



**Auditor of State
Betty Montgomery**

PREBLE COUNTY
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PREBLE COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department Of Development:</i>			
Community Development Distress Block Grant	B-X-01-063-01	14.228	\$ 273,898
Community Development Block Grant	B-F-02-063-1	14.228	150,029
	B-F-01-063-1	14.228	107,505
Total Community Development Block Grant			<u>531,432</u>
Total U.S. Department of Housing and Urban Development			<u>531,432</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Department of Justice Forfeiture Funds	N/A	N/A	4,828
Local Law Enforcement Block Grant	2002-LB-BX-2791	16.592	11,117
	2001-LB-BX-2626		90
Total Law Enforcement Block Grant			<u>11,207</u>
<i>Passed Through Ohio Attorney General's Office:</i>			
Crime Victim Assistance	2002 VAGENE 199T	16.575	27,119
	2003 VAGENE 199T		7,889
	2002 VAGENE 504T		19,350
	2003 VAGENE 504T		6,382
Total Crime Victim Assistance			<u>60,740</u>
Total Passed Through Ohio Attorney General's Office			<u>60,740</u>
<i>Passed Through Ohio Department of Youth Services:</i>			
Juvenile Accountability Incentive Block Grant (JAIBG)	2002-JB-003-A229	16.523	7,262
Total Passed Through Ohio Department of Youth Services			<u>7,262</u>
Total U.S. Department of Justice			<u>84,037</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through The Ohio Department of Transportation:</i>			
Highway Planning and Construction:		20.205	
Brubaker Covered Bridge Project	PID24248		13,412
Construction Management Project	PID23141		89,947
CR5 (Wayne Trace Rd) Pre-CR5-0.00	PID23076		110,827
2002 Design/Build Project	PID24434		768,092
Total Highway Planning and Construction			<u>982,278</u>
Total U.S. Department of Federal Highway Administration			<u>982,278</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed Through Ohio Department of Public Safety:</i>			
2002 Tornado Siren Grant	OH-02-005	97.042	11,106
Emergency Management Performance Grant	EMC-2003-GR-7006	97.042	27,629
Total Performance Grant			<u>38,735</u>
State Domestic Preparedness MARCS County Radio Installation Program	2001-TE-CX-0016	97.004	1,594
State Domestic Preparedness Program	2002-TE-CX-0106	97.004	44,409
Total State Domestic Preparedness Program			<u>46,003</u>
Supplemental Community Emergency Response Team (CERT) Grant	EMC-2003-GR-7026	97.051	5,000
Supplemental Planning Grant	EMC-2003-GR-7026	97.051	27,498
Total Supplemental Grant			<u>32,498</u>
Emergency Management Assistance	DR-1453-OH	97.036	16,889
Total U.S. Department of Federal Emergency Management Assistance			<u>134,125</u>

PREBLE COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)

U.S. DEPARTMENT OF LABOR

Passed Through Ohio Department of Job & Family Services:

Workforce Investment Act Cluster:

Workforce Investment Act - Adult	N/A	17.258	130,416
Workforce Investment Act - Adult Administrative			<u>23,617</u>
Total Workforce Investment Act - Adult			154,033

Workforce Investment Act - Youth	N/A	17.259	36,742
Workforce Investment Act - Youth Administrative			<u>188</u>
Total Workforce Investment Act - Youth			36,930

Workforce Investment Act - Dislocated Worker	N/A	17.260	99,950
Workforce Investment Act - Dislocated Worker Administrative			<u>20,631</u>
Total Workforce Investment Act - Dislocated Worker			120,581

Total Workforce Investment Act			<u>311,544</u>
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Total U.S. Department of Labor			<u>311,544</u>
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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:

Title XX Social Service Block Grant	N/A	93.667	45,788
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Passed Through Ohio Department of Mental Health:

Title XX Social Service Block Grant	N/A	93.667	<u>29,342</u>
Total Title XX Social Service Block Grant			75,130

Passed Through Ohio Department of Mental Health:

Title XIX Medical Assistance Program	N/A	93.778	358,309
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Passed Through Ohio Department of Alcohol and Drug Addiction Services:

Title XIX Medical Assistance Program	N/A	93.778	63,378
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Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:

Title XIX Medical Assistance Program	N/A	93.778	<u>695,137</u>
Total Title XIX Medical Assistance Program			1,116,824

Passed Through Ohio Department of Mental Health:

Community Mental Service Block Grant	N/A	93.958	38,219
Mental Health Block Grant # 4 (Jefferson House)	38-AD-BG-03-01		<u>4,000</u>
Total Block Grant			42,219

Passed Through Ohio Department of Alcohol & Drug Addiction Services:

Block Grant for the Prevention and Treatment of Substance Abuse	N/A	93.959	203,710
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Total U.S. Department of Health and Human Services			<u>1,437,883</u>
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Total			<u><u>\$ 3,481,299</u></u>
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The accompanying notes to this schedule are an integral part of this schedule.

PREBLE COUNTY

**FISCAL YEAR ENDED DECEMBER 31, 2003
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – SUBRECIPIENTS

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

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

NOTE C – MATCHING REQUIREMENTS

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

NOTE D – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOAN PROGRAMS

The Community Development Block Grant loan program expenditures include loans to County residents based on income eligibility. These loans were used for the repair of private homes. Interest is not assessed on these loans. As of December 31, 2003, the balance of loans outstanding is \$139,418. The County is no longer taking applications for this program and recaptured funds are returned to the Ohio Department of Development if they exceed \$25,000 in one year. Recaptured amounts of less than \$25,000 may be retained by the County and used for general fund purposes the year after they are received. These loans are collateralized by mortgages on the property.

NOTE E – THE HOME IMPROVEMENT PARTNERSHIP

The Home Improvement Partnership program provided loans to County residents based on income eligibility. These loans were used to assist with the down payment for first-time home buyers and the rehabilitation of private residences. Interest is not assessed on these loans. As of December 31, 2003, the balance of loans outstanding is \$128,604. Preble County is no longer taking applications for this program and any recaptured funds are returned to the Ohio Department of Development. These loans are collateralized by mortgages on the property.

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Auditor of State Betty Montgomery

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

Preble County
100 East Main Street
Eaton, Ohio 45320

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Preble County, Ohio (the County), as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements and we have issued our report thereon dated August 12, 2004, in which we noted the County adopted Governmental Accounting Standards Board Statement No. 34, and that the Sewer and Landfill Funds (representing all Enterprise Funds), have accumulated deficits as of December 31, 2003, of \$264,424 and \$3,669,252, respectively, and which referenced the report of other auditors of the component unit (L & M Products). 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the component unit (L & M Products) were audited by other auditors in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*. Accordingly this report does not extend to that component unit.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the County's management in a separate letter dated August 12, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the County's management in a separate letter dated August 12, 2004.

250 W. Court St. / Suite 150 E / Cincinnati, OH 45202
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

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

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

Betty Montgomery
Auditor of State

August 12, 2004



Auditor of State Betty Montgomery

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

Preble County
100 East Main Street
Eaton, Ohio 45320

To the Board of County Commissioners:

Compliance

We have audited the compliance of Preble County, Ohio (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003. We noted certain instances of noncompliance that do not require inclusion in this report that we have reported to management of the County in a separate letter dated August 12, 2004.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the County as of and for the year ended December 31, 2003, and have issued our report thereon dated August 12, 2004, in which we noted the County adopted Governmental Accounting Standards Board Statement No. 34, and that the Sewer and Landfill Funds (representing all Enterprise Funds), have accumulated deficits as of December 31, 2003, of \$264,424 and \$3,669,252, respectively, and which referenced the report of other auditors of the component unit (L & M Products). We did not audit the financial statements of L & M Products, Preble County's component unit, which were audited by other auditors. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

August 12, 2004

PREBLE COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	CFDA #14.228: Community Development Block Grant CFDA #20.205: Highway Planning & Construction CFDA #93.778: Title XIX: Medical Assistance Program
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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PREBLE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS

OMB CIRCULAR A -133 § .505

DECEMBER 31, 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	Inaccurate leave balances and timesheets and improper use of leave forms	No	Partially corrected - reissued as management letter recommendation.
2002-002	Noncompliance with federal cash management regulations for Community Development Block Grant (CDBG)	No	Partially corrected – reissued as management letter citation.
2002-003	Noncompliance with expenditure requirements for Workforce Investment Act Grant (WIA)	No	Partially corrected - reissued as management letter citation.

Preble County, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2003

Issued by:
County Auditor's Office

Harold E. Yoder
Preble County Auditor

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PREBLE COUNTY, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003

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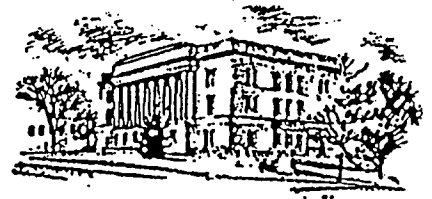
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Preble County Auditor
HAROLD E. "HAL" YODER
Courthouse, 2nd Floor
Eaton, Ohio 45320



Phone: (937) 456-8148

Fax: (937) 456-8108

August 12, 2004

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

As Auditor of Preble County, I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of Preble County for the year ended December 31, 2003. The CAFR was prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental entities, and represents a significant achievement brought about by the combined efforts of many County departments.

