518
Building and improvements	11,847,362	12,279,313	24,298	26,033	11,871,660	12,305,346
Furniture and equipment	1,786,717	1,978,220	13,832	16,347	1,800,549	1,994,567
Vehicles	2,549,331	2,606,090	-	-	2,549,331	2,606,090
Infrastructure	22,636,472	22,429,430	-	-	22,636,472	22,429,430
Water/sewer lines	-	-	19,936,915	20,478,692	19,936,915	20,478,692
Total	$ 41,489,661	$ 42,012,639	$ 19,975,045	$ 20,521,072	$ 61,464,706	$ 62,533,711

The following graphs show the breakdown of governmental and business-type activities capital assets by category for 2009 and 2008.

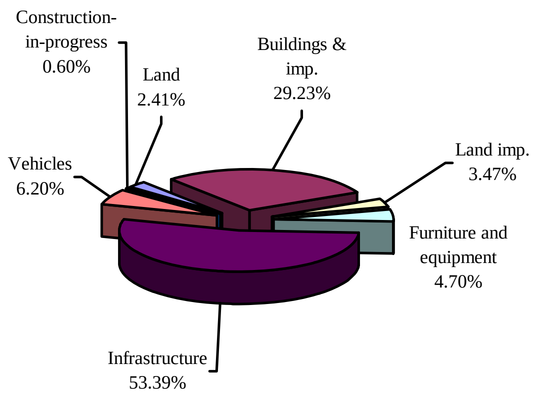
Capital Assets - Governmental Activities 2009



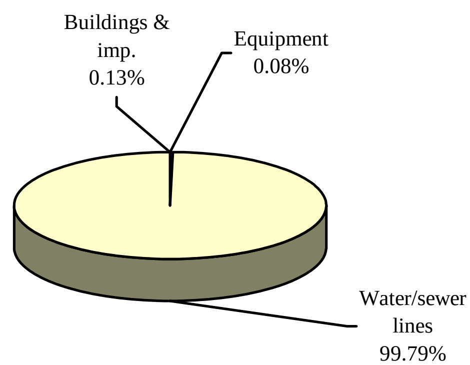
Capital Assets - Business-Type Activities 2009



Capital Assets - Governmental Activities 2008



Capital Assets - Business-Type Activities 2008



Debt Administration

The County had the following long-term obligations outstanding at December 31, 2009 and 2008:

	Governmental Activities 2009	Governmental Activities 2008
OWDA loans	$ 437,983	$ 562,723
Special assessment bonds	203,970	144,666
General obligation notes	216,109	238,042
General obligation bonds	760,000	840,000
Landfill closure/postclosure	389,281	413,467
Capital lease	12,603	16,778
OPWC loans	441,941	339,649
Total long-term obligations	$ 2,461,887	$ 2,555,325

	Business-Type Activities 2009	Business-Type Activities 2008
OWDA loans	$ 4,296,766	$ 5,409,617
Special assessment bonds	519,849	570,304
Loan payable	239,269	252,430
Total long-term obligations	$ 5,055,884	$ 6,232,351

See Note 13 to the basic financial statements for additional disclosures and detail regarding the County's debt activity.

Economic Factors

The County's Administration considered the impact of various economic factors when establishing the fiscal year 2009 budget. Despite the uncertainty surrounding the economy, the County continues to carefully monitor its primary sources of revenue—real estate taxes, local sales taxes, local government funds and interest income. In order to stabilize the impact of the fluctuations in these revenue sources, the County continues to pursue economic development and job creation; and adoption of a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2010 budget, the County emphasized various efforts to continue to contain costs while pursuing new sources of revenue.

The passage of the State budget bill, House Bill 66, in July of 2005 is predicted to have a significant impact on the 2009 County budget. The anticipated cuts in the local government fund, the phase out of the tangible personal property tax, the uncertainty in the collection and application of the Commercial Activity Tax (CAT) and other changes in the taxing structure of the State, will cause an estimated 12% overall reduction in revenues for the general fund.

The average unemployment rate for Fulton County in 2009 was 13.4%, which reflects an increase from 2008. Fulton County ranks higher than the state average of 10.2%. Efforts in the area of economic development are predicted to have positive results in 2010 with the addition of jobs in Fulton County. The strongest growth area in 2010 is predicted to be in the area of commercial/retail opportunities, while the manufacturing base is remaining steady. Also, new housing growth is remaining steady in the County. The overall economy of the County is anticipated to maintain at the current level over the next year.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Honorable Brett J. Kolb, Fulton County Auditor, Courthouse, 152 S. Fulton Street, Suite 165, Wauseon, Ohio 43567.

FULTON COUNTY, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and investments	$ 22,192,794	$ 2,143,549	$ 24,336,343
Cash in segregated accounts	383,877	1,088	384,965
Receivables (net of allowances for uncollectibles):			
Sales taxes	629,427	-	629,427
Real estate and other taxes	7,095,670	-	7,095,670
Accounts	526,088	131,500	657,588
Due from other governments	3,509,284	-	3,509,284
Special assessments	325,673	924,701	1,250,374
Accrued interest	207,632	-	207,632
Prepayments	72,216	931	73,147
Materials and supplies inventory	200,913	-	200,913
Loans receivable, net	182,391	-	182,391
Capital assets:			
Land	1,011,931	-	1,011,931
Construction in progress	282,421	-	282,421
Depreciable capital assets, net	40,195,309	19,975,045	60,170,354
Total capital assets	41,489,661	19,975,045	61,464,706
Total assets	76,815,626	23,176,814	99,992,440
Liabilities:			
Accounts payable	675,865	59,583	735,448
Accrued wages and benefits	326,129	7,381	333,510
Due to other governments	251,049	10,491	261,540
Accrued interest payable	22,925	109,489	132,414
Unearned revenue	7,065,000	-	7,065,000
Long-term liabilities:			
Due within one year	981,638	1,248,763	2,230,401
Due in more than one year	2,373,679	3,831,668	6,205,347
Total liabilities	11,696,285	5,267,375	16,963,660
Net assets:			
Invested in capital assets, net of related debt	40,059,008	15,712,766	55,771,774
Restricted for:			
Capital projects	931,052	-	931,052
Debt service	91,257	-	91,257
Public safety	6,384,017	-	6,384,017
Public works projects	3,391,550	-	3,391,550
Human services programs	2,164,514	-	2,164,514
Health programs	6,816,390	-	6,816,390
Economic development	719,763	-	719,763
Other purposes	1,610,075	-	1,610,075
Unrestricted	2,951,715	2,196,673	5,148,388
Total net assets	$ 65,119,341	$ 17,909,439	$ 83,028,780

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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FULTON COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

		Program Revenues		
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
General government:				
Legislative and executive	$ 5,044,006	$ 1,806,687		
Judicial	1,812,858	978,367	1,861	
Public safety	6,559,092	1,725,640	407,365	
Public works	4,891,314	128,035	3,941,678	594,332
Health	5,249,143	388,892	934,228	
Human services	6,086,991	462,906	4,836,899	
Economic development and assistance	1,605,364	717	1,488,208	
Other	6,651			
Intergovernmental	805,591			
Interest and fiscal charges	74,793			
Total governmental activities	32,135,803	5,491,244	11,610,239	594,332
Business-type activities:				
Water	2,666,450	1,753,241		1,164,988
Sewer	520,237	179,474		180,192
Other business-type activities:				
Solid waste incinerator	227,232	178,977		
Recycling	128,628	22,334		
Total business-type activities	3,542,547	2,134,026		1,345,180
Total primary government	$ 35,678,350	$ 7,625,270	$ 11,610,239	$ 1,939,512

General revenues:
Property taxes levied for:
General fund
Health - County Board of MRDD
Health - Senior Center
Public safety - EMS Advanced and Basic Life Services
Public safety - EMS
Public safety - 911
Sales taxes
Grants and entitlements not restricted to specific programs
Investment earnings
Miscellaneous

Total general revenues

Transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activity	Total
$ (3,237,319)		$ (3,237,319)
(832,630)		(832,630)
(4,426,087)		(4,426,087)
(227,269)		(227,269)
(3,926,023)		(3,926,023)
(787,186)		(787,186)
(116,439)		(116,439)
(6,651)		(6,651)
(805,591)		(805,591)
(74,793)		(74,793)
(14,439,988)		(14,439,988)
	251,779	251,779
	(160,571)	(160,571)
	(48,255)	(48,255)
	(106,294)	(106,294)
	(63,341)	(63,341)
(14,439,988)	(63,341)	(14,503,329)
1,559,615		1,559,615
2,660,284		2,660,284
773,880		773,880
1,252,764		1,252,764
270,944		270,944
524,521		524,521
4,244,967		4,244,967
3,223,891		3,223,891
634,795		634,795
1,422,819	53,636	1,476,455
16,568,480	53,636	16,622,116
(118,000)	118,000	
2,010,492	108,295	2,118,787
63,108,849	17,801,144	80,909,993
$ 65,119,341	$ 17,909,439	$ 83,028,780

FULTON COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	General	Motor Vehicle and Gas Tax	County Board of DD	Public Assistance
Assets:				
Equity in pooled cash and investments	$ 3,013,460	$ 1,381,385	$ 5,589,123	$ 528,238
Cash in segregated accounts	31,999			
Receivables (net of allowance for uncollectibles):				
Sales taxes	591,135	38,292		
Property taxes	1,606,946		2,510,853	
Accounts	91,955	4,135	137	827
Special assessments				
Interfund loan receivable	132,000			
Due from other funds	5,943			74,220
Due from other governments	577,875	2,067,319	366,295	100,179
Accrued interest	207,632			
Advances to other funds	46,737			
Prepayments	27,256		150	25,358
Materials and supplies inventory	49,917	108,376	5,313	12,499
Loans receivable, net				
Total assets	$ 6,382,855	$ 3,599,507	$ 8,471,871	$ 741,321
Liabilities:				
Accounts payable	$ 153,965	$ 17,462	$ 44,534	$ 10,339
Accrued wages and benefits	117,597	36,940	68,114	36,550
Due to other funds	25,057			1,575
Due to other governments	99,990	27,702	48,432	27,764
Interfund loan payable				
Advances from other funds				
Deferred revenue	532,711	1,361,990	234,499	
Unearned revenue	1,600,000		2,500,000	
Total liabilities	2,529,320	1,444,094	2,895,579	76,228
Fund balances:				
Reserved for encumbrances	115,870	60,775	140,009	63,206
Reserved for prepayments	27,256		150	25,358
Reserved for materials and supplies inventory	49,917	108,376	5,313	12,499
Reserved for advances	46,737			
Reserved for loans				
Unreserved:				
Designated for budget stabilization	500,000			
Undesignated (deficit), reported in:				
General fund	3,113,755			
Special revenue funds		1,986,262	5,430,820	564,030
Debt service funds				
Capital projects funds				
Total fund balances	3,853,535	2,155,413	5,576,292	665,093
Total liabilities and fund balances	$ 6,382,855	$ 3,599,507	$ 8,471,871	$ 741,321

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EMS A & B Life Services	Other Governmental Funds	Total Governmental Funds
$ 4,279,794	$ 7,364,920	$ 22,156,920
	351,878	383,877
		629,427
1,365,904	1,611,967	7,095,670
292,191	136,843	526,088
	325,673	325,673
	23,121	155,121
	19,211	99,374
87,445	310,171	3,509,284
		207,632
		46,737
	19,452	72,216
	24,377	200,482
	182,391	182,391
$ 6,025,334	$ 10,370,004	$ 35,590,892
$ 1,195	$ 444,007	$ 671,502
	64,369	323,570
	72,706	99,338
1,059	44,214	249,161
	155,121	155,121
	46,737	46,737
271,223	464,630	2,865,053
1,360,000	1,605,000	7,065,000
1,633,477	2,896,784	11,475,482
102,214	1,004,823	1,486,897
	19,452	72,216
	24,377	200,482
		46,737
	182,391	182,391
		500,000
		3,113,755
4,289,643	5,771,121	18,041,876
	(2,790)	(2,790)
	473,846	473,846
4,391,857	7,473,220	24,115,410
$ 6,025,334	$ 10,370,004	$ 35,590,892

FULTON COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2009

Total governmental fund balances		$ 24,115,410
Amounts reported for governmental activities on the statement of net assets are different because:		
Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and therefore are not reported in the funds.		41,480,877
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes receivable	$ 30,670	
Special assessments receivable	325,673	
Charges for services receivable	185,762	
Interest receivable	128,679	
Intergovernmental receivable	2,194,269	
Total		2,865,053
On the statement of net assets interest is accrued on outstanding loans, notes and bonds whereas in governmental funds, interest expenditures are reported when due.		(22,925)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
OWDA loans	(437,983)	
Special assessment bonds	(203,970)	
General obligation notes	(216,109)	
General obligation bonds	(760,000)	
OPWC loans	(441,941)	
Compensated absences	(887,606)	
Capital leases payable	(12,603)	
Landfill closure/postclosure	(389,281)	
Total		(3,349,493)
The internal service fund is used by management to charge the costs of the geographic information systems services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.		30,419
Net assets of governmental activities		$ 65,119,341

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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FULTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	General	Motor Vehicle and Gas Tax	County Board of DD	Public Assistance
Revenues:				
Property taxes	$ 1,560,398		$ 2,661,882	
Sales taxes	3,728,875	516,092		
Charges for services	1,294,750	63,274	120,331	
Licenses and permits	2,298			
Fines and forfeitures	339,116	64,761		
Intergovernmental	1,493,217	3,974,033	1,922,760	3,644,117
Special assessments				
Investment income	698,607	5,182		
Rental income	76,281			
Contributions and donations	5,181		10,353	
Other	777,149	40,419	138,884	85,606
Total revenues	9,975,872	4,663,761	4,854,210	3,729,723
Expenditures:				
Current:				
General government:				
Legislative and executive	3,856,309			
Judicial	1,526,478			
Public safety	3,235,422			
Public works	15,111	4,502,955		
Health	90,893		3,733,783	
Human services	562,717			3,620,825
Economic development and assistance				
Other	6,651			
Capital outlay	30,475	148,151	45,977	
Intergovernmental	758,742			
Debt service:				
Principal retirement	2,678	33,324		
Interest and fiscal charges	622			
Total expenditures	10,086,098	4,684,430	3,779,760	3,620,825
Excess (deficiency) of revenues over (under) expenditures	(110,226)	(20,669)	1,074,450	108,898
Other financing sources (uses):				
Sale of capital assets	26,896			
Sale of bonds				
Issuance of loan				
Transfers in	45,983		340	
Transfers out	(320,846)			
Total other financing sources (uses)	(247,967)		340	
Net change in fund balances	(358,193)	(20,669)	1,074,790	108,898
Fund balances at beginning of year	4,211,728	2,176,082	4,501,502	556,195
Fund balances at end of year	$ 3,853,535	$ 2,155,413	$ 5,576,292	$ 665,093

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EMS A & B Life Services	Other Governmental Funds	Total Governmental Funds
$ 1,253,373	$ 1,569,034	$ 7,044,687
		4,244,967
998,575	2,080,895	4,557,825
	176,404	178,702
	37,041	440,918
413,536	4,176,688	15,624,351
	175,463	175,463
	8,386	712,175
		76,281
	22,947	38,481
5,168	465,862	1,513,088
2,670,652	8,712,720	34,606,938
	670,019	4,526,328
	195,434	1,721,912
1,822,639	1,239,447	6,297,508
	91,668	4,609,734
	1,145,668	4,970,344
	1,669,513	5,853,055
	1,602,359	1,602,359
		6,651
	975,802	1,200,405
		758,742
	316,866	352,868
	77,405	78,027
1,822,639	7,984,181	31,977,933
848,013	728,539	2,629,005
		26,896
	148,000	148,000
	135,616	135,616
	269,539	315,862
	(132,606)	(453,452)
	420,549	172,922
848,013	1,149,088	2,801,927
3,543,844	6,324,132	21,313,483
$ 4,391,857	$ 7,473,220	$ 24,115,410

FULTON COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

Net change in fund balances - total governmental funds		$ 2,801,927
Amounts reported for governmental activities in the statement of activities are different because:		
Government 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 depreciation expense exceeded capital outlay in the current period.		
Capital asset additions	$ 2,494,607	
Current year depreciation	(3,010,264)	
Total		(515,657)
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.		(6,641)
Proceeds of loans and bonds are other financing sources in the governmental funds, but increase liabilities in governmental activities.		(283,616)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(2,679)	
Special assessments	76,812	
Charges for services	115,172	
Interest revenue	(63,812)	
Intergovernmental revenues	(495,032)	
Total		(369,539)
Repayment of bond, loan, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		352,868
Governmental funds report capital outlay expense for improvements related to the landfill. However, on the statement of net assets capital outlays decrease the long-term liability for the closure and postclosure cost.		24,186
In the statement of activities, interest is accrued on outstanding outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.		3,234
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(6,078)
The internal service fund used by management to charge the costs of geographic information systems services to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		9,808
Change in net assets of governmental activities		$ 2,010,492

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Property taxes	$ 1,614,978	$ 1,614,978	$ 1,564,416	$ (50,562)
Sales taxes	3,800,000	3,800,000	3,725,872	(74,128)
Charges for services	1,430,050	1,330,050	1,254,197	(75,853)
Licenses and permits	3,000	3,000	2,298	(702)
Fines and forfeitures	394,000	394,000	342,258	(51,742)
Intergovernmental	1,621,022	1,610,022	1,590,757	(19,265)
Investment income	652,500	752,500	772,767	20,267
Rental income	30,000	30,000	74,668	44,668
Contributions and donations	10,000	10,000	5,112	(4,888)
Other	403,000	523,000	838,246	315,246
Total revenues	9,958,550	10,067,550	10,170,591	103,041
Expenditures:				
Current:				
General government:				
Legislative and executive	4,615,031	4,296,074	4,025,869	270,205
Judicial	1,578,271	1,618,434	1,480,889	137,545
Public safety	3,486,251	3,373,544	3,228,880	144,664
Public works	39,000	14,000	13,952	48
Health	121,092	136,337	106,138	30,199
Human services	673,450	580,469	567,266	13,203
Intergovernmental	985,384	773,535	760,937	12,598
Other	266,000	34,762	6,651	28,111
Capital outlay	81,000	31,000	30,475	525
Total expenditures	11,845,479	10,858,155	10,221,057	637,098
Excess (deficiency) of revenues over (under) expenditures	(1,886,929)	(790,605)	(50,466)	740,139
Other financing sources (uses):				
Sale of capital assets	10,000	10,000	26,896	16,896
Transfers in	90,000	40,000	45,983	5,983
Advances in	-	-	46,309	46,309
Transfers out	-	(334,846)	(320,846)	14,000
Advances out	-	(132,000)	(132,000)	
Total other financing sources (uses)	100,000	(416,846)	(333,658)	83,188
Net change in fund balance	(1,786,929)	(1,207,451)	(384,124)	823,327
Fund balance at beginning of year	3,011,959	3,011,959	3,011,959	
Prior year encumbrances appropriated	163,882	163,882	163,882	
Fund balance at end of year	$ 1,388,912	$ 1,968,390	$ 2,791,717	$ 823,327

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MOTOR VEHICLE AND GAS TAX
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Sales taxes	$ 520,000	$ 520,000	$ 515,264	$ (4,736)
Charges for services.	45,000	50,000	63,646	13,646
Fines and forfeitures	71,200	71,200	66,316	(4,884)
Intergovernmental.	3,810,000	3,810,000	3,975,790	165,790
Investment income	35,000	35,000	5,182	(29,818)
Other	51,000	51,000	40,419	(10,581)
Total revenues.	4,532,200	4,537,200	4,666,617	129,417
Expenditures:				
Current:				
Public works	6,002,094	5,851,074	4,595,669	1,255,405
Capital outlay	50,000	150,000	148,150	1,850
Debt service:				
Principal retirement	40,000	46,781	33,324	13,457
Total expenditures	6,092,094	6,047,855	4,777,143	1,270,712
Net change in fund balance	(1,559,894)	(1,510,655)	(110,526)	1,400,129
Fund balance at beginning of year.	1,330,318	1,330,318	1,330,318	
Prior year encumbrances appropriated	92,093	92,093	92,093	
Fund balance (deficit) at end of year	$ (137,483)	$ (88,244)	$ 1,311,885	$ 1,400,129

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COUNTY BOARD OF DEVELOPMENTAL DISABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Property taxes	$ 2,700,000	$ 2,700,000	$ 2,671,244	$ (28,756)
Charges for services	105,000	105,000	130,623	25,623
Intergovernmental	1,595,591	1,595,591	1,881,168	285,577
Contributions and donations	5,000	5,000	10,216	5,216
Other	10,000	10,000	138,919	128,919
Total revenues	4,415,591	4,415,591	4,832,170	416,579
Expenditures:				
Current:				
Health	4,673,994	4,620,244	3,802,546	817,698
Capital outlay	25,000	102,000	96,757	5,243
Total expenditures	4,698,994	4,722,244	3,899,303	822,941
Excess (deficiency) of revenues over (under) expenditures	(283,403)	(306,653)	932,867	1,239,520
Other financing sources:				
Transfers in			340	340
Total other financing sources			340	340
Net change in fund balance	(283,403)	(306,653)	933,207	1,239,860
Fund balance at beginning of year	4,324,867	4,324,867	4,324,867	
Prior year encumbrances appropriated	67,494	67,494	67,494	
Fund balance at end of year	$ 4,108,958	$ 4,085,708	$ 5,325,568	$ 1,239,860

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PUBLIC ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Intergovernmental	$ 3,630,000	$ 3,599,255	$ 3,564,387	$ (34,868)
Other	95,160	100,000	84,779	(15,221)
Total revenues	3,725,160	3,699,255	3,649,166	(50,089)
Expenditures:				
Current:				
Human services	4,399,901	4,115,176	3,741,800	373,376
Capital outlay	15,000			
Total expenditures	4,414,901	4,115,176	3,741,800	373,376
Net change in fund balance	(689,741)	(415,921)	(92,634)	323,287
Fund balance at beginning of year	208,591	208,591	208,591	
Prior year encumbrances appropriated	341,243	341,243	341,243	
Fund balance (deficit) at end of year	$ (139,907)	$ 133,913	$ 457,200	$ 323,287