Responsibility for both the accuracy of the data, and the completeness of the presentation, including all disclosures, rests with the management of the County, and in particular the office of the County Auditor. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and operation of the various funds of the County.

This CAFR is divided into three sections as follows:

1. The Introductory Section contains the table of contents, this letter of transmittal, a GFOA Certificate of Achievement, a list of elected officials and the County's organization chart.
2. The Financial Section begins with the Independent Accountants' Report and includes Management's Discussion and Analysis, the basic financial statements and notes that provide an overview of the County's financial position and operating results, the combining statements of nonmajor funds, and other schedules that provide detailed information relative to the basic financial statements.
3. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

THE COUNTY

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

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

Reporting Entity and Services

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

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

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

ECONOMIC CONDITIONS AND OUTLOOK

The County is an agriculturally rich county, with approximately 77 percent or 213,000 acres of County land used for agriculture. The County currently produces corn and soybeans. Ohio Agriculture Statistics for 2002, (the latest information available) state that the 1,180 farms in the County average 180 acres per farm. The average corn yield in 2002 was approximately 98 bushels per acre, with soybeans averaging approximately 29 bushels per acre.

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

The County has a mixed economic outlook. One manufacturing facility has closed and a warehouse facility has closed. Several manufacturing companies are continuing to expand their facilities in the County. These companies include (1) Iams (pet foods), which is now a subsidiary of Procter and Gamble, (2) Carl Akey (feed and trucking), (3) Neaton Auto Products, (4) Henny Penny Corporation (food service equipment) and (5) Parker Hannifin Corporation (hydraulic fittings manufacturer).

MAJOR INITIATIVES

Landfill

The financial stability of the Preble County Landfill was greatly improved in 2003. Many options were taken into account, and many public meetings held. In general, it was determined that most County residents were in favor of using the landfill only for Preble County waste. The assessment for all improved parcels of property was increased to insure financial stability. Collection of this increased assessment began in 2004.

FINANCIAL INFORMATION

Internal Controls

The management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

In addition, the County maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions in the annual appropriated budget approved by the Board of County Commissioners. Activities of all funds except Agency Funds are included in the annual appropriation budget. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the object level (personal services, materials and supplies, charges and services, capital purchases, and other) within each department and fund. The County also maintains an encumbrance accounting system as one technique for accomplishing budgetary control. Encumbered amounts outstanding at year-end carry forward to the subsequent year as an authority for expenditure.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

Financial Condition

This is the first year the County has prepared financial statements following GASB Statement 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the County's financial activities as follows:

Government-Wide financial statements – These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

Fund financial statements – These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Propriety funds use the accrual basis of accounting.

Statements of budgetary comparisons – These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transaction on a basis of cash receipts, disbursements and encumbrances.

As part of this new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the County. This discussion follows this Independent Accountants' Report, providing an assessment of the County's finances for 2003.

CASH MANAGEMENT

The County Treasurer is required by State law to collect certain taxes and to distribute them to various governmental units. The Treasurer is the disbursing agent for expenditures authorized by the Board of Commissioners. The Treasurer must make daily reports showing receipts, payments and balances to the County Auditor, and the books of accounts must always balance with those of the County Auditor. The Treasurer deposits inactive County funds in commercial banks and savings and loans and invests in Federal National Mortgage Association Notes, Federal Home Loan Mortgage Company Notes, and STAR Ohio. The County pools its cash, other than cash held in segregated accounts and investments with fiscal agents, for investment purposes and for 2003, interest is distributed to the general, special revenue, capital projects, and enterprise funds.

A majority of the County's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of the public funds on deposit. The collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions.

RISK MANAGEMENT

During 2003, the County participated in the County Risk Sharing Authority, Inc. (CORSA), a risk sharing pool, for liability, property, and law enforcement coverage. Coverage provided by the CORSA is as follows:

General Liability (each occurrence)	\$1,000,000
Law Enforcement Liability (each occurrence)	1,000,000
Automobile Liability (each occurrence)	1,000,000
Errors and Omissions Liability (each occurrence)	1,000,000
Excess Liability	5,000,000
Property	33,309,215
Equipment	100,000,000
Crime	1,000,000
Uninsured/Underinsured Motorists	250,000
Stop Gap Liability	1,000,000

The County is self-insured for medical, dental, vision and life insurance claims for its employees. An internal service fund was created for this purpose. Claims liabilities and expenses are determined through a case by case review of all claims.

INDEPENDENT AUDIT

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

AWARDS

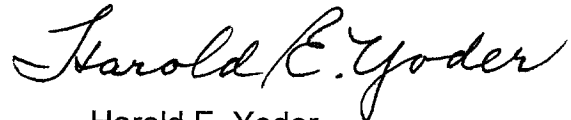
The County prepared its first CAFR in 1988 in accordance with the program guidelines for the Certificate of Achievement for Excellence in Financial Reporting (Certificate) awarded by the Government Finance Officers Association of the United States and Canada (GFOA). Each annual report must satisfy both generally accepted accounting principles and disclose applicable legal compliance requirements. The County has been awarded the Certificate for the years ended December 31, 1988 – 2002.

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

ACKNOWLEDGMENTS

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

Sincerely,

A handwritten signature in cursive script that reads "Harold E. Yoder".

Harold E. Yoder
Preble County Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Preble County,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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



President

Executive Director

PREBLE COUNTY, OHIO

ELECTED OFFICIALS

DECEMBER 31, 2003

Board of County Commissioners

David Wesler
Stanley Spencer
Gene Krebs

Auditor

Harold E. Yoder

Clerk of Common Pleas Court

Christopher B. Washington

Coroner

Dr. John Vosler

Common Pleas Court

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

Engineer

J. Stephen Simmons

Prosecuting Attorney

Rebecca J. Ferguson

Recorder

William J. Spahr

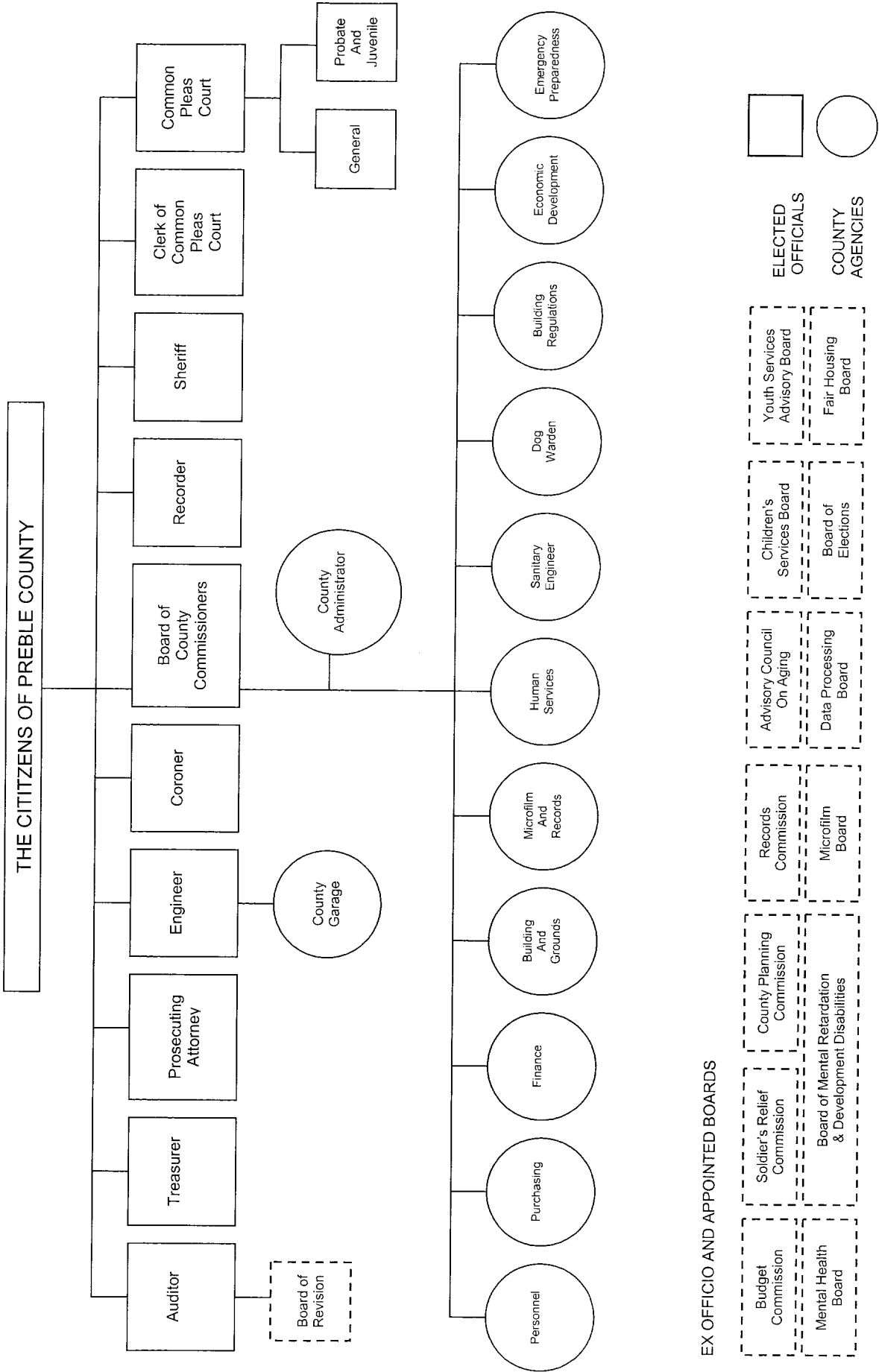
Sheriff

Michael L. Simpson

Treasurer

Brenda K. White

PREBLE COUNTY GOVERNMENT ORGANIZATION CHART



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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Preble County
100 East Main Street
Eaton, Ohio 45320

We have audited the accompanying financial statements of the governmental activities the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Preble County, Ohio (the County), as of and for the year ended December 31, 2003, 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 did not audit the financial statements of the component unit (L & M Products), which represents 100 percent of the component unit column. Other auditors audited those financial statements. They have furnished their report thereon to us, and we base our opinion, insofar as it relates to the amounts included for the component unit (L & M Products), on the report of the other auditors.

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The other auditors audited the financial statements of the component unit (L & M Products) in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Preble County, Ohio, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, Human Services, Community Mental Health, and Mental Retardation Levy funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2003, the County implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

The Sewer and Landfill funds (representing all Enterprise Funds), have accumulated deficits as of December 31, 2003, of \$264,424 and \$3,669,252, respectively. These deficits and management's plan in regard to these matters is described in Note 5 to the financial statements.

88 E. Broad St. / P.O. Box 1140 / Columbus, OH 43216-1140
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2004, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Betty Montgomery
Auditor of State

August 12, 2004

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

The discussion and analysis of Preble County's financial performance provides an overall review of the financial County's financial activities for the year ended December 31, 2003. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the transmittal letter, and the basic financial statements to enhance their understanding.

FINANCIAL HIGHLIGHTS

1. The assets of the County exceeded its liabilities at the close of the year ended December 31, 2003, by \$14,105,862 (net assets).
2. The County's total net assets decreased by \$197,321 during 2003, which represents a 1.4% decrease from 2002.
3. At the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$8,700,811, a decrease of \$1,607,813 from the prior year. Of this amount, \$7,531,060 is available for spending (unreserved fund balance) on behalf of its citizens.
4. At the end of the current year, fund balance for the general fund was \$2,963,017, which represents an 8.9% increase over the prior year, and represents 33.4% of total general fund expenditures.
5. Preble County's total debt increased by \$604,697 during the current year. The key factor for this increase was the issuance of \$ 1.2 million in notes for flood damage repair.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

Preble County's government-wide financial statements include a Statement of Net Assets and a Statement of Activities, which report for the first time on the financial activities of the Preble County government as a whole, giving the reader a summary of county finances with a view of the bottom-line results of the County's operations.

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

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

The County's financial activities are identified in the government-wide financial statements as governmental activities or business-type activities. Governmental activities constitute the majority of the County's operations and are financed primarily by operating grants, taxes, charges for services, capital grants, and other intergovernmental revenues. The County's governmental activities are accounted for in the governmental funds and are classified as follows:

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

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

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

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

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

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

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

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

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

The Statement of Activities reports for the current fiscal year the changes to the County's net assets, which is the difference between revenues and expenses. However, the format of this statement departs from a more traditional "revenues less expenses equals change in net assets" format you may see in the private sector.

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

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

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

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

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

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

Fund Financial Statements

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

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

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

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

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

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

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

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

Fiduciary Funds. Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for outside parties and are accounted for in a manner similar to proprietary funds. Fiduciary funds are not presented in the government-wide financial statements as their resources are not available to support the County's governmental or business-type activities. The fiduciary fund financial statements begin on page 36 of this part.

Notes to the Financial Statements

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

Summary

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

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

THE COUNTY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the County as a whole. Table 1 provides a summary of the County's net assets for 2003 compared to 2002.

**Table 1
Net Assets**

	Governmental Activities		Business-Type Activities		Totals	
	2003	2002	2003	2002	2003	2002
Assets						
Current and Other Assets	\$18,982,323	\$19,126,731	\$1,650,528	\$1,600,341	\$20,632,851	\$20,727,072
Nondepreciable Capital Assets	2,844,682	2,450,821	340,573	277,213	3,185,255	2,728,034
Depreciable Capital Assets, Net	<u>7,842,226</u>	<u>7,781,122</u>	<u>719,212</u>	<u>955,468</u>	<u>8,561,438</u>	<u>8,736,590</u>
Total Assets	<u>29,669,231</u>	<u>29,358,674</u>	<u>2,710,313</u>	<u>2,833,022</u>	<u>32,379,544</u>	<u>32,191,696</u>
Liabilities						
Current and Other Liabilities	7,264,412	6,022,985	279,605	583,803	7,544,017	6,606,788
Long-Term Liabilities:						
Due Within One Year	490,598	473,983	698,613	652,072	1,189,211	1,126,055
Due in More Than One Year	<u>3,874,683</u>	<u>4,366,223</u>	<u>5,665,771</u>	<u>5,789,447</u>	<u>9,540,454</u>	<u>10,155,670</u>
Total Liabilities	<u>\$11,629,693</u>	<u>\$10,863,191</u>	<u>\$6,643,989</u>	<u>\$7,025,322</u>	<u>18,273,682</u>	<u>17,888,513</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	\$5,718,611	\$6,180,583	\$690,478	\$800,248	6,409,089	6,980,831
Restricted for:						
Other Purposes	6,932,000	6,769,810	0	0	6,932,000	6,769,810
Debt Service	759,123	868,666	0	0	759,123	868,666
Capital Projects	1,531,646	1,741,828	0	0	1,531,646	1,741,828
Unrestricted (Deficit)	<u>3,098,158</u>	<u>2,934,596</u>	<u>(4,624,154)</u>	<u>(4,992,548)</u>	<u>(1,525,996)</u>	<u>(2,057,952)</u>
Total Net Assets	<u>\$18,039,538</u>	<u>\$18,495,483</u>	<u>(\$3,933,676)</u>	<u>(\$4,192,300)</u>	<u>\$14,105,862</u>	<u>\$14,303,183</u>

Government-wide Financial Analysis

The County realized a 1%, \$197,321 decrease in total net assets from the combined 2002 governmental and business-type activities. The investment in capital assets (net of related debt issued to acquire the assets) of \$6,409,089 represents 45% of total net assets of the County. Capital assets are used to provide services to residents and do not represent assets that may be used for future spending.

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

The net assets of the County's business-type activities increased by \$258,624, while also reporting an operating income in the enterprise funds during 2003. Current liabilities were \$304,198 less than 2002, or 52%. The County-owned landfill is supported by assessments to villages and taxpayers that accounted for most of the increase in revenue. The County strives to control operation expenses for business-type activities in order to maintain stability in charges for services.

Table 2 shows the changes in net assets for the year ended December 31, 2003. Since this is the first year the County has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to 2002 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2
Changes in Net Assets

	Governmental Activities	Business-Type Activities	Total
	2003	2003	2003
Revenues			
Program Revenues:			
Charges for Services	\$4,386,447	\$2,809,945	\$7,196,392
Operating Grants, Contributions and Interest	11,503,363	36,000	11,539,363
Capital Grants, Contributions and Interest	613,166	0	613,166
Total Program Revenues	<u>16,502,976</u>	<u>2,845,945</u>	<u>19,348,921</u>
General Revenues:			
Property Taxes	3,458,313	0	3,458,313
Permissive Sales Tax	4,002,410	0	4,002,410
Grants and Entitlements	1,292,547	0	1,292,547
Interest	160,541	2,537	163,078
Other	93,878	93,176	187,054
Total General Revenues	<u>9,007,689</u>	<u>95,713</u>	<u>9,103,402</u>
Total Revenues	<u>\$25,510,665</u>	<u>\$2,941,658</u>	<u>\$28,452,323</u>

(continued)