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMS ADVANCED AND BASIC LIFE SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Property taxes	$ 1,360,000	$ 1,360,000	$ 1,256,327	$ (103,673)
Charges for services	500,000	500,000	1,021,917	521,917
Intergovernmental	280,000	280,000	413,536	133,536
Other	15,000	15,000	5,099	(9,901)
Total revenues	2,155,000	2,155,000	2,696,879	541,879
Expenditures:				
Current:				
Public safety	1,919,400	2,018,999	1,964,742	54,257
Total expenditures	1,919,400	2,018,999	1,964,742	54,257
Net change in fund balance	235,600	136,001	732,137	596,136
Fund balance at beginning of year	3,349,580	3,349,580	3,349,580	
Prior year encumbrances appropriated	45,400	45,400	45,400	
Fund balance at end of year	$ 3,630,580	$ 3,530,981	$ 4,127,117	$ 596,136

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Funds	Total	
Assets:					
Current assets:					
Equity in pooled cash and investments	$ 1,655,640	$ 430,938	$ 56,971	$ 2,143,549	$ 35,874
Cash in segregated accounts			1,088	1,088	
Receivables (net of allowance for uncollectibles):					
Accounts	129,314	1,592	594	131,500	
Special assessments	142,151	782,550		924,701	
Due from other funds	4,725			4,725	
Prepayments	657	274		931	
Materials and supplies inventory					431
Total current assets	1,932,487	1,215,354	58,653	3,206,494	36,305
Noncurrent assets:					
Capital assets:					
Depreciable capital assets, net	13,982,548	5,954,367	38,130	19,975,045	8,784
Total capital assets	13,982,548	5,954,367	38,130	19,975,045	8,784
Total noncurrent assets	13,982,548	5,954,367	38,130	19,975,045	8,784
Total assets	15,915,035	7,169,721	96,783	23,181,539	45,089
Liabilities:					
Current liabilities:					
Accounts payable	4,897	28,708	25,978	59,583	4,363
Accrued wages and benefits	2,388	2,388	2,605	7,381	2,559
Compensated absences	9,210	9,211	2,163	20,584	3,686
Due to other funds		4,725		4,725	36
Due to other governments	1,712	6,152	2,627	10,491	1,888
Accrued interest payable	98,661	10,828		109,489	
Current portion of loan payable	13,611			13,611	
Current portion of special assessment bonds payable	20,340	30,404		50,744	
Current portion of OWDA loans payable	990,034	173,790		1,163,824	
Total current liabilities	1,140,853	266,206	33,373	1,440,432	12,532
Long-term liabilities:					
Compensated absences	1,446	1,445	1,072	3,963	2,138
Loan payable	225,658			225,658	
Special assessment bonds payable	92,904	376,201		469,105	
OWDA loans payable	2,622,453	510,489		3,132,942	
Total long-term liabilities	2,942,461	888,135	1,072	3,831,668	2,138
Total liabilities	4,083,314	1,154,341	34,445	5,272,100	14,670
Net assets:					
Invested in capital assets, net of related debt	10,555,953	5,118,683	38,130	15,712,766	8,784
Unrestricted	1,275,768	896,697	24,208	2,196,673	21,635
Total net assets	$ 11,831,721	$ 6,015,380	$ 62,338	$ 17,909,439	$ 30,419

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	**Sewer**	**Nonmajor Funds**	**Total**	
Operating revenues:					
Charges for services	$ 1,753,061	$ 179,294	$ 201,311	$ 2,133,666	$ 104,462
Tap-in fees	180	180		360	
Other			53,636	53,636	
Total operating revenues	1,753,241	179,474	254,947	2,187,662	104,462
Operating expenses:					
Personal services	97,244	97,244	170,388	364,876	92,238
Contract services	1,924,401	212,774	144,524	2,281,699	
Materials and supplies	1,548	2,932	7,063	11,543	18,922
Depreciation	381,398	160,379	4,250	546,027	680
Administrative costs	1,645	1,644	14,131	17,420	2,219
Other	45,657	2,798	15,504	63,959	185
Total operating expenses	2,451,893	477,771	355,860	3,285,524	114,244
Operating loss	(698,652)	(298,297)	(100,913)	(1,097,862)	(9,782)
Nonoperating expenses:					
Interest expense and fiscal charges	(214,557)	(42,466)		(257,023)	
Total nonoperating expenses	(214,557)	(42,466)		(257,023)	
Loss before capital contributions and transfers	(913,209)	(340,763)	(100,913)	(1,354,885)	(9,782)
Capital contributions	1,164,988	180,192		1,345,180	
Transfers in			118,000	118,000	19,590
Change in net assets	251,779	(160,571)	17,087	108,295	9,808
Net assets at beginning of year	11,579,942	6,175,951	45,251	17,801,144	20,611
Net assets at end of year	$ 11,831,721	$ 6,015,380	$ 62,338	$ 17,909,439	$ 30,419

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Funds	Total	
Cash flows from operating activities:					
Cash received from sales/service charges	$ 1,728,764	$ 182,731	$ 200,953	$ 2,112,448	$ 106,471
Cash received from tap-in fees	180	180		360	
Cash received from other operating revenue			53,636	53,636	
Cash payments for personal services	(96,639)	(96,639)	(180,730)	(374,008)	(93,724)
Cash payments for contract services	(1,928,230)	(181,226)	(127,079)	(2,236,535)	
Cash payments for materials and supplies	(1,542)	(2,993)	(8,892)	(13,427)	(14,521)
Cash payments for administrative costs	(2,341)	(2,341)	(13,393)	(18,075)	(2,219)
Cash payments for other expenses	(45,794)	(2,816)	(15,404)	(64,014)	(160)
Net cash used in operating activities	(345,602)	(103,104)	(90,909)	(539,615)	(4,153)
Cash flows from noncapital financing activities:					
Cash received from special assessments	35,835	174,008		209,843	
Transfers in			118,000	118,000	19,590
Net cash provided by noncapital financing activities	35,835	174,008	118,000	327,843	19,590
Cash flows from capital and related financing activities:					
Capital contributions	1,164,988	180,192		1,345,180	
Principal retirement on bonds	(20,309)	(30,146)		(50,455)	
Principal retirement on loans	(958,186)	(167,826)		(1,126,012)	
Interest and fiscal charges	(236,210)	(45,540)		(281,750)	
Net cash used in capital and related financing activities	(49,717)	(63,320)		(113,037)	
Net increase (decrease) in cash and investments	(359,484)	7,584	27,091	(324,809)	15,437
Cash and investments at beginning of year	2,015,124	423,354	30,968	2,469,446	20,437
Cash and investments at end of year	$ 1,655,640	$ 430,938	$ 58,059	$ 2,144,637	$ 35,874
Reconciliation of operating loss to net cash used in operating activities:					
Operating loss	$ (698,652)	$ (298,297)	$ (100,913)	$ (1,097,862)	$ (9,782)
Adjustments:					
Depreciation	381,398	160,379	4,250	546,027	680
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(24,380)	(1,371)	(358)	(26,109)	2,009
Decrease in materials and supplies inventory					38
Decrease in due from other funds	83	4,808		4,891	
(Increase) decrease in prepayments	(166)	(167)	773	440	25
Increase in accounts payable	4,667	26,310	17,566	48,543	4,327
Increase (decrease) in due to other funds	(519)	4,206	(1,885)	1,802	36
Increase (decrease) in accrued wages and benefits	181	181	(848)	(486)	(60)
Increase (decrease) in due to other governments	(8,370)	691	214	(7,465)	371
Increase (decrease) in compensated absences payable	156	156	(9,708)	(9,396)	(1,797)
Net cash used in operating activities	$ (345,602)	$ (103,104)	$ (90,909)	$ (539,615)	$ (4,153)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2009

		Agency
Assets:		
Equity in pooled cash and investments.	$	4,511,435
Cash in segregated accounts		337,770
Receivables:		
Real estate and other taxes		37,603,027
Due from other governments		1,817,908
Special assessments		6,744,576
Deferred assessments receivable.		1,263,107
Total assets	$	52,277,823
Liabilities:		
Deposits held and due to others.	$	4,849,205
Due to other governments.		46,165,511
Deferred loan payments.		1,263,107
Total liabilities	$	52,277,823

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE COUNTY

Fulton County, Ohio (the "County") was created in 1850. The County is governed by a Board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body, and the chief administrators of public services for 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, common pleas court judge, a probate court judge and two county municipal court judges.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the County have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government 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) Guidance issued on or before November 30, 1989, to its governmental and business-type activities and its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The County has the option to also apply FASB Guidance issued after November 30, 1989 to its business-type activities and proprietary funds, subject to this same limitation. The County has elected not to apply these FASB Guidance.

The most significant of the County's accounting policies are described below.

A. Reporting Entity

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB statement No. 39 "Determining Whether Certain Organizations are Component Units". The basic financial statements include all funds, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's basic financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of the PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

Based on the foregoing criteria, the financial activities of the following PCU's have been reflected in the accompanying basic financial statements as:

EXCLUDED POTENTIAL COMPONENT UNITS

As counties are structured in Ohio, the County Auditor and County Treasurer, respectively, serve as fiscal officer and custodian of funds for various agencies, boards, and commissions. As fiscal officer, the County Auditor certifies the availability of cash and appropriations prior to the processing of payments and purchases. As the custodian of all public funds, the County Treasurer invests public monies held on deposit in the County treasury.

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

In the case of the separate agencies, boards, and commissions listed below the County serves as fiscal agent and custodian, but is not accountable; therefore the operations of the following PCU's have been excluded from the County's BFS, but the funds held on behalf of these PCU's in the County treasury are included in the agency funds.

Fulton County Board of Health - The five member Board of Health is appointed by the District Advisory Council, which is comprised of township trustee chairmen and clerks and mayors of participating municipalities. The Board of Health adopts its own budget and operates autonomously from the County.

Soil and Water Conversation District - The five members of the District are independently elected officials. They adopt their own budget and operate autonomously from the County.

JOINTLY GOVERNED ORGANIZATIONS

Maumee Valley Planning Organization - The County is a member of the Maumee Valley Planning Organization (MVPO) which is a jointly governed organization between Defiance, Fulton, Henry, Paulding, and Williams Counties and the respective townships and municipalities in each of those counties. The purpose of MVPO is to act as a joint regional planning commission to write and administer Community Development Block Grants and help with housing rehabilitation in the area.

MVPO is governed by a Board consisting of fifteen members. The Board is made up of one County Commissioner from each member county as well as one township representative and one municipal representative for each of the five member counties. The main sources of revenue are fees charged by MVPO to administer Community Development Block Grants and a per capita amount from each county. In 2009, the County paid per capita charges of $49,088 to MVPO.

Defiance-Fulton-Henry Counties Council - The County is a member of the Defiance-Fulton-Henry Counties Council (Council) which is a jointly governed organization between Defiance, Fulton and Henry Counties. The Council was formed under Ohio Revised Code Section 167.04 as a regional council of governments. The purpose of the Council is to foster cooperation among the three member counties in all areas of service.

The Council is governed by a Board consisting of one representative from each member county's Board of County Commissioners. The Council establishes cooperative programs which benefit member entities. Fulton County obtains employees health, dental and vision coverage through a program established by the Council.

Regional Port Authority of Northwest Ohio - The Regional Port Authority of Northwest Ohio (the "Authority") was created in June 2008 and is a jointly governed organization between Defiance, Henry, Paulding and Fulton Counties. The Authority was established pursuant to Ohio Revised Code Section 4582.21. The purpose of the Authority is to enhance, foster, aid, provide or promote transportation, economic development, housing, recreation, education, governmental operations, culture, research and the creation and preservation of jobs and employment opportunities.