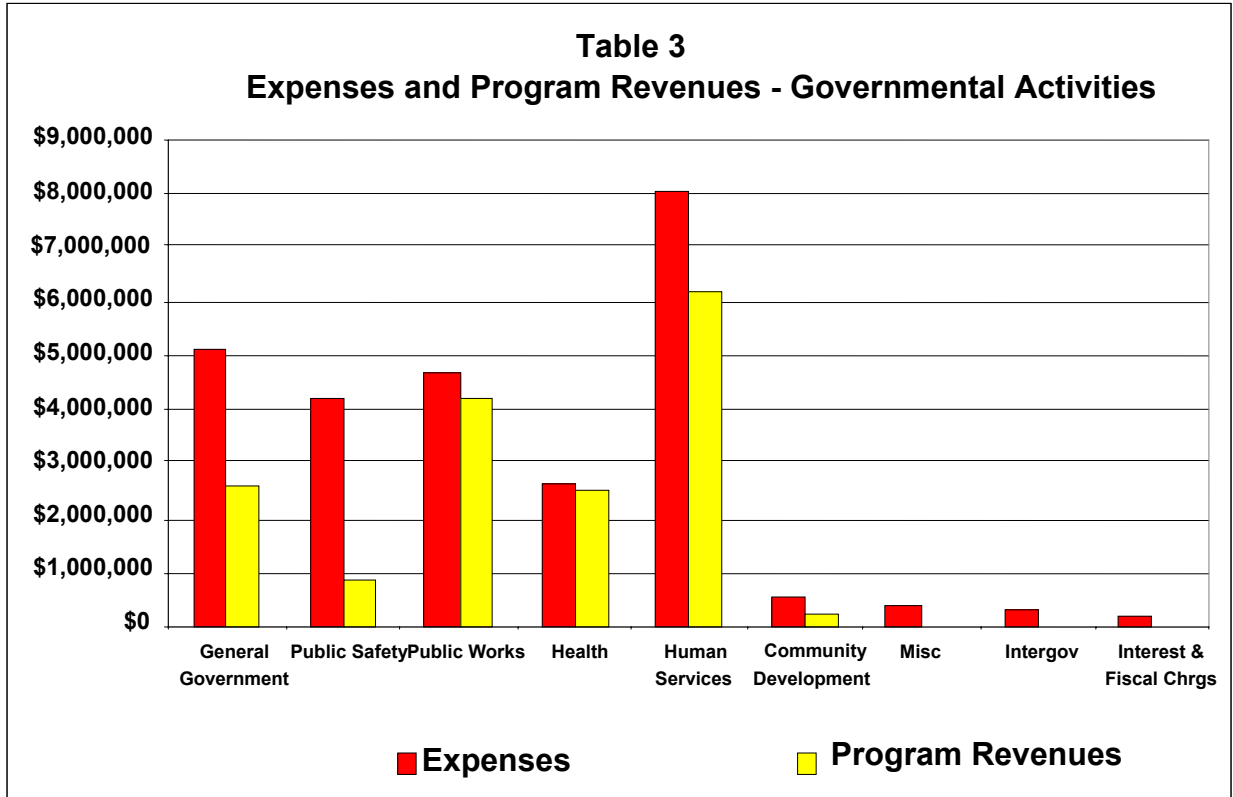
**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

	Governmental Activities 2003	Business-Type Activities 2003	Total 2003
Program Expenses:			
General Government			
Legislative and Executive	\$3,650,259	\$0	\$3,650,259
Judicial	1,418,446	0	1,418,446
Public Safety	4,221,470	0	4,221,470
Public Works	4,712,095	0	4,712,095
Health	2,630,328	0	2,630,328
Human Services	8,043,728	0	8,043,728
Community and Economic Development	515,767	0	515,767
Miscellaneous	351,325	0	351,325
Intergovernmental	277,162	0	277,162
Interest and Fiscal Charges	146,030	0	146,030
Sewer	0	56,433	56,433
Landfill	0	2,626,601	2,626,601
Total Expenses	<u>25,966,610</u>	<u>2,683,034</u>	<u>28,649,644</u>
Increase (Decrease) in Net Assets	(455,945)	258,624	(197,321)
Net Assets at December 31, 2002	<u>18,495,483</u>	<u>(4,192,300)</u>	<u>14,303,183</u>
Net Assets at December 31, 2003	<u>\$18,039,538</u>	<u>(\$3,933,676)</u>	<u>\$14,105,862</u>

Governmental Activities

The County's governmental activity expenses exceeded program revenues in 2003 by \$9,463,634 and, with an infusion of \$9,007,689 of general revenues, resulted in only a very slight \$455,945 decrease to net assets. Total net assets used in governmental activities have now reached \$18 million. General government expenses of \$5,068,705 represent 19.5% of total governmental activity expenses.

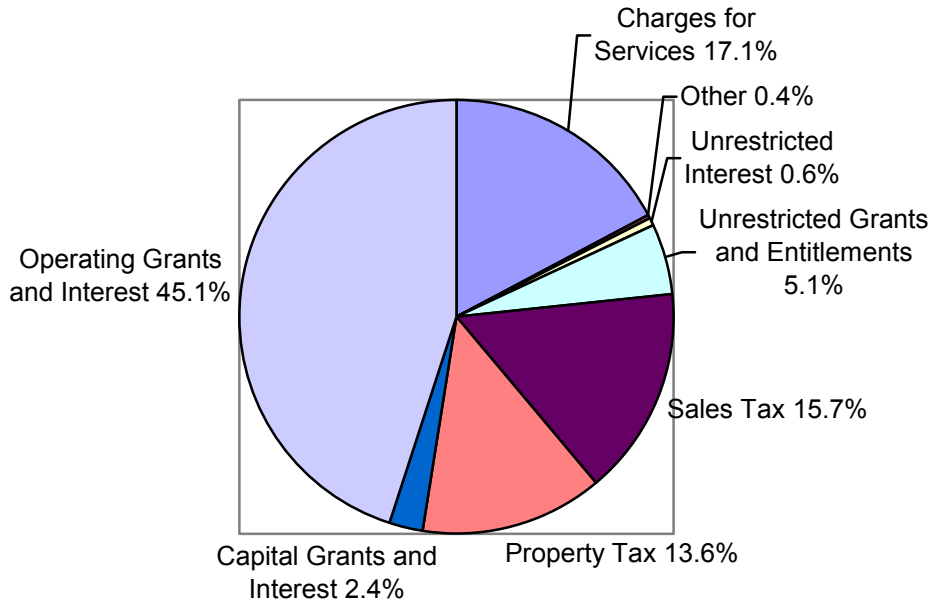
**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**



Program revenues constitute 64.7% of total revenues associated with governmental activities. Of the general revenues, 82.8% come from property and sales taxes. Table 3 provides a comparison of governmental activity expenses with program revenues. Table 4, on the next page, provides a breakdown of the sources of governmental activity revenues.

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

**Table 4
Revenues By Source - Governmental Activities**



Business-type Activities

The County's sewer and landfill system operations constitute the only business-type activities. Net assets of the business-type activities increased \$ 258,624 in 2003, a 6.2% increase over 2002.

FUND ANALYSIS

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

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

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

At year-end, the County's governmental funds reported combined ending fund balances of \$8,700,811, a decrease of \$1,607,813 from the prior year. Approximately 86.6% of this total amount (\$7,531,060) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate purchase orders of the prior period (\$1,169,751).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,679,485, while total fund balance reached \$2,963,017. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 30.2% to total general fund expenditures, while total fund balance represents 33.4% of that same amount.

The Motor Vehicle and Gas Tax Fund revenues and other financing sources were less than expenditures leaving a fund balance at year-end of \$(385,056) due to a \$1,200,000 note issued for flood damage repair.

The Human Services Fund expenditures and other financing uses exceeded revenues and other finances sources by nearly 14% leaving a balance of (\$75,291). The IM Grant and Help Me Grow Programs had lower revenue than expected. The Commission is addressing these current conditions through organizational restructuring to more efficiently utilize staff.

The Community Mental Health Fund expenditures exceeded revenues reducing the year-end fund balance to \$822,522. The state subsidy reimbursement grant had fewer receipts for 2003 than originally expected. A key factor in this decrease was due to the contracts for the Jefferson House construction project which is planned to be completed in 2004.

The Mental Retardation Levy Fund revenues exceeded expenditures increasing the year end fund balance to \$ 1,113,609. A key factor in this increase was due to entitlements exceeding budget expectations in 2003.

Proprietary Funds: The proprietary funds financial statements provide the same information as seen in the government-wide financial statements only in more detail. A summary of financial activity occurring in the landfill enterprise fund follows.

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

Operating results for the County-owned landfill were favorable in 2003, largely due to support by assessments to villages and taxpayers. After many public meetings were held and options taken into account, in general, it was determined that most County residents were in favor of using the landfill only for Preble County waste. The assessment for all parcels with either residences or businesses has been increased to insure financial stability. Each year the County will review and determine the assessment charge to taxpayers. The County strives to control operation expenses for business-type activities in order to maintain stability in charges for services.

GENERAL FUND BUDGET ANALYSIS

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The County's budget is adopted on a line item basis. Before the budget is adopted the County Commissioners review detailed budget worksheets of each function within the General Fund and then adopts the budget on a line item basis.

General Fund's final budgeted revenues were slightly higher than originally anticipated, largely due to an increase in fees from the Recorder's Office. Charges for services increased in the Recorder's Office pursuant to Ohio law, House Bill 95.

During 2003, there were numerous revisions to the General Fund budget. In July, 2003 departments operating within the General Fund, were asked to reduce their appropriations by 8%. Budget reductions were intended to hold the line, and potentially reverse the downward movement of the General Fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Preble County's total book value of capital assets for governmental and business-type activities (net of accumulated depreciation) amounts to \$ 11,746,693, an increase of 2.4% over 2002.

Pursuant to GASB Statement No. 34, the increase in infrastructure was the result of its first-time inclusion as part of the financial records. The County implemented a new capital asset policy which increased the capitalization threshold for capital assets from \$500 to \$5,000. A property acquisition occurred in 2003 for the Preble County Emergency Management Agency. At year-end, the County had construction projects for the Job & Family Services building, Jefferson House, L & M Expansion, and the West Elkton Sewer System expected to be completed in 2004. See Note 10 of the notes to the basic financial statements for more detailed capital asset information.

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

Table 5
Capital Assets

	Governmental Activities		Business-Type Activities	
	2003	2002	2003	2002
Land	\$1,933,674	\$1,881,174	\$277,213	\$277,213
Construction in Progress	911,008	569,647	63,360	0
Building, Structures and Improvements	6,588,788	6,666,183	148,491	292,181
Furniture, Fixtures and Equipment	935,866	1,114,939	570,721	663,287
Infrastructure	317,572	0	0	0
Totals	\$10,686,908	\$10,231,943	\$1,059,785	\$1,232,681

	Total	
	2003	2002
Land	\$2,210,887	\$2,158,387
Construction in Progress	974,368	569,647
Building, Structures and Improvements	6,737,279	6,958,364
Furniture, Fixtures and Equipment	1,506,587	1,778,226
Infrastructure	317,572	0
Totals	\$11,746,693	\$11,464,624

Debt

At December 31, 2003, Preble County had \$9,389,722 in debt outstanding.

Table 4
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities	
	2003	2002	2003	2002
Short - Term Notes	\$1,455,000	\$205,824	\$0	\$0
Long - Term Notes	65,000	120,000	305,947	432,433
General Obligation Bonds	3,557,555	3,923,437	3,636,826	3,835,812
Loans Payable	0	0	369,394	267,519
	\$5,077,555	\$4,249,261	\$4,312,167	\$4,535,764

All general obligation note issues will be paid through the debt service funds with property tax revenues and transfers from various funds. The County's overall legal debt margin was \$16,728,415 as of December 31, 2003. The more restrictive unvoted legal debt margin was \$7,291,366 as of the same date. See Notes 15 and 16 of the notes to the basic financial statements for more detailed information.

**PREBLE COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

CONTACTING THE COUNTY AUDITOR'S OFFICE

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

PREBLE COUNTY, OHIO
STATEMENT OF NET ASSETS
DECEMBER 31, 2003

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		L and M Products
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$9,653,584	\$1,563,837	\$11,217,421	\$0
Cash and Cash Equivalents in Segregated Accounts	144,184	0	144,184	146,458
Cash and Cash Equivalents with Fiscal Agents	95,838	0	95,838	0
Accrued Interest Receivable	27,522	0	27,522	0
Accounts Receivable	117,297	305,157	422,454	19,411
Permissive Sales Tax Receivable	654,105	0	654,105	0
Due from Other Governments	4,037,499	0	4,037,499	0
Internal Balances	312,541	(312,541)	0	0
Prepaid Items	18,185	0	18,185	2,434
Materials and Supplies Inventory	168,981	0	168,981	0
Property Taxes Receivable	3,629,999	0	3,629,999	0
Special Assessments Receivable	122,588	0	122,588	0
Advance Deposits	0	0	0	186
Deferred Charges	0	94,075	94,075	0
Nondepreciable Capital Assets	2,844,682	340,573	3,185,255	0
Depreciable Capital Assets, Net	7,842,226	719,212	8,561,438	76,870
Total Assets	29,669,231	2,710,313	32,379,544	245,359
Liabilities:				
Accounts Payable	370,254	14,630	384,884	710
Accrued Salaries Payable	594,122	18,619	612,741	3,720
Payroll Taxes and Withholdings	0	0	0	911
Contracts Payable	597,025	209,321	806,346	0
Retainage Payable	29,393	0	29,393	0
Due to Other Governments	477,136	18,414	495,550	0
Accrued Interest Payable	16,489	18,621	35,110	0
Matured Compensated Absences Payable	12,342	0	12,342	0
Deferred Revenue	3,458,067	0	3,458,067	0
Claims Payable	254,584	0	254,584	0
Notes Payable	1,455,000	0	1,455,000	0
Long-Term Liabilities:				
Due Within One Year	490,598	698,613	1,189,211	0
Due in More Than One Year	3,874,683	5,665,771	9,540,454	0
Total Liabilities	11,629,693	6,643,989	18,273,682	5,341
Net Assets:				
Invested in Capital Assets, Net of Related Debt	5,718,611	690,478	6,409,089	76,870
Restricted for:				
Other Purposes	6,932,000	0	6,932,000	0
Debt Service	759,123	0	759,123	0
Capital Projects	1,531,646	0	1,531,646	0
Unrestricted (Deficit)	3,098,158	(4,624,154)	(1,525,996)	163,148
Total Net Assets	\$18,039,538	(\$3,933,676)	\$14,105,862	\$240,018

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Interest	Capital Grants and Interest
Governmental Activities:				
General Government:				
Legislative and Executive	\$3,650,259	\$1,692,908	\$16,710	\$0
Judicial	1,418,446	802,405	16,215	0
Public Safety	4,221,470	522,488	256,372	4,061
Public Works	4,712,095	339,319	3,570,625	324,930
Health	2,630,328	179,951	2,043,429	284,175
Human Services	8,043,728	849,376	5,383,859	0
Community and Economic Development	515,767	0	216,153	0
Miscellaneous	351,325	0	0	0
Intergovernmental	277,162	0	0	0
Interest and Fiscal Charges	146,030	0	0	0
Total Governmental Activities	25,966,610	4,386,447	11,503,363	613,166
Business-Type Activities:				
Sewer	56,433	19,997	0	0
Landfill	2,626,601	2,789,948	36,000	0
Total Business-Type Activities	2,683,034	2,809,945	36,000	0
Total Primary Government	\$28,649,644	\$7,196,392	\$11,539,363	\$613,166
Component Unit:				
L and M Products	\$1,686,717	\$188,761	\$1,484,598	\$0

General Revenues:

Property Taxes Levied for:
 General Purposes
 Community Mental Health
 Children Services
 Mental Retardation
 Retirement of Debt
 Permissive Sales Tax Levied for General Purposes
 Grants and Entitlements not Restricted to Specific Programs
 Unrestricted Investment Earnings
 Other

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year - See Note 3

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Primary Government		Component Unit L and M Products
	Business-Type Activities	Total	
(\$1,940,641)	\$0	(\$1,940,641)	\$0
(599,826)	0	(599,826)	0
(3,438,549)	0	(3,438,549)	0
(477,221)	0	(477,221)	0
(122,773)	0	(122,773)	0
(1,810,493)	0	(1,810,493)	0
(299,614)	0	(299,614)	0
(351,325)	0	(351,325)	0
(277,162)	0	(277,162)	0
(146,030)	0	(146,030)	0
<u>(9,463,634)</u>	<u>0</u>	<u>(9,463,634)</u>	<u>0</u>
0	(36,436)	(36,436)	0
<u>0</u>	<u>199,347</u>	<u>199,347</u>	<u>0</u>
0	162,911	162,911	0
<u>(9,463,634)</u>	<u>162,911</u>	<u>(9,300,723)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(13,358)</u>
1,615,805	0	1,615,805	0
254,982	0	254,982	0
350,646	0	350,646	0
1,019,001	0	1,019,001	0
217,879	0	217,879	0
4,002,410	0	4,002,410	0
1,292,547	0	1,292,547	0
160,541	2,537	163,078	0
93,878	93,176	187,054	0
<u>9,007,689</u>	<u>95,713</u>	<u>9,103,402</u>	<u>0</u>
(455,945)	258,624	(197,321)	(13,358)
<u>18,495,483</u>	<u>(4,192,300)</u>	<u>14,303,183</u>	<u>253,376</u>
<u>\$18,039,538</u>	<u>(\$3,933,676)</u>	<u>\$14,105,862</u>	<u>\$240,018</u>

PREBLE COUNTY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	General	Motor Vehicle and Gas Tax	Human Services
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$2,016,318	\$596,528	\$103,728
Cash and Cash Equivalents in Segregated Accounts	37,303	0	0
Receivables:			
Permissive Sales Tax	654,105	0	0
Property Taxes	1,642,618	0	0
Accounts	32,155	5,302	3,194
Special Assessments	0	0	0
Accrued Interest	27,522	0	0
Interfund	465,703	0	0
Due From Other Governments	644,500	1,697,495	69,642
Materials and Supplies Inventory	6,984	148,660	9,372
Prepaid Items	6,521	0	6,452
Total Assets	<u>\$5,533,729</u>	<u>\$2,447,985</u>	<u>\$192,388</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$82,190	\$47,986	\$45,439
Contracts Payable	11,789	186,713	49,142
Retainage Payable	0	0	0
Accrued Salaries Payable	270,790	70,236	96,937
Due to Other Governments	82,880	11,748	17,570
Interfund Payable	0	3,861	12,349
Matured Compensated Absences Payable	0	0	0
Deferred Revenue	2,123,063	1,307,528	46,242
Notes Payable	0	1,200,000	0
Accrued Interest Payable	0	4,969	0
Total Liabilities	<u>2,570,712</u>	<u>2,833,041</u>	<u>267,679</u>
Fund Balances:			
Reserved for Encumbrances	283,532	60,044	41,843
Unreserved			
Undesignated (Deficit), Reported in:			
General Fund	2,679,485	0	0
Special Revenue Funds	0	(445,100)	(117,134)
Debt Service Funds	0	0	0
Capital Projects Funds	0	0	0
Total Fund Balances (Deficit)	<u>2,963,017</u>	<u>(385,056)</u>	<u>(75,291)</u>
Total Liabilities and Fund Balances	<u>\$5,533,729</u>	<u>\$2,447,985</u>	<u>\$192,388</u>