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

The Authority is governed by a Board consisting of twelve appointed members. Each member county's Board of County Commissioners shall appoint three members. Each respective Board of County Commissioners shall appoint one member of the Board whose initial term expires December 31, 2009, one member of the Board whose initial term expires December 31, 2010 and one member of the Board whose initial term expires December 31, 2011. Upon the expiration of the initial terms, each subsequent member of the Board shall serve a four year term commencing on January 1 of each year.

Any county may withdrawal from the Authority by resolution of that county's Board of County Commissioners. Upon withdrawal, such county shall not be entitled to any distribution from the Authority and forfeits its rights to receive any funds it contributed to the Authority. The Authority may be dissolved by adoption of a resolution by all member counties' Board of County Commissioners. Upon dissolution and after paying all expenses, costs and debts of the Authority, any real or personal property given to the Authority shall be returned to the county from which it was received, and any balances remaining in the funds of the Authority, and remaining real or personal property of the Authority, shall be distributed to the counties equally.

During 2009, the County contributed $5,000 to the Authority. Financial information of the Authority can be obtained by contacting Jerry J. Arkebauer, Executive Director, 1300 E. 2nd Street, Suite 200, Defiance, Ohio 43512.

JOINT VENTURES WITHOUT EQUITY INTEREST

Corrections Center of Northwest Ohio - The County is a member of Northwest Ohio's Multicounty - Municipal Correctional Center (CCNO), which is a joint venture between Defiance, Fulton, Henry, Lucas and Williams counties and the City of Toledo. The purpose of the CCNO is to provide additional jail space for convicted criminals in the five counties and City of Toledo and to provide a correctional center for the inmates. The CCNO joint venture was created in 1986, construction was finished and occupancy was taken December 31, 1996.

The CCNO is governed by a commission team made up of 18 members. These members consist of one judge, one chief law enforcement officer, and one county commissioner or administrative official from each entity. Sources of revenue include operating costs and capital costs contributed by members and rental revenue. The County does not have explicit, measurable right to the net resources of the CCNO. Total expenditures made by the County to the CCNO in 2009 were $920,791. Complete financial statements for the CCNO can be obtained from the CCNO's administrative office on County Road 24 in Stryker, Ohio.

Regional Planning Commission - The County, along with the townships, villages and cities within Fulton County, is a participant in the joint venture to operate the Fulton County Regional Planning Commission (the "Commission"). The Commission's duties are to make studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions, services, and other aspects of the County.

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

The entities within the Commission pay an annual assessment to the Commission based on census figures. The County's assessments are a match to the total assessment on the members. The financial statements of the Commission can be reviewed at the Fulton County Courthouse, Wauseon.

Quadco Rehabilitation Center - The County is a participant with Henry, Defiance, and Williams Counties in a joint venture to operate Quadco Rehabilitation Center, Administrative Board (Quadco). Quadco, a nonprofit corporation, provides services and facilities for training physically and mentally disabled persons. Quadco is responsible for contracting with various agencies to obtain funding to operate the organization.

Quadco is governed by an eight member Board composed of two appointees made by each of the four County Boards of Mental Retardation and Developmental Disabilities (County Boards of MR/DD). This Board in conjunction with the County Boards of MR/DD assesses the need of the adult mentally retarded and developmentally disabled residents in each County and set priorities based on available funds. The County provides subsidies to Quadco based on units of service provided to it. For the year ended December 31, 2009 the County remitted $25,464 to Quadco to supplement its operations.

The Board operates autonomously from the County and the County has no financial responsibility for the operations of the Board. On dissolution of Quadco, the property and equipment of the corporation would revert back to the four counties. This access to the net resources of the Board has not been explicitly defined, nor is it currently measurable. Complete financial statements for Quadco can be obtained from Quadco's administrative office at 427 N. Fulton Street, Stryker, Ohio.

Four County Solid Waste District - The County is a member of the Four County Solid Waste District (District), which is a joint venture between Fulton, Defiance, Paulding, and Williams 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 landfilling. The District was created in 1989.

The District is governed and operated through a twelve member Board of Directors, comprised of three commissioners from each county. Financial records are maintained by the Williams County Auditor in Bryan, Ohio. The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste.

The County has an ongoing financial interest in the District. The County Commissioners are able to influence the Board of Directors to use the District's surplus resources to undertake special projects of interest of the County's citizens. In the event that a county withdraws from the District, this access to the net resources has not been explicitly defined, nor is it currently measurable. The County has no ongoing financial responsibility for the District. No contributions were made by the County to the District in 2009. Grant monies received by the County from the District are reported in a special revenue fund.

Community Improvement Corporation of Fulton County - The County, along with the townships, villages and cities within Fulton County, is a participant in the joint venture to operate the Community Improvement Corporation (CIC) of Fulton County. The CIC's duties are to advance, encourage and promote the industrial, economic, commercial and civic development of the County and the surrounding territory.

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

The CIC is governed by a board of twenty-three trustees. Four of these trustees are elected and appointed officials of Fulton County, with the remaining trustees consisting of officials from the various municipalities, townships and villages represented, as well as four at-large members from local businesses which have an interest in economic development. The County's degree of control over the board is limited to its representation on the board.

Northwest Ohio Juvenile Detention, Training, and Rehabilitation District - The County is a participant with Defiance, Henry, and Williams Counties in a joint venture to operate the Northwest Juvenile Detention, Training, and Rehabilitation District (NWOJDD), established to operate both detention and training and rehabilitation facilities for juveniles.

NWOJDD is governed and operated by a thirteen member board of trustees consisting of three trustees from each county and one at large member. Revenue sources are from member counties and rental revenue. The County has no ongoing financial responsibility for NWOJDD. The County remitted $249,485 to NWOJDD in 2009.

Four County Board of Alcohol, Drug Addiction and Mental Health Services - The Four County Board of Alcohol, Drug Addiction and Mental Health Services (the "Board") is a joint venture between Fulton, Defiance, Henry, and Williams Counties. The purpose of this board is to provide alcohol, drug addiction, and mental health services to individuals in the four counties.

The Four County Board is governed by a Board consisting of eighteen members. The breakdown is as follows: four members are appointed by the Ohio Director of Alcohol and Drug Addiction Services and by the Ohio Department of Mental Health, three each are appointed by the Defiance and Fulton County Commissioners, and two each are appointed by the Henry and Williams County Commissioners.

The main sources of revenue of the Board are State and federal grants, and a property tax levy covering the entire four county areas. Outside agencies are contracted by the Board to provide services for the Board. The Board operates autonomously from the County and the County has no financial responsibility for the operations of the Board. The County does have indirect access to the net resources of the Board. In the event the County withdrew from the Board it would be entitled to a share of the state and federal grants that is currently being received by the Board. This access to net resources of the Board has not been explicitly defined, nor is it currently measurable. Complete financial statements for the Board can be obtained from the Board at its offices located at State Route 66 at State Route 34, Archbold, Ohio.

B. Basis of Presentation

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

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

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. The policy of the County is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. 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 proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

C. 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 - The general fund is used to account for all activities of the County not required to be included in another fund. The general fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Motor Vehicle and Gas Tax - This fund accounts for revenues derived from motor vehicle licenses, and gasoline taxes. Expenditures are restricted by State law to County road and bridge repair and maintenance programs.

County Board of Developmental Disabilities (County Board of DD) - This fund accounts for the operation of a school and the costs of administering a workshop for the mentally retarded and developmentally disabled. Revenue sources include a countywide property tax levy and federal and State grants.

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

Public Assistance - This fund accounts for various federal and State grants used to provide public assistance to general relief recipients, pay their providers for medical assistance and for certain public social services.

EMS Advanced and Basic Life Services - This fund accounts for a property tax levy, charges for services and cost of services related to the emergency medical services provided by the County.

Other governmental funds of the County are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs and (c) for grants and other resources, the use of which is restricted to a particular purpose.

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.

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

Sewer - This fund accounts for sanitary sewer services provided to individual and commercial users in the majority of the unincorporated areas of the County. The costs of providing these services are financed primarily through user charges.

Water - This fund accounts for revenues and expenses associated with water services provided from the County to individual and commercial users. The costs of providing these services are financed primarily through user charges.

The other enterprise funds of the County are used to account for the solid waste incinerator and recycling activities. These funds are nonmajor funds whose activities have been aggregated and presented in a single column in the BFS.

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service funds primarily account for geographic information systems services provided to various departments of the County and information technology services provided to various departments of the County.

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 only fiduciary funds are agency funds. The County's agency funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent and for taxes, State-levied shared revenues, and fines and for forfeitures collected and distributed to other political subdivisions.

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

D. Measurement Focus

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

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 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 the County finances and meets the cash flow needs of its proprietary funds.

Agency funds do not report a measurement focus as they do not report operations.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. Government-wide financial statements are prepared using the full accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the full accrual basis of accounting. Differences in the full 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, are recorded on the full 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.

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

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On a full accrual basis, revenue from sales taxes is recognized in the year in which the sales are made. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). 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 all other nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (See Note 7), interest, federal and State grants and subsidies, State-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2009, but which were levied to finance year 2010 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as unearned revenue. Special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2009, are recorded as deferred revenue in the governmental funds.

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

Expense/Expenditures - On the full 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.

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

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

All funds, other than agency funds and the OWDA debt service fund, are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the County Commissioners.

Tax Budget - A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except agency funds and the OWDA debt service fund, are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimates and the County Budget Commission find the revised estimates to be reasonable. The amounts set forth in the budgetary statements represent estimates from the original and final amended certificate of estimated resources issued during 2009.

Appropriations - A temporary appropriation resolution to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The County legally adopted several supplemental appropriations during the year. The original budget and all budgetary amendments and supplemental appropriations necessary during 2009 are included in the original and final budget amounts in the budget-to-actual comparisons.

Lapsing of Appropriations - At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not reappropriated.

G. Cash and Investments

To improve cash management, cash 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 investments" on the basic financial statements.

During 2009, investments were limited to federal agency securities, nonnegotiable certificates of deposit, U.S. Government money market mutual funds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The County has invested funds in STAR Ohio during 2009. 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 Securities and Exchange Commission (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 shares price which is the price the investment could be sold for on December 31, 2009.

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 2009 amounted to $698,607 which includes $619,373 assigned from other County funds.

The County has segregated bank accounts for monies held separately from the County's central bank account. These depository accounts are presented on the basic financial statements as "cash in segregated accounts" since they are not required to be deposited into the County treasury.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the County's investment account at year end is provided in Note 4.

H. Inventories of Materials and Supplies

On the government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

I. Capital Assets

Governmental 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 proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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

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 $2,500. The County's infrastructure consists of roads, bridges, culverts and water and 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 capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land improvements	10 - 20 years	-
Buildings and improvements	20 - 40 years	20 - 40 years
Machinery and equipment	5 - 20 years	5 - 20 years
Vehicles	8 - 20 years	5 years
Sewer lines/water lines	-	50 years
Infrastructure	20 - 50 years	20 - 50 years

Interest is capitalized on proprietary fund capital assets acquired with tax-exempt debt. The County's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period.

Capitalized interest is amortized on the straight-line method over the estimated useful life of the asset. For 2009, the net interest expense incurred on proprietary fund construction projects was not material.

J. Compensated Absences

Compensated absences of the County consist of vacation leave and sick leave to the extent that payment to the employee for these absences is attributable to services already rendered and is not contingent on a specific event that is outside the control of the County and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at December 31, 2009, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the vesting method.