See accompanying notes to the basic financial statements

Community Mental Health	Mental Retardation Levy	Other Governmental Funds	Total Governmental Funds
\$962,969	\$1,293,737	\$4,474,296	\$9,447,576
0	0	106,881	144,184
0	0	0	654,105
287,429	1,063,473	636,479	3,629,999
20,369	3,596	22,656	87,272
0	0	122,588	122,588
0	0	0	27,522
0	0	29,018	494,721
840,292	408,353	377,217	4,037,499
0	0	3,965	168,981
4,689	0	523	18,185
<u>\$2,115,748</u>	<u>\$2,769,159</u>	<u>\$5,773,623</u>	<u>\$18,832,632</u>

\$42,457	\$1,138	\$150,489	\$369,699
239,192	53,724	56,465	597,025
4,077	0	25,316	29,393
17,787	80,247	58,125	594,122
3,526	12,991	16,708	145,423
0	0	165,970	182,180
0	0	12,342	12,342
986,187	1,251,783	1,026,198	6,741,001
0	255,000	0	1,455,000
0	667	0	5,636
<u>1,293,226</u>	<u>1,655,550</u>	<u>1,511,613</u>	<u>10,131,821</u>

393,971	111,808	278,553	1,169,751
0	0	0	2,679,485
428,551	1,001,801	1,655,618	2,523,736
0	0	740,106	740,106
0	0	1,587,733	1,587,733
<u>822,522</u>	<u>1,113,609</u>	<u>4,262,010</u>	<u>8,700,811</u>
<u>\$2,115,748</u>	<u>\$2,769,159</u>	<u>\$5,773,623</u>	<u>\$18,832,632</u>

PREBLE COUNTY, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2003

Total Governmental Fund Balances		\$8,700,811
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets reported in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>		
Land	1,933,674	
Construction in Progress	911,008	
Buildings, Structures, and Improvements	9,421,994	
Furniture, Fixtures, and Equipment	5,926,500	
Infrastructure	317,572	
Accumulated Depreciation	<u>(7,823,840)</u>	
Total Capital Assets		10,686,908
<p>An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.</p>		
		76,732
<p>Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:</p>		
Property and Other Taxes	260,925	
Charges for Services	6,508	
Fines and Forfeitures	18,180	
Intergovernmental	2,862,071	
Special Assessments	122,588	
Accrued Interest	<u>12,662</u>	
Total		3,282,934
<p>Due to other governments includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.</p>		
		(331,713)
<p>Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>		
Accrued Interest on Bonds	(10,137)	
General Obligation Bonds	(3,557,555)	
Accrued Interest on Notes	(716)	
Notes	(65,000)	
Compensated Absences	<u>(742,726)</u>	
Total		<u>(4,376,134)</u>
Net Assets of Governmental Activities		<u><u>\$18,039,538</u></u>

See accompanying notes to the basic financial statements

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PREBLE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	General	Motor Vehicle and Gas Tax	Human Services
Revenues:			
Property Taxes	\$1,554,639	\$0	\$0
Permissive Sales Tax	4,002,410	0	0
Charges for Services	2,026,730	119,373	332,462
Licenses and Permits	4,291	0	0
Fines and Forfeitures	137,258	28,290	0
Intergovernmental	1,147,196	3,298,182	2,075,048
Special Assessments	0	0	0
Interest	217,418	7,626	0
Other	214,536	1,891	0
Total Revenues	9,304,478	3,455,362	2,407,510
Expenditures:			
Current:			
General Government:			
Legislative and Executive	2,949,287	0	0
Judicial	1,128,075	0	0
Public Safety	3,827,726	0	0
Public Works	24,840	4,414,456	0
Health	76,343	0	0
Human Services	247,877	0	2,786,497
Community and Economic Development	0	0	0
Miscellaneous	351,325	0	0
Capital Outlay	0	0	0
Intergovernmental	277,162	0	0
Debt Service:			
Principal Retirement	0	100,000	0
Interest and Fiscal Charges	0	7,850	0
Total Expenditures	8,882,635	4,522,306	2,786,497
Excess of Revenues Over (Under) Expenditures	421,843	(1,066,944)	(378,987)
Other Financing Sources (Uses):			
Proceeds from Sale of Notes	0	50,000	0
Transfers - In	0	0	99,589
Transfers - Out	(179,068)	0	(64,457)
Total Other Financing Sources (Uses)	(179,068)	50,000	35,132
Net Change in Fund Balances	242,775	(1,016,944)	(343,855)
Fund Balances Beginning of Year - Restated (See Note 3)	2,720,242	631,888	268,564
Fund Balances (Deficit) End of Year	\$2,963,017	(\$385,056)	(\$75,291)

See accompanying notes to the basic financial statements

Community Mental Health	Mental Retardation Levy	Other Governmental Funds	Total Governmental Funds
\$265,070	\$1,029,098	\$659,567	\$3,508,374
0	0	0	4,002,410
25,765	132,812	1,094,861	3,732,003
0	0	61,425	65,716
0	0	44,823	210,371
2,285,750	1,770,441	2,533,572	13,110,189
0	0	126,703	126,703
0	0	2,384	227,428
1,029	53,847	91,784	363,087
<u>2,577,614</u>	<u>2,986,198</u>	<u>4,615,119</u>	<u>25,346,281</u>
0	0	473,115	3,422,402
0	0	289,589	1,417,664
0	0	354,956	4,182,682
0	0	212,043	4,651,339
2,510,899	0	103,451	2,690,693
159,118	2,806,114	2,187,727	8,187,333
0	0	515,767	515,767
0	0	0	351,325
0	0	656,020	656,020
0	0	0	277,162
0	0	420,000	520,000
0	3,760	103,019	114,629
<u>2,670,017</u>	<u>2,809,874</u>	<u>5,315,687</u>	<u>26,987,016</u>
<u>(92,403)</u>	<u>176,324</u>	<u>(700,568)</u>	<u>(1,640,735)</u>
0	0	15,000	65,000
0	0	111,858	211,447
0	0	0	(243,525)
<u>0</u>	<u>0</u>	<u>126,858</u>	<u>32,922</u>
(92,403)	176,324	(573,710)	(1,607,813)
<u>914,925</u>	<u>937,285</u>	<u>4,835,720</u>	<u>10,308,624</u>
<u>\$822,522</u>	<u>\$1,113,609</u>	<u>\$4,262,010</u>	<u>\$8,700,811</u>

PREBLE COUNTY, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

Net Change in Fund Balances - Total Governmental Funds (\$1,607,813)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	1,131,185	
Depreciation	(670,858)	
Excess of Capital Outlay over Depreciation Expense		460,327

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 sale.

Loss on Disposal of Capital Assets		(5,362)
------------------------------------	--	---------

The issuance of long-term notes provides current financial resources to governmental funds, but in the statement of net assets, the notes are reported as a liability.

(65,000)

Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Note Principal Payments	120,000	
General Obligation Bond Principal Payments	400,000	
		520,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds, when it is due and thus requires the use of current financial resources. In the statement of activities however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional amount of interest on the statement of activities is the result of the following:

Accretion of Capital Appreciation Bonds	(34,118)	
Decrease in Accrued Interest Payable	2,717	
		(31,401)

The internal service fund used by management to charge the cost of insurance to individual funds is reported in the entity wide statement of activities.

54,185

Some revenues that will not be collected for several months after the County's year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts this year:

Property and Other Taxes	(50,061)	
Charges for Services	(17,758)	
Fines and Forfeitures	(237)	
Intergovernmental Grants	287,931	
Special Assessments	1,386	
Interest	(56,877)	
		164,384

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

These activities consist of:

Decrease in Compensated Absences	54,043	
Decrease in Due to Other Governments	692	
		54,735

Change in Net Assets of Governmental Activities (\$455,945)

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$1,518,700	\$1,550,651	\$1,545,460	(\$5,191)
Permissive Sales Tax	3,800,000	3,945,077	3,948,732	3,655
Charges for Services	1,836,570	2,045,481	2,045,573	92
Licenses and Permits	4,500	4,616	4,291	(325)
Fines and Forfeitures	85,000	73,617	70,829	(2,788)
Intergovernmental	1,169,660	1,105,487	1,131,049	25,562
Interest	552,500	272,776	278,648	5,872
Other	194,000	196,572	136,553	(60,019)
Total Revenues	9,160,930	9,194,277	9,161,135	(33,142)
Expenditures:				
Current:				
General Government				
Legislative and Executive	3,128,231	3,143,316	3,040,935	102,381
Judicial	1,257,784	1,198,842	1,176,236	22,606
Public Safety	4,236,482	4,021,917	3,976,856	45,061
Public Works	54,000	51,840	51,840	0
Health	75,038	77,976	76,371	1,605
Human Services	529,764	267,153	247,951	19,202
Miscellaneous	413,365	403,753	395,572	8,181
Intergovernmental	286,191	275,210	275,162	48
Total Expenditures	9,980,855	9,440,007	9,240,923	199,084
Excess of Revenues Under Expenditures	(819,925)	(245,730)	(79,788)	165,942
Other Financing Sources (Uses):				
Advances - In	0	0	1,215	1,215
Advances - Out	0	(63,785)	(67,502)	(3,717)
Transfers - In	200,000	0	0	0
Transfers - Out	(191,389)	(199,072)	(179,068)	20,004
Total Other Financing Sources (Uses)	8,611	(262,857)	(245,355)	17,502
Net Change in Fund Balance	(811,314)	(508,587)	(325,143)	183,444
Fund Balance at Beginning of Year	1,388,211	1,388,211	1,388,211	0
Prior Year Encumbrances Appropriated	376,864	376,864	376,864	0
Fund Balance at End of Year	\$953,761	\$1,256,488	\$1,439,932	\$183,444

See Accompanying Notes to the Basic Financial Statements

PREBLE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
MOTOR VEHICLE AND GAS TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$65,000	\$155,000	\$162,872	\$7,872
Fines and Forfeitures	40,000	40,000	28,290	(11,710)
Intergovernmental	2,920,000	3,415,000	3,246,918	(168,082)
Interest	50,000	50,000	7,209	(42,791)
Other	15,000	15,000	1,889	(13,111)
Total Revenues	<u>3,090,000</u>	<u>3,675,000</u>	<u>3,447,178</u>	<u>(227,822)</u>
Expenditures:				
Current:				
Public Works	3,560,143	4,712,263	4,505,577	206,686
Debt Service:				
Principal Retirement	0	100,000	100,000	0
Interest and Fiscal Charges	0	2,881	2,881	0
Total Expenditures	<u>3,560,143</u>	<u>4,815,144</u>	<u>4,608,458</u>	<u>206,686</u>
Excess of Revenues Under Expenditures	(470,143)	(1,140,144)	(1,161,280)	(21,136)
Other Financing Sources:				
Proceeds from Sale of Notes	50,000	1,250,000	1,250,000	0
Net Change in Fund Balance	(420,143)	109,856	88,720	(21,136)
Fund Balance at Beginning of Year	159,988	159,988	159,988	0
Prior Year Encumbrances Appropriated	74,861	74,861	74,861	0
Fund Balance (Deficit) at End of Year	<u>(\$185,294)</u>	<u>\$344,705</u>	<u>\$323,569</u>	<u>(\$21,136)</u>

See accompanying Notes to the Basic Financial Statements

PREBLE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
HUMAN SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$300,000	\$300,000	\$260,737	(\$39,263)
Intergovernmental	2,982,408	3,152,260	2,192,853	(959,407)
Total Revenues	3,282,408	3,452,260	2,453,590	(998,670)
Expenditures:				
Current:				
Human Services	4,134,114	4,297,931	2,846,460	1,451,471
Excess of Revenues Under Expenditures	(851,706)	(845,671)	(392,870)	452,801
Other Financing Sources (Uses):				
Transfers - In	767,600	767,600	99,589	(668,011)
Transfers - Out	(257,800)	(93,983)	(64,457)	29,526
Total Other Financing Sources (Uses)	509,800	673,617	35,132	(638,485)
Net Change in Fund Balance	(341,906)	(172,054)	(357,738)	(185,684)
Fund Balance at Beginning of Year	160,346	160,346	160,346	0
Prior Year Encumbrances Appropriated	184,440	184,440	184,440	0
Fund Balance (Deficit) at End of Year	\$2,880	\$172,732	(\$12,952)	(\$185,684)

See Accompanying Notes to the Basic Financial Statements

PREBLE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
COMMUNITY MENTAL HEALTH FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$268,560	\$268,560	\$262,635	(\$5,925)
Charges for Services	32,052	32,052	38,338	6,286
Intergovernmental	2,682,505	2,985,413	2,441,229	(544,184)
Other	0	0	9,301	9,301
Total Revenues	<u>2,983,117</u>	<u>3,286,025</u>	<u>2,751,503</u>	<u>(534,522)</u>
Expenditures:				
Current:				
Health	594,191	3,188,525	2,900,549	287,976
Human Services	265,668	295,576	265,801	29,775
Total Expenditures	<u>859,859</u>	<u>3,484,101</u>	<u>3,166,350</u>	<u>317,751</u>
Net Change in Fund Balance	2,123,258	(198,076)	(414,847)	(216,771)
Fund Balance at Beginning of Year	398,196	398,196	398,196	0
Prior Year Encumbrances Appropriated	301,191	301,191	301,191	0
Fund Balance at End of Year	<u><u>\$2,822,645</u></u>	<u><u>\$501,311</u></u>	<u><u>\$284,540</u></u>	<u><u>(\$216,771)</u></u>

See Accompanying Notes to the Basic Financial Statements

PREBLE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
MENTAL RETARDATION LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$998,975	\$998,975	\$1,022,616	\$23,641
Charges for Services	19,800	19,800	20,071	271
Intergovernmental	1,621,700	1,643,058	1,789,567	146,509
Other	700	700	58,878	58,178
Total Revenues	2,641,175	2,662,533	2,891,132	228,599
Expenditures:				
Current:				
Human Services	2,715,203	3,066,405	2,916,381	150,024
Debt Service:				
Principal Retirement	235,000	200,000	200,000	0
Interest and Fiscal Charges	0	3,780	3,780	0
Total Expenditures	2,950,203	3,270,185	3,120,161	150,024
Excess of Revenues Under Expenditures	(309,028)	(607,652)	(229,029)	378,623
Other Financing Sources:				
Proceeds from Sale of Notes	175,000	175,000	255,000	80,000
Transfers - In	1,331	1,331	0	(1,331)
Total Other Financing Sources	176,331	176,331	255,000	78,669
Net Change in Fund Balance	(132,697)	(431,321)	25,971	457,292
Fund Balance at Beginning of Year	1,006,259	1,006,259	1,006,259	0
Prior Year Encumbrances Appropriated	61,849	61,849	61,849	0
Fund Balance at End of Year	\$935,411	\$636,787	\$1,094,079	\$457,292

See Accompanying Notes to the Basic Financial Statements

PREBLE COUNTY
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Enterprise Funds			Internal Service Fund
	Sewer	Landfill	Total	
Assets:				
Current Assets				
Equity in Pooled Cash and Cash Equivalents	\$96,127	\$742,176	838,303	\$206,008
Cash and Cash Equivalents with Fiscal Agent	0	0	0	95,838
Accounts Receivable	4,160	300,997	305,157	30,025
Total Current Assets	100,287	1,043,173	1,143,460	331,871
Non-current Assets				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	0	725,534	725,534	0
Deferred Charges	0	94,075	94,075	0
Nondepreciable Capital Assets	63,360	277,213	340,573	0
Depreciable Capital Assets, Net	5,400	713,812	719,212	0
Total Non-current Assets	68,760	1,810,634	1,879,394	0
Total Assets	169,047	2,853,807	3,022,854	331,871
Liabilities:				
Current				
Accounts Payable	840	13,790	14,630	555
Contracts Payable	36,615	172,706	209,321	0
Accrued Salaries Payable	133	18,486	18,619	0
Due to Other Governments	1,332	17,082	18,414	0
Interfund Payable	25,157	287,384	312,541	0
Accrued Interest Payable	0	18,621	18,621	0
Claims Payable	0	0	0	254,584
OWDA Loans Payable	176,308	0	176,308	0
OPWC Loans Payable	11,358	0	11,358	0
Notes Payable	0	305,947	305,947	0
General Obligation Bonds Payable	0	205,000	205,000	0
Total Current Liabilities	251,743	1,039,016	1,290,759	255,139
Long-Term Liabilities:				
OPWC Loans Payable	181,728	0	181,728	0
General Obligation Bonds Payable	0	3,431,826	3,431,826	0
Compensated Absences Payable	0	32,901	32,901	0
Landfill Closure and Postclosure Costs	0	2,019,316	2,019,316	0
Total Long-Term Liabilities	181,728	5,484,043	5,665,771	0
Total Liabilities	433,471	6,523,059	6,956,530	255,139
Net Assets:				
Invested in Capital Assets, Net of Related Debt	5,400	685,078	690,478	0
Unrestricted (Deficit)	(269,824)	(4,354,330)	(4,624,154)	76,732
Total Net Assets (Deficit)	(\$264,424)	(\$3,669,252)	(\$3,933,676)	\$76,732