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2009, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

County employees earn vacation at varying rates ranging from two to five weeks per year. Sick leave is accumulated at the rate of 4.6 hours per 80 hours worked. Vacation and sick leave are accumulated on an hours worked basis. Vacation pay is vested after one year and sick pay upon eligibility for retirement. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee.

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

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts "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. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2009, 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.

L. Accrued Liabilities and Long-term Obligations

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

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

M. Interfund Transactions

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

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

During the normal course of operations, the County has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the County are treated similarly when involving other funds of the County.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds” for long-term loans and “interfund loans receivable/payable” for loans expected to be repaid within one year. All other outstanding balances outstanding between funds are reported as “due to/from other funds.” These amounts are eliminated in the statement of net assets, except for any residual balances outstanding between the governmental activities and business-type activities, which are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the governmental fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

N. Fund Balance Reserves and Designations

Reserved or designated fund balances indicate that a portion of fund equity is not available for current appropriation or use. The unreserved or undesignated portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The County reports amounts representing encumbrances outstanding, prepayments, materials and supplies inventories, advances and loans receivable. The County reports amounts set-aside by the County Commissioners as budget stabilization as designation of fund balance in the governmental funds.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the County, these revenues are charges for services for the water, sewer, solid waste incinerator, recycling and geographic information systems programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. During 2009, the water and sewer funds received $1,164,988 and $180,192 in contributions, respectively.

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

Q. 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 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes primarily consist of amounts restricted for real estate assessment, court computerization and special projects at the Western and Eastern District Courts. At December 31, 2009, there were no net assets restricted by enabling legislation.

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

R. 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 management and are either unusual in nature or infrequent in occurrence. The County had no extraordinary or special items during 2009.

S. Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2009, the County has implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", and GASB Statement No. 57 "Other Postemployment Benefit (OPEB) Measurements by Agent Employers and Agent Multiple-Employers".

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the County.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the County.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the County.

GASB Statement No. 57 establishes standards for the measurement and financial reporting of actuarially determined information by agent employers with individual-employer OPEB plans that have fewer than 100 total plan members and by the agent multiple-employer OPEB plans in which they participate. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the County.

B. Deficit Fund Balance

Nonmajor governmental fund	Deficit
Ditch bond retirement	$ 34,250

This fund complied with Ohio State law, which does not permit a cash basis deficit at year end. The general fund is liable for any deficits in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

4. Bonds and other obligations of the State of Ohio;

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

9. High grade commercial paper for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio; and

10. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the County Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

A. Cash in Segregated Accounts

At year end, the County had $722,735 cash and cash equivalents deposited separate from the County's internal investment pool. This amount is included in the amount of deposits with fiscal institutions below.

B. Deposits with Financial Institutions

At December 31, 2009, the carrying amount of all County deposits was $28,121,026. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2009, $14,181,507 of the County's bank balance of $28,466,423 was exposed to custodial risk as discussed below, while $14,284,916 was covered by the FDIC.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of 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 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. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

C. Investments

As of December 31, 2009, the County had the following investments and maturities:

		Investment maturities				
Investment type	Fair value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FHLB	$ 1,000,000	$ -	$ -	$ -	$ -	$ 1,000,000
STAR Ohio	439,387	439,387	-	-	-	-
U.S. government money market fund	10,100	10,100	-	-	-	-
Total	$ 1,449,487	$ 449,487	$ -	$ -	$ -	$ 1,000,000

The weighted average maturity of investments is 1.03 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The U.S. Government money market funds carry a rating of AAAm by Standard & Poor's. The County's investments in federal agency securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Notes are exposed to custodial credit risk in that they are uninsured and unregistered. The County has no investment policy dealing with investments custodial risk beyond the requirement in State statute that prohibits payments for investments prior to the delivery of the securities representing such investments to the County Treasurer or qualified trustee.

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2009:

Investment type	Fair value	% of total
FHLB	$ 1,000,000	68.99%
STAR Ohio	439,387	30.31%
U.S. Government money market fund	10,100	0.70%
Total	$ 1,449,487	100.00%

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2009:

Cash and investments per note	
Carrying amount of deposits	$ 28,121,026
Investments	1,449,487
Total	$ 29,570,513
Cash and investments per statement of net assets	
Governmental activities	$ 22,576,671
Business-type activities	2,144,637
Agency funds	4,849,205
Total	$ 29,570,513

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2009, consisted of the following, as reported on the fund financial statements:

Transfers to general fund from:	
Nonmajor governmental funds	$ 45,983
Transfers to nonmajor governmental funds from:	
General	183,256
Nonmajor governmental funds	86,283
Total transfers to nonmajor governmental funds	269,539
Transfers to County Board of DD fund from:	
Nonmajor governmental funds	340
Transfers to nonmajor enterprise funds from:	
General	118,000
Transfers to internal service funds from	
General	19,590
Total transfers	$ 453,452

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfer to the general fund is from the certificate of title administration fund, a nonmajor governmental fund. This transfer is allowable under Ohio Revised Code Section 325.33.

All other transfers complied with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Transfers between governmental funds are eliminated on the statement of activities.

B. Long-term advances to and from other funds at December 31, 2009, consisted of the following, as reported on the fund financial statements:

Receivable fund	Payable fund	Amount
General	Nonmajor governmental funds	$ 46,737
Total long-term advances		$ 46,737

The balance in the general fund represents amounts due from other funds that are not expected to be repaid within the next fiscal year.

Long-term advances between governmental funds are eliminated on the statement of net assets.

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

C. Interfund loans receivable/payable at December 31, 2009, consisted of the following, as reported on the fund financial statements:

Receivable fund	Payable fund	Amount
General	Nonmajor governmental funds	$ 132,000
Nonmajor governmental funds	Nonmajor governmental funds	23,121
Total interfund loans		$ 155,121

The balance in the general fund and nonmajor governmental funds represents amounts due from other funds that are expected to be repaid within the next year.

Interfund loans between governmental funds are eliminated on the statement of net assets.

D. Due to/from other funds consisted of the following at December 31, 2009, as reported on the fund financial statements:

Receivable fund	Payable fund	Amount
General	Nonmajor governmental funds	$ 5,907
General	Internal service funds	36
Public assistance	General	7,421
Public assistance	Nonmajor governmental funds	66,799
Nonmajor governmental funds	Public assistance	1,575
Nonmajor governmental funds	General	17,636
Water	Sewer	4,725
Total due to/from other funds		$ 104,099

The balances resulted from the time lag between the dates that payments between the funds are made. Amounts due to/from between governmental funds are eliminated on the statement of net assets.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value 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 revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

NOTE 6 - 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. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2009 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, was reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the County due to the phasing out of the tax. In calendar years 2009-2010, the County will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2009 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2009 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The full tax rate for all County operations for the year ended December 31, 2009 was $10.45 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

NOTE 6 - PROPERTY TAXES - (Continued)

Real property		
Residential/agricultural	$	696,611,600
Commercial/industrial/mineral		170,535,670
Public utility		
Real		422,910
Personal		34,699,280
Total assessed value	$	902,269,460

NOTE 7 - PERMISSIVE SALES AND USE TAX

In 1983, the County Commissioners by resolution imposed a 0.5% percent tax on all retail sales made in the County, including sales of motor vehicles, and on storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. In 1987, the County Commissioners by resolution increased this tax by 0.5% to provide a total tax of 1.0%. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of the month of collection. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the sales tax are credited to the general fund and the motor vehicle and gas tax fund and amounts that have been collected by the State and are to be received within the available period are accrued as revenue to the extent they are intended to finance the 2009 operations. Sales tax revenue for 2009 amounted to $4,244,967.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2009, consisted of taxes, special assessments, accounts (billings for user charged services), interest, and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2009, as well as intended to finance 2009 operations.

NOTE 8 – RECEIVABLES – (Continued)

A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:	
Sales taxes	$ 629,427
Real estate and other taxes	7,095,670
Accounts	526,088
Due from other governments	3,509,284
Special assessments	325,673
Accrued interest	207,632
Business-type activities:	
Accounts	131,500
Special assessments	924,701

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year, with the exception of the special assessments which are collected over the life of the assessment.

NOTE 9 - LOANS RECEIVABLE

Loans receivable represents low interest loans made by the County for development projects and small businesses under the Federal Community Development Block Grant (CDBG) program. The loans bear interest at annual rates ranging between 3 and 5 percent. The loans are to be repaid over periods ranging from 5 to 10 years. A summary of the CDBG loan activity for 2009 is as follows:

	Balance at 12/31/2008	Issued/ Additions	Payments/ Reductions	Balance at 12/31/2009
Revolving loans	$ 576,832	$ -	$ (151,263)	$ 425,569
Allowance for doubtful accounts	(120,978)	-	(122,200)	(243,178)
Revolving loans, net	$ 455,854	$ -	$ (273,463)	$ 182,391

The loans are reported in the nonmajor governmental funds. Fund balance has been reserved for the outstanding balance due at year end.

NOTE 10 - CAPITAL ASSETS

A. Capital asset activity for the fiscal year ended December 31, 2009, was as follows:

	Balance 12/31/08	Additions	Deductions	Balance 12/31/09
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,011,931			$ 1,011,931
Construction in progress	251,137	31,284	-	282,421
Total capital assets not being depreciated	1,263,068	31,284	-	1,294,352
Capital assets being depreciated:				
Land improvements	2,171,528			2,171,528
Buildings and improvements	19,235,512	107,031		19,342,543
Machinery and equipment	4,906,870	218,495	(77,099)	5,048,266
Vehicles	4,680,225	254,096	(11,376)	4,922,945
Infrastructure	39,416,872	1,883,701	-	41,300,573
Total capital assets being depreciated	70,411,007	2,463,323	(88,475)	72,785,855
Less: accumulated depreciation:				
Land improvements	(715,010)	(81,091)		(796,101)
Buildings and improvements	(6,956,199)	(538,982)		(7,495,181)
Machinery and equipment	(2,928,650)	(403,357)	70,458	(3,261,549)
Vehicles	(2,074,135)	(310,855)	11,376	(2,373,614)
Infrastructure	(16,987,442)	(1,676,659)	-	(18,664,101)
Total accumulated depreciation	(29,661,436)	(3,010,944)	81,834	(32,590,546)
Total capital assets being depreciated, net	40,749,571	(547,621)	(6,641)	40,195,309
Governmental activities capital assets, net	$ 42,012,639	$ (516,337)	$ (6,641)	$ 41,489,661

NOTE 10 - CAPITAL ASSETS - (Continued)

Capital assets of the business-type activities for the year ended December 31, 2009, was as follows:

	Balance 12/31/08	Additions	Deductions	Balance 12/31/09
Business-type activities:				
Capital assets being depreciated:				
Buildings and improvements	$ 69,416			$ 69,416
Machinery and equipment	25,150			25,150
Vehicles	20,989			20,989
Waterlines/sewerlines	27,557,749	-	-	27,557,749
Total capital assets being depreciated	27,673,304	-	-	27,673,304
Less: accumulated depreciation:				
Buildings and improvements	(43,383)	(1,735)		(45,118)
Machinery and equipment	(8,803)			(8,803)
Vehicles	(20,989)	(2,515)		(23,504)
Waterlines/sewerlines	(7,079,057)	(541,777)	-	(7,620,834)
Total accumulated depreciation	(7,152,232)	(546,027)	-	(7,698,259)
Total capital assets being depreciated, net	20,521,072	(546,027)	-	19,975,045
Business-type activities capital assets, net	$ 20,521,072	$ (546,027)	-	$ 19,975,045

B. Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Legislative and executive	$ 408,726
Judicial	94,076
Public safety	190,872
Public works	1,949,536
Health	178,904
Human services	140,956
Economic development	345
Intergovernmental	46,849
Depreciation of internal service fund capital assets	680
Total depreciation expense - governmental activities	$ 3,010,944
Business-type activities:	
Water	$ 381,398
Sewer	160,379
Nonmajor	4,250
Total depreciation expense - business-type activities	$ 546,027

NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the County entered into capital lease agreements for the acquisition of copier equipment. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. At inception, capital lease transactions are accounted for as a capital outlay expenditure and other financing source in the appropriate fund.