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Enterprise Funds			Internal Service Fund
	Sewer	Landfill	Total	
Operating Revenues:				
Charges for Services	\$19,997	\$2,789,948	\$2,809,945	2,061,761
Other	0	93,176	93,176	0
Total Operating Revenues	<u>19,997</u>	<u>2,883,124</u>	<u>2,903,121</u>	<u>2,061,761</u>
Operating Expenses:				
Personal Services	4,515	381,590	386,105	0
Materials and Supplies	1,790	10,367	12,157	0
Charges and Services	39,721	1,545,805	1,585,526	267,828
Claims	0	0	0	1,771,826
Depreciation	600	224,067	224,667	0
Closure and Postclosure Care Costs	0	146,999	146,999	0
Miscellaneous	1,612	665	2,277	0
Total Operating Expenses	<u>48,238</u>	<u>2,309,493</u>	<u>2,357,731</u>	<u>2,039,654</u>
Operating Income	<u>(28,241)</u>	<u>573,631</u>	<u>545,390</u>	<u>22,107</u>
Non-Operating Revenues (Expenses):				
Grants	0	36,000	36,000	0
Interest Revenue	0	2,537	2,537	0
Interest and Fiscal Charges	(8,195)	(212,751)	(220,946)	0
Loss on Disposal of Capital Assets	0	(104,357)	(104,357)	0
Total Non-Operating Revenues (Expenses)	<u>(8,195)</u>	<u>(278,571)</u>	<u>(286,766)</u>	<u>0</u>
Income Before Transfers	<u>(36,436)</u>	<u>295,060</u>	<u>258,624</u>	<u>22,107</u>
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,078</u>
Change in Net Assets	<u>(36,436)</u>	<u>295,060</u>	<u>258,624</u>	<u>54,185</u>
Net Assets Beginning of Year (Deficit) - Restated (Note 3)	<u>(227,988)</u>	<u>(3,964,312)</u>	<u>(4,192,300)</u>	<u>22,547</u>
Net Assets (Deficit) End of Year	<u><u>(\$264,424)</u></u>	<u><u>(\$3,669,252)</u></u>	<u><u>(\$3,933,676)</u></u>	<u><u>\$76,732</u></u>

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Enterprise Funds			Internal Service Fund
	Sewer	Landfill	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities:				
Cash Received From Customers	\$20,419	\$2,803,263	\$2,823,682	\$0
Cash Received From Interfund Services Provided	0	0	0	2,035,396
Cash Payments for Employee Services and Benefits	(3,243)	(378,492)	(381,735)	0
Cash Payments to Suppliers	(4,896)	(1,582,284)	(1,587,180)	(267,273)
Cash Payments for Other Operating Expenses	(772)	0	(772)	0
Cash Payments for Claims	0	0	0	(1,867,432)
Net Cash Provided by (Used for) Operating Activities	11,508	842,487	853,995	(99,309)
Cash Flows from Noncapital Financing Activities:				
Grants	0	36,000	36,000	0
Advances - In	19,053	0	19,053	0
Advances - Out	(23,544)	0	(23,544)	0
Transfers - In	0	0	0	32,078
Net Cash Provided by (Used For) Noncapital Financing Activities	(4,491)	36,000	31,509	32,078
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	(63,360)	(92,768)	(156,128)	0
Loan Proceeds	120,493	0	120,493	0
Loans Payable Principal Payments	(18,618)	0	(18,618)	0
Loans Payable Interest Payments	(8,195)	0	(8,195)	0
General Obligation Bond Principal Payments	0	(200,000)	(200,000)	0
General Obligation Bond Interest Payments	0	(198,852)	(198,852)	0
Notes Principal Payments	0	(432,433)	(432,433)	0
Notes Interest Payments	0	(9,730)	(9,730)	0
Proceeds of Notes	0	305,947	305,947	0
Net Cash Used for Capital and Related Financing Activities	30,320	(627,836)	(597,516)	0
Cash Flows from Investing Activities:				
Interest	0	2,537	2,537	0
Net Increase (Decrease) in Cash and Cash Equivalents	37,337	253,188	290,525	(67,231)
Cash and Cash Equivalents Beginning of Year	58,790	1,214,522	1,273,312	369,077
Cash and Cash Equivalents End of Year	\$96,127	\$1,467,710	\$1,563,837	\$301,846

(Continued)

PREBLE COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2003
 (Continued)

	Sewer	Landfill	Total	Internal Service Fund
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income	(\$28,241)	\$573,631	\$545,390	\$22,107
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	600	224,067	224,667	0
Landfill Closure and Postclosure Costs	0	146,999	146,999	0
Changes in Assets and Liabilities:				
Decrease (Increase) in Accounts Receivable	422	(81,396)	(80,974)	(26,365)
Decrease in Due from Other Governments	0	1,535	1,535	0
Increase in Accounts Payable	840	2,795	3,635	555
Increase (Decrease) in Contracts Payable	36,615	(29,525)	7,090	0
Increase in Accrued Salaries Payable	15	2,044	2,059	0
Increase in Due to Other Governments	1,257	2,874	4,131	0
(Decrease) in Compensated Absences Payable	0	(537)	(537)	0
Decrease in Claims Payable	0	0	0	(95,606)
Net Cash Provided by (Used for) Operating Activities	\$11,508	\$842,487	\$853,995	(\$99,309)

See Accompanying Notes to the General Purpose Financial Statements

PREBLE COUNTY, OHIO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2003

	Private Purpose Trust	
	Scholarship and Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$39,265	\$2,157,006
Cash and Cash Equivalents in Segregated Accounts	0	1,289,496
Receivables:		
Taxes	0	33,767,880
Accounts	0	79,735
Special Assessments	0	965,952
Due from Other Governments	0	2,263,694
Total Assets	<u>\$39,265</u>	<u>\$40,523,763</u>
Liabilities:		
Accounts Payable	0	\$45,417
Accrued Salaries Payable	0	67,107
Due to Other Governments	0	36,713,551
Undistributed Monies	0	1,562,779
Deposits Held and Due to Others	0	2,134,909
Total Liabilities	<u>0</u>	<u>\$40,523,763</u>
Net Assets:		
Held in Trust for Scholarships	<u>\$39,265</u>	

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2003

	Scholarship and Trust
Additions	
Interest	\$1,114
Deleductions	0
Change in Net Assets	1,114
Net Assets Beginning of Year	38,151
Net Assets End of Year	\$39,265

See accompanying notes to the basic financial statements

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1 - REPORTING ENTITY

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

Reporting Entity

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

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

Discretely Presented Component Unit

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

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1 - REPORTING ENTITY (Continued)

L & M Products - L & M Products (the "Workshop") is a legally separate, nongovernmental, not-for-profit corporation, served by a board whose members are elected at large from nominations submitted by a nominating committee appointed by the President. The Workshop, under contractual agreement with the Preble County Board of Mental Retardation and Developmental Disabilities (MRDD), provides sheltered employment for mentally retarded or handicapped individuals in the County. The Preble County Board of MRDD provides the Workshop with personnel necessary for the operation of the habilitation services to the clients, land and buildings for the operation of the center, maintenance and repair of the buildings and professional staff to supervise and train clients of L & M Products. Based on the significant services and resources provided by the County to the Workshop and the Workshop's sole purpose of providing assistance to the retarded and handicapped adults of the County, the Workshop is reflected as a component unit of the County. L & M Products operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from L & M Products at 201 East Lexington Road, Eaton, Ohio 45320 (See Note 18).

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

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

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

Related Organizations:

- Preble County Library Board
- Preble Metropolitan Housing Authority (PMHA)

Joint Venture:

- Preble County Emergency Management Agency (EMA)

Risk Sharing Pool:

- County Risk Sharing Authority (CORSA)

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1 - REPORTING ENTITY (Continued)

Group Purchasing Pool:

County Commissioner's Association of Ohio Service Corporation
(CCAOSC)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) statements issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The County has not elected not to apply FASB pronouncements and interpretations issued after November 30, 1989, to its business-type activities and to its enterprise funds. The more significant of the County's accounting policies are described below. Information regarding the Workshop is presented in Note 18.

Basis of Presentation

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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 statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

Proprietary Funds

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

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

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

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

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Internal Service Fund - Internal service funds are used to account for the financing of goods and services provided by one department to other departments with the County.

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

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. The three types of trust funds should be used to report resources held and administered by the County when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's only trust fund is a private purpose trust which accounts for various college scholarship programs. The County has sixteen agency funds which are primarily established to account for the collection of various taxes, receipts and fees and to account for funds of various agencies for which the County is fiscal agent.

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

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

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Deferred Revenue

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, 2003, but were levied to finance 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

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

Expenses/Expenditures

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

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

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

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

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

During 2003, investments were limited to Federal National Mortgage Association (FNMA) Notes, Federal Home Loan Mortgage Company (FHLMC) Notes, a certificate of deposit, and STAR Ohio.

Investments are reported at fair value which is based on quoted market prices, except for certificates of deposit, which are reported at cost.

The County has invested funds in the State Treasury Assets Reserve of Ohio (STAR Ohio) during 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2003.

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

Following Ohio statutes, the County has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2003 amounted to \$217,418, which includes \$192,592 assigned from other County funds.

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003, 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.

Materials and Supplies Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed when used.

Inventory consists of expendable supplies held for consumption.

Interfund Receivables/Payables

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

Restricted Assets

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

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Changes

Issuance costs incurred with the general obligation bond payable in the Landfill Enterprise Fund are deferred and amortized over the term of the bonds using the straight line method since the results are not significantly different from the effective interest method. The issuance costs are recorded as deferred charges.

Capital Assets

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings, Structures, and Improvements	10-40 years
Furniture, Fixtures and Equipment	2-20 years
Infrastructure	15-50 years

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County's infrastructure system consists of guardrails and bridges. For 2003, the County reported infrastructure for the first time. The County only reports the amounts acquired after 2002. The County plans to phase in the prior year amounts in future years.

Compensated Absences

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

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

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

On governmental fund financial statements, compensated absences are reported 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 account "Matured Compensated