Capital assets consisting of copier equipment have been capitalized in the amount of $22,139. This amount represents the present value of minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2009 was $6,812, leaving a current book value of $15,327. A corresponding liability was recorded in the government-wide financial statements. Principal payments made in the 2009 totaled $2,678 and $1,497, paid by the general fund and the workforce investment act fund, a nonmajor governmental fund, respectively.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2009:

Year Ending December 31,	Amount
2010	$ 5,367
2011	5,366
2012	2,342
2013	1,033
Total future minimum lease payments	14,108
Less: amount representing interest	(1,505)
Present value of net minimum lease payments	$ 12,603

NOTE 12 - COMPENSATED ABSENCES

Vacation leave is earned at rates which vary depending upon length of service and standard workweek. Current policies credit vacation leave on a pay period basis except for new employees who are required to complete one year of service prior to their accrual becoming available. Employees, per department policy, may also accrue compensatory time for hours worked in excess of regular work week. County employees are paid for earned, unused vacation leave upon termination of employment. Unused compensatory time may, depending on departmental policy, be paid at termination of service.

Upon retirement, all employees are paid their accumulated, unused sick leave per Ohio Revised Code Section 124.39(B). Each employee of the County with ten or more years of service with any Ohio local government or the State of Ohio is paid 25% of his or her accumulated unused sick leave, up to a maximum of 30 days upon retirement from the County, with the exception of the County Engineer Department highway workers who are paid 33% of the accumulated unused sick leave, up to maximum of 30 days upon retirement from the County.

NOTE 12 - COMPENSATED ABSENCES - (Continued)

At December 31, 2009, vested benefits for vacation leave for governmental activities employees totaled $615,627 and vested benefits for sick leave totaled $100,376. These amounts represent the non-current portion of the vested benefits and are reported in the government-wide financial statements. For business-type activities, vested benefits for vacation leave totaled $20,584 and vested benefits for sick leave totaled $0. These amounts represent the current and non-current portion of the vested benefits and are reported as a liability of the fund from which the employee is paid. In accordance with GASB Statement No. 16, an additional liability of $177,427 for governmental activities employees and $3,963 for business-type activities employees was accrued to record termination (severance) payments for employees expected to become eligible to retire in the future.

NOTE 13 - LONG-TERM OBLIGATIONS

A. Governmental Long-Term Obligations

During 2009, the following changes occurred in the County's governmental long-term obligations:

	Issue Date	Maturity Date	Balance 12/31/08	Additions	Reductions	Balance 12/31/09	Amount Due in One Year
Governmental activities:							
OWDA loans:							
Delta/Worthington Steel							
Waterlines - 6.36%	7/1/96	1/1/13	$ 250,010	$ -	$ (53,666)	$ 196,344	$ 54,745
Sewerlines - 1%	1/1/96	7/1/12	312,713	-	(71,074)	241,639	75,594
Total OWDA loans			562,723	-	(124,740)	437,983	130,339
Special assessment bonds:							
Elmira & Assumption waterlines	12/31/92	12/1/11	60,000	-	(20,000)	40,000	20,000
Ditch #2093 - 4.95%	7/30/04	10/1/09	10,870	-	(10,870)		
Ditch #2091 - 3.95%	7/30/04	10/1/09	43,497	-	(43,497)		
Smith Kellogg Ditch - 3.45%	7/30/04	10/1/09	4,978	-	(4,978)		
Ditch Bond, Ditch #2096	3/17/05	10/1/10	8,135	-	(3,971)	4,164	4,164
Ditch Bond, Ditch #2100	6/30/06	10/1/11	17,186	-	(5,380)	11,806	5,721
Ditch Bond, Ditch #2105	10/15/09	12/1/14	-	148,000	-	148,000	26,388
Total special assessment bonds			144,666	148,000	(88,696)	203,970	56,273
General obligation notes:							
Fulton County							
solid waste building	1/10/03	12/1/17	238,042	-	(21,933)	216,109	22,952
Total general obligation notes			238,042	-	(21,933)	216,109	22,952
General obligation bonds:							
Various purposes	8/30/07	8/15/17	275,000	-	(25,000)	250,000	25,000
Various purposes	8/30/07	8/15/17	565,000	-	(55,000)	510,000	55,000
Total general obligation bonds			840,000	-	(80,000)	760,000	80,000

- Continued

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

	Issue Date	Maturity Date	Balance 12/31/08	Additions	Reductions	Balance 12/31/09	Amount Due in One Year
OPWC loans:							
Issue II Loan - Co Rd C project	12/1/06	1/1/27	$ 85,725	$ -	$ (4,762)	$ 80,963	$ 4,763
Issue II Loan - Co Rd 14 project	12/1/06	1/1/27	74,402	-	(4,134)	70,268	4,133
Issue II Loan - Co Rd C reconst.	1/1/07	1/1/28	23,750	-	(1,250)	22,500	1,250
Issue II Loan - Co Rd A reconst	7/24/08	7/1/18	155,772	-	(16,397)	139,375	16,397
Issue II Loan - Co Rd 20 resurface	6/22/09	7/1/19	-	135,616	(6,781)	128,835	13,562
Total OPWC loans			339,649	135,616	(33,324)	441,941	40,105
Other long-term obligations:							
Landfill closure/postclosure costs			413,467	-	(24,186)	389,281	45,970
Capital lease obligations			16,778	-	(4,175)	12,603	4,522
Compensated absences			889,149	634,449	(630,168)	893,430	601,477
Total other long-term obligations			1,319,394	634,449	(658,529)	1,295,314	651,969
Total governmental activities long-term liabilities			$ 3,444,474	$ 918,065	$ (1,007,222)	$ 3,355,317	$ 981,638

Ohio Water Development Authority (OWDA) Loans: The OWDA loans reported as governmental activities liabilities were issued in previous years by the County for waterline and sewer line projects. The loans are funded by tax increment financing service payments. Loan payments will be made from nonmajor governmental funds. A portion of the waterline loan is reported in the water fund in Note 13.C.

Special assessment bonds: The special assessment bonds are supported by the full faith and credit of the County. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners from nonmajor governmental funds.

Landfill closure/postclosure costs: The County has recognized a liability for estimated closure and postclosure costs on the landfill. The liability is reduced as expenditures are made, which occur in a nonmajor governmental fund. The liability for landfill closure and postclosure costs is further described in Note 19.

General obligation notes: The County issued general obligation notes on January 10, 2003, for the purpose of acquiring and improving a facility to be used as a solid waste/recycling transfer station and acquiring equipment for operation. The notes have been issued in three series - the first series for $91,000 had an interest rate of 4.40% and matured December 1, 2007; the second series for $115,000 has an interest rate of 4.65% and matures on December 1, 2012; and the third series for $144,000 has an interest rate of 4.80% and matures on December 1, 2017. Payments are made from nonmajor governmental funds.

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

General obligation bonds: On August 30, 2007 the County issued two general obligation bonds for various purposes in the amount of $915,000. These bonds bear an interest rate of 4.05% and are supported by the full faith and credit of the County. Repayment will be made with tax levy revenues in the nonmajor governmental funds.

OPWC loans payable: The Ohio Public Works Commission (OPWC) loans were issued on December 1, 2006, January 1, 2007, July 24, 2008 and June 22, 2009 to provide for improvements to County Road C, County Road 14, County Road A and County Road 20. These loans bear no interest rate as long as the County remains current on its payments. The OPWC loan proceeds are recorded in a nonmajor governmental fund and OPWC loan payments are recorded in the motor vehicle and gas tax fund.

Capital lease obligation: The County has entered into capital lease obligations for the purchase of copier equipment. Principal payments on these obligations are reported in the general fund and in nonmajor governmental funds. The capital lease obligation is further described in Note 11.

Compensated absences: Compensated absences represent amounts for which the County could potentially be liable on eligible employees. Compensated absences are presented net of actual increases and decreases because of the practicality of determining these values. The benefits will be paid from the funds from which the employees' salaries are paid, which are primarily the general, motor vehicle and gas tax, and County Board of DD funds. Compensated absences are further described in Note 12.

The following is a summary of the County's future annual debt service principal and interest requirements for general obligation bonds, special assessment bonds and OWDA loans:

	Special Assessment Bonds			OWDA Loans		
Year Ending	Principal	Interest	Total	Principal	Interest	Total
2010	$ 56,273	$ 11,203	$ 67,476	$ 130,339	$ 19,017	$ 149,356
2011	54,511	7,229	61,740	136,247	13,108	149,355
2012	29,705	4,193	33,898	142,485	6,872	149,357
2013	31,042	2,857	33,899	28,912	289	29,201
2014	32,439	1,459	33,898	-	-	-
Total	$ 203,970	$ 26,941	$ 230,911	$ 437,983	$ 39,286	$ 477,269

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

	OPWC Loans			General Obligation Bonds		
Year Ending	Principal	Interest	Total	Principal	Interest	Total
2010	$ 40,105	$ -	$ 40,105	$ 80,000	$ 29,969	$ 109,969
2011	40,103	-	40,103	85,000	26,730	111,730
2012	40,105	-	40,105	90,000	23,187	113,187
2013	40,105	-	40,105	95,000	19,439	114,439
2014	40,104	-	40,104	95,000	15,694	110,694
2015 - 2019	169,147	-	169,147	315,000	22,782	337,782
2020 - 2024	50,730	-	50,730	-	-	-
2025 - 2027	21,542	-	21,542	-	-	-
Total	$ 441,941	$ -	$ 441,941	$ 760,000	$ 137,801	$ 897,801

	General Obligation Notes		
Year Ending	Principal	Interest	Total
2010	$ 22,952	$ 10,265	$ 33,217
2011	24,020	9,198	33,218
2012	25,137	8,081	33,218
2013	26,165	6,912	33,077
2014	27,420	5,656	33,076
2015 - 2017	90,415	8,815	99,230
Total	$ 216,109	$ 48,927	$ 265,036

B. The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first $100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of $100,000,000 and not in excess of $300,000,000, plus two and one-half percent of such valuation in excess of $300,000,000. The assessed valuation used in determining the County’s legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County’s legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County’s voted legal debt margin was $20,317,344 at December 31, 2009 and the unvoted legal debt margin was $9,030,938 at December 31, 2009.

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

C. Business-Type Activities

During 2009, the following changes occurred in the County's business-type long-term obligations:

	Issue Date	Maturity Date	Balance 12/31/08	Additions	Reductions	Balance 12/31/09	Amount Due in One Year
Business-type activities:							
OWDA loans:							
Lucas County/North	1996	2012	$ 2,975,386	$ -	$ (592,911)	$ 2,382,475	$ 630,620
Lucas County/North	1996	2012	1,536,554	-	(329,665)	1,206,889	336,291
Waterline - Teleflex extension	2000	2009	45,572	-	(22,449)	23,123	23,123
Sewerline - Worthington/North Star	1996	2012	485,583	-	(114,212)	371,371	118,873
Sewer Infrastructure - Fulton County	2002	2012	156,722	-	(43,124)	113,598	44,427
Wastewater collection/ treatment	2007	2028	209,800	-	(10,490)	199,310	10,490
Total OWDA loans			5,409,617	-	(1,112,851)	4,296,766	1,163,824
Special assessment bonds:							
Pettisville wate	9/1/97	12/1/14	120,000	-	(20,000)	100,000	20,000
Waterline exter	6/15/06	6/15/26	13,553	-	(309)	13,244	340
Exit 3 sewer im	1/13/99	12/1/18	315,000	-	(25,000)	290,000	25,000
Industrial corric	12/23/04	12/1/24	121,751	-	(5,146)	116,605	5,404
Total special assessment bonds			570,304	-	(50,455)	519,849	50,744
Other long-term obligations:							
Loan payable			252,430	-	(13,161)	239,269	13,611
Compensated absences			33,943	24,768	(34,164)	24,547	20,584
Total other long-term obligations			286,373	24,768	(47,325)	263,816	34,195
Total business-type activities long-term liabilities			$ 6,266,294	$ 24,768	$ (1,210,631)	$ 5,080,431	$ 1,248,763

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Ohio Water Development Authority Loans - 1996 Issues: During 1996, Fulton County entered into various loan agreements with the Ohio Water Development Authority (OWDA) as incentives for the location of two steel mills. The loan agreements were for the construction of water and sewer lines. Repayment of these loans is funded through tax increment financing (TIF) service payments made by the two steel mills. Semi-annually the TIF service payments are made to the County and subsequently remitted to the OWDA. The loans are amortized over a period of fifteen years. A portion of the capital assets associated with the Lucas County/North Star Steel loans are no longer reported as capital assets of the County, therefore, 15% of the balances of the loans are excluded from the County's calculation of "invested in capital assets, net of related debt" for the water fund.

Ohio Water Development Authority Loan - 2000 Issue: During 2000, the County entered into a loan agreement with the OWDA for an extension to the Teleflex waterline. Repayment of this loan is funded through TIF service payments made by Teleflex. Semi-annually the TIF service payments are made to the County and subsequently remitted to the OWDA. This loan is paid from the water fund and bears an interest rate of 3.0%. The loan is amortized over a period of ten years.

Ohio Water Development Authority Loan - 2002 Issue: During 2002, the County entered into a loan agreement with the OWDA for infrastructure. Repayment of this loan is funded through user charges in the sewer fund. This loan bears an interest rate of 3.0% and is amortized over ten years.

Ohio Water Development Authority Loan - 2007 Issue: During 2007, the County entered into a loan agreement with the OWDA for wastewater collection and treatment. Repayment of this loan is funded through user charges in the sewer fund. This loan is interest free with final maturity on July 1, 2028.

Special assessment bonds: On June 15, 2006, the County issued special assessment bonds which retired the bond anticipation note issued in 2005 for the waterline extension project. On December 23, 2004, the County issued special assessment bonds for the industrial corridor sewer project in the amount of $140,000. Other special assessments issued in prior years include the Pettisville waterline and Exit 3 sewer improvement projects. These bonds are supported by the full faith and credit of the County. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners in the sewer fund. A portion of the capital assets associated with the Exit 3 sewer improvement bond are no longer reported as capital assets of the County, therefore, 88% of the balance of this loan is excluded from the County's calculation of "invested in capital assets, net of related debt" for the sewer fund.

Loan payable: During 2002, Fulton County entered into an agreement with the City of Wauseon as a subrecipient of an OWDA loan to construct the Tedrow waterline. Repayment of this loan will be funded by user charges collected by the County. The loan bears and interest rate of 3.39% and will mature on January 1, 2024.

The following is a summary of the future debt service requirements of the business-type special assessment bonds and loans:

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

	Special Assessment Bonds			OWDA Loans		
Year Ended	Principal	Interest	Total	Principal	Interest	Total
2010	$ 50,744	$ 28,154	$ 78,898	$ 1,163,824	$ 191,576	$ 1,355,400
2011	51,049	25,461	76,510	1,193,762	137,822	1,331,584
2012	56,371	22,723	79,094	1,225,996	81,835	1,307,831
2013	56,710	19,693	76,403	555,834	25,108	580,942
2014	62,070	16,636	78,706	10,490	-	10,490
2015 - 2019	186,501	43,028	229,529	52,450	-	52,450
2020 - 2024	54,157	10,270	64,427	52,450	-	52,450
2025 - 2028	2,247	227	2,474	41,960	-	41,960
Total	$ 519,849	$ 166,192	$ 686,041	$ 4,296,766	$ 436,341	$ 4,733,107

	Loan Payable		
Year Ended	Principal	Interest	Total
2010	$ 13,611	$ 7,997	$ 21,608
2011	14,076	7,532	21,608
2012	14,557	7,050	21,607
2013	15,055	6,553	21,608
2014	15,570	6,038	21,608
2015 - 2019	86,208	21,832	108,040
2020 - 2023	80,192	6,236	86,428
Total	$ 239,269	$ 63,238	$ 302,507

D. Deferred Loan Payable to the Ohio Sewer and Water Rotary Commission

The County has received an advance to meet the portion of the cost of extension of waterlines to be financed by assessments which collections are deferred or exempt pursuant to division (B) of Section 6103.052 of the Ohio Revised Code. The Board of County Commissioners is responsible for collecting the assessments upon expiration of the maximum time for which the deferments were made or when the property no longer meets the exemption criteria. This money must be remitted to the Ohio Sewer and Water Rotary Commission within one year. If the money is not collected and remitted within one year, the County is responsible for paying interest from the general fund.

NOTE 14 - RISK MANAGEMENT

A. County Risk Sharing Authority, Inc.

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters.

NOTE 14 - RISK MANAGEMENT - (Continued)

The County is a member of the County Risk Sharing Authority Inc. (CORSA), which is a shared risk pool of sixty-one counties in Ohio. CORSA was formed as an Ohio nonprofit 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, law enforcement liability, crime and excess liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any one 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.

The County continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. The County obtains employee health, dental and vision coverage through a program sponsored by the Defiance-Fulton-Henry Counties Council (the "Council"). See Note 2.A. for further detail on the Council. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

B. Fulton-Henry Counties Employee Insurance Benefits Program

The County participates in the Fulton-Henry Counties Employee Insurance Benefits Program (the "Program"), a public entity shared risk pool consisting of Fulton and Henry Counties. The purpose of the Program is for its members to pool funds or resources to purchase health and dental insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Council's Governing Board, to Reliance Financial Services ("Reliance"). Reliance is the fiscal agent for the Council and has a trust agreement with the Council to account for all Council finances and assets. The Program is governed by a board consisting of one representative from each member county's Board of County Commissioners.

The degree of control exercised by any participating member is limited to its representation on the board. Upon withdrawal from the Program, a program agreement shall govern the disposition of any contributions by the withdrawing member to each program of the Council in excess of that member's share of the costs of that program. In 2009, the County contributed a total of $1,811,458 for this plan.

NOTE 15 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2009 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%. The County's contribution rate for 2009 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.63% of covered payroll.

The County's contribution rate for pension benefits for 2009 was 7.00% from January 1 through March 31, 2009 and 8.50% from April 1 through December 31, 2009, except for those plan members in law enforcement and public safety. For those classifications, pension contributions were 10.63% from January 1 through March 31, 2009 and 12.13% from April 1 through December 31, 2009. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008 and 2007 were $954,696, $819,610 and $855,794, respectively; 100% has been contributed for 2009, 2008 and 2007. Contributions to the member-directed plan for 2009 were $9,043 made by the County and $6,460 made by the plan members.

NOTE 15 - PENSION PLANS - (Continued)

B. State Teachers Retirement System

Plan Description - Certified teachers, employed by the school for Mental Retardation and Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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 final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.50% 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For 2009, plan members were required to contribute 10.00% of their annual covered salaries. The County was required to contribute 14.00%; 13.00% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2009, 2008, and 2007 were $29,259, $29,017 and $29,708, respectively; 100% has been contributed for 2009, 2008 and 2007.

NOTE 16 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - 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.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but not does mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.00% of covered payroll (17.63% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for 2009 was 7.00% from January 1 through March 31, 2009 and 5.50% from April 1 through December 31, 2009.

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. Active members do not make contributions to the post-employment healthcare plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008 and 2007 were $615,019, $788,847 and $544,611, respectively; 100% has been contributed for 2009, 2008 and 2007.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

B. State Teachers Retirement System

Plan Description - The County contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1.00% of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2009, 2008 and 2007 were $2,251, $2,232 and $2,285, respectively; 100% has been contributed for 2009, 2008 and 2007.

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures, and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as payables (GAAP basis);

(d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,

(e) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund and major special revenue funds are as follows:

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

Net Change in Fund Balances

	General	Motor Vehicle Gas Tax	County Board of DD	Public Assistance	EMS A and BLS
Budget basis	$ (384,124)	$ (110,526)	$ 933,207	$ (92,634)	$ 732,137
Net adjustment for revenue accruals	(194,719)	(2,856)	22,040	80,557	(26,227)
Net adjustment for expenditure accrua	(25,772)	23,213	(51,257)	49,937	39,889
Net adjustment for other financing sources/(uses) accruals	85,691	-	-	-	-
Encumbrances (budget basis)	160,731	69,500	170,800	71,038	102,214
GAAP basis	$ (358,193)	$ (20,669)	$ 1,074,790	$ 108,898	$ 848,013

NOTE 18 - CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecutor, no liability is anticipated in excess of insurance coverage.

NOTE 19 - LANDFILL

State laws and regulations require that the County perform certain maintenance and monitoring functions at the closed landfill site for thirty years after closure. The landfill was closed in 1983. The estimated liability for landfill postclosure care has a balance of $389,281 as of December 31, 2009. The estimated cost of landfill postclosure care expenses is based on the amount that would be paid if all materials and services required to monitor and maintain the closed landfill were acquired as of December 31, 2009. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The costs will be paid from current County revenues.

NOTE 20 - CONDUIT DEBT OBLIGATIONS

To provide for the financing of certain expenditures at the Fulton County Health Center, the Health Center has issued special facility revenue bonds. These consist of $5,200,000 in 1995 and $7,000,000 in 1999, Fulton County, Ohio, Tax-Exempt Variable Rate Demand Bonds, with final maturity in 2021. The special facility bonds were refunded and new bonds were issued in the amount of $28,500,000. These bonds do not constitute a debt or pledge of the faith and credit of the County and have not been reported in the accompanying financial statements. As of December 31, 2009, $28,500,000 was still outstanding.

NOTE 21 - FEDERAL TRANSACTIONS

The Fulton County Department of Human Services (Welfare Department) distributes federal food stamps to entitled recipients within Fulton County. The receipt and issuance of these stamps have the characteristics of federal grants. However, the Department of Human Services merely acts in an intermediary capacity. Therefore, the inventory value of the stamps is not reflected in the accompanying financial statements as the only economic interest related to the stamps rest with the ultimate recipient.

FINANCIAL CONDITION
FULTON COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

FEDERAL GRANTOR ***Pass-through Grantor*** Program Title	Federal CFDA Number	Project Number	Expenditures
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through the Ohio Department of Development			
Community Development Block Grants			
Formula Grants-07	14.228	B-F-07-024-01	8,200
Formula Grants-08	14.228	B-F-08-024-01	140,990
Community Housing Improvement Program (CHIP)	14.228	B-C-08-024-01	76,034
Total Community Development Block Grants			225,224
Home Improvement Programs	14.239	B-C-08-024-02	60,423
Neighborhood Stabilization Program	14.253	B-Z-08-024-01	211,903
Total U.S. Department of Housing and Urban Development			497,550
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Ohio Department of Job and Family Services			
Special Programs for the Aging - Title III -B	93.044		26,752
ARRA Congregate Meals	93.705		953
Promoting Safe and Stable Families	93.556		74,156
Temporary Assistantce for Needy Families	93.558		1,764,166
ARRA Child Support Enforcement	93.563		305,278
Child Support Enforcement	93.563		341,803
Total Child Support Enforcement			647,081
Child Care and Development Block Grant	93.575		4,857
Child Care Mandatory and Match Funds of Child Care and Development Fund	93.596		229,034
Child Welfare Services	93.645		37,643
ARRA Foster Care (Title IV-E)	93.658		930
ARRA Adoption Assistance	93.659		3,744
Social Services Block Grant (Title XX)	93.667		181,800
Child Abuse and Neglect	93.669		(989)
MEDICAID	93.778		260,192
Chafee Foster Care Independence Program	93.674		3,887
Total Job and Family Services Programs			3,234,206
Passed through Ohio Department of Developmental Disabilities			
Medicaid Admin. Claiming	93.778		20,183
Social Services Block Grant (Title XX)	93.667		40,019
Total - Social Services Block Grant - CFDA 93.667			221,819
Total - Medicaid - CFDA 93.778			280,375
Total U.S. Department of Health and Human Services			3,294,408

(Continued)

FINANCIAL CONDITION
FULTON COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)

FEDERAL GRANTOR ***Pass-through Grantor*** Program Title	Federal CFDA Number	Project Number	Expenditures
UNITED STATES DEPARTMENT OF LABOR			
Passed through Area 7, Workforce Investment Board (Montgomery County)			
Workforce Investment Act Cluster			
ARRA Workforce Investment Act - Adult Admin	17.258		1,314
ARRA Workforce Investment Act - Adult	17.258		31,807
Workforce Investment Act - Adult	17.258		76,596
WIA VSTP	17.258		2,811
Total WIA - Adult			112,528
ARRA Workforce Investment Act - Youth	17.259		108,910
Workforce Investment Act - Youth	17.259		62,820
Total WIA - Youth			171,730
ARRA Workforce Investment Act - Dislocated Worker Admin	17.260		1,314
WIA Adult Incumbent Worker	17.260		50,000
WIA Veteran Rapid Response	17.260		74
ARRA Workforce Investment Act - Dislocated Worker	17.260		132,308
Workforce Investment Act - Dislocated Worker	17.260		148,251
Total WIA - Dislocated Worker			331,947
Total Workforce Investment Act Cluster			616,205
Disabled Veterans Outreach Program	17.801		795
Local Veterans Employment Rep. Program	17.804		37
Employment Serv/Wagner-Peyser Funded Activities	17.207		2,886
Total U.S. Department of Labor			619,923
UNITED STATES GENERAL SERVICES ADMINISTRATION ON BEHALF OF THE ELECTIONS ASSISTANCE COMMISSION			
Pass-Through the Ohio Secretary of State			
Help America Vote Act, Title II	90.401		7,383
Voting Access for Individuals with Disabilities	93.617		60
Total U.S. General Services Administration			7,443
UNITED STATES DEPARTMENT OF HOMELAND SECURITY			
Pass-Through the Ohio Emergency Management Agency			
Emergency Management Performance Grant-08	97.042		35,895
Emergency Management Performance Grant-09	97.042		30,177
Total Emergency Management Performance Grant			66,072
Pass-Through the Ohio Office of Domestic Preparedness			
Fiscal Year 2007 State Homeland Security Program	97.073		25,402
Fiscal Year 2008 State Homeland Security Program	97.073		4,312
Total State Homeland Security Program			29,714
FY07 Citizen Corps	97.053		5,396
Total U.S. Department of Homeland Security			101,182

(Continued)

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)

FEDERAL GRANTOR ***Pass-through Grantor*** Program Title	Federal CFDA Number	Project Number	Expenditures
UNITED STATES DEPARTMENT OF TRANSPORTATION, FEDERAL AVIATION ADMINISTRATION			
Airport Improvement Program	20.106	3-39-0087-0708	19,576
Airport Improvement Program	20.106	3-39-0087-0809	18,188
Total U.S. Department of Transportation			37,764
UNITED STATES DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE			
Passed through Ohio Department of Job and Family Services			
ARRA Supplemental Nutrition Assistance Program	10.551		3,856
ARRA State Admin Match Grant for Supplemental Nutrition Assistance Program (Administrative Costs)	10.561		15,481
ARRA State Admin Match Grant for Supplemental Nutrition Assistance Program (Administrative Costs)	10.561		361,466
Total ARRA State Admin Match Grant for Supplemental Nutrition Assistance Program (Administrative Costs)			376,947
Total U.S. Department of Agriculture			380,803
UNITED STATES DEPARTMENT OF TRANSPORTATION			
Passed through Ohio Department of Transportation			
FED/CSTP - 2008	20.205	81977	148,872
FED/CSTP - 2009	20.205	81978	139,029
Total U.S. Department of Transportation			287,901
TOTAL FEDERAL AWARDS EXPENDITURES			$ 5,226,974

THE ACCOMPANYING NOTES ARE A INTEGRAL PART OF THIS SCHEDULE

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

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

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans; and therefore are reported as federal expenditures in the year of disbursement. Prior year outstanding loan balances are reported in the schedule below.

These loans are collateralized by mortgages, personal guarantees, promissory notes and/or security agreements.

Activity in the CDBG revolving loan fund during 2009 is as follows:

Beginning loans receivable balance as of January 1, 2009	$576,832
Loan principal repaid	151,263
Ending loans receivable balance as of December 31, 2009	425,569
Cash balance on hand in the revolving loan fund as of December 31, 2009	349,463
Total Value of RLF Portion of the CDBG 14.228 program	775,032
Other Grants administered through the 14.228 program	225,224
Total CDBG 14.228 program	$1,000,256

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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

Fulton County
152 South Fulton Street, Suite 165
Wauseon, Ohio 43567

To the Board of Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fulton County, (the County) as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 20, 2010. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated September 20, 2010.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 20, 2010

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

Fulton County
152 South Fulton Street, Suite 165
Wauseon, Ohio 43567

To the Board of Commissioners:

Compliance

We have audited the compliance of Fulton County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2009. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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, Fulton County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2009-001.

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 opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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 management, financial report review committee, the Board of County Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 20, 2010

FINANCIAL CONDITION
FULTON COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2009

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Workforce Investment Act Cluster– CFDA #17.258, #17.259, #17.260 State Administrative Matching Grants for the Supplemental Nutrition Program – CFDA #10.551 and #10.561 Temporary Assistance for Needy Families – CFDA #93.558 Child Support Enforcement – CFDA #93.563
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

1. Material Noncompliance – Child Support Enforcement

Finding Number	2009-001
CFDA Title and Number	Child Support Enforcement (IV-D) 93.563
Federal Agency	Department of Health and Human Services
Pass-Through Agency	Ohio Department of Job and Family Services

Ohio Administrative Code § 5101:12-57-01 states:

(A) The rules in Chapter 5101:12-57 of the Administrative Code describe the responsibility of a child support enforcement agency (CSEA) to enforce the medical support provisions that are contained in a child support order.

(B) Throughout division 5101:12 of the Administrative Code, "Consumer Credit Protection Act" means the federal wage garnishment law in accordance with 15 U.S.C. 1673(b) (11/6/1978) that limits the amount of an employee's earnings that may be garnished in any one week.

(C) Fully subsidized Medicaid does not satisfy the requirement of the health insurance obligor to provide private health insurance coverage for a child under a child support order.

(D) In accordance with section 3119.43 of the Revised Code, when a health insurance obligor does not obtain the required private health insurance coverage within thirty days after the child support order or the JFS 04033, "Notice to Provide Private Health Insurance" (8/2008), is issued, the CSEA shall notify the court that issued the child support order or, with respect to an administrative child support order, the court of common pleas of the county in which the CSEA is located, in writing of the failure of the health insurance obligor to comply with the child support order.

Additionally, **Ohio Administrative Code § 5101:12-57-01.2** states**:**

(A) This rule describes the requirements of the child support enforcement agency (CSEA) during any period in which an obligor is ordered to pay cash medical support because private health insurance coverage for the child as ordered is no longer available to the health insurance obligor.

(B) The provisions of this rule only apply to child support orders issued or modified in accordance with division (B)(1), (B)(2), or (B)(3) of section 3119.30 of the Revised Code as adopted under Amended Substitute House Bill 119 of the 127th General Assembly.

(C) When a CSEA determines that private health insurance coverage for the child is no longer being provided by the health insurance obligor(s) in accordance with the order, the CSEA shall:

- (1) Issue the JFS 04032, "Notice to Provide Cash Medical Support" (8/2008), to both parties of the child support order, notifying the parties that:
  - (a) The obligor shall pay the current cash medical support obligation and the current child support obligation ordered to be paid when health insurance is not available;

FINDING NUMBER 2009-001
(Continued)

(b) When private health insurance is available to either party, the party to whom the coverage is available is required to immediately inform the CSEA of the coverage; and

(c) Both parties have a right to request a medical support mistake of fact hearing regarding whether private health insurance coverage for the child that is accessible and reasonable in cost is available to the health insurance obligor(s); and

(2) Issue any modified income withholding or deduction notices necessary.

For 1 of the 25 cases tested, the County Child Support Enforcement Agency did not issue the necessary modified income withholding or deduction notice to the non-custodial parent's employer. Therefore, the notice to employer was not provided to the custodial parent.

For 4 of the 25 cases tested, the County Child Support Enforcement Agency did not follow up to determine if the custodial parent and/or caretaker that was ordered to provide medical insurance did provide medical insurance.

These conditions provide for the potential that children applicable to a medical support order that require a custodial parent, noncustodial parent and/or caretaker to provide medical insurance do not have satisfactory health insurance.

We recommend for all Medical Support Orders, the County CSEA establish procedures to determine that the Medical Insurance provisions of the order be followed and confirm the existence of medical insurance provided by the obligor.

Officials' Response:

We have followed up on the cases that were identified during audit. The CSEA is currently reviewing procedures and making necessary enhancements/changes to ensure compliance with medical support

FINANCIAL CONDITION
FULTON COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2009

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2009-001	We have followed up on the cases that were identified during audit. The CSEA is currently reviewing procedures and making necessary enhancements/changes to ensure compliance with medical support	September 20, 2010	Ken Caldwell, Director of JFS

FINANCIAL CONDITION
FULTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2008-001	Material Weakness; Grants Receivable – Weakness included lack of adherence to GASB 33 for accruing grants receivable.	Yes	
2008-002	Material Weakness; EMS Billing Procedures – Weaknesses included lack of formalized policies and procedures, monitoring of timeliness of billing, and control procedures to ensure accuracy and cut off of data entered into the system.	Yes	

Mary Taylor, CPA
Auditor of State

FULTON COUNTY FINANCIAL CONDITION

FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 30, 2010

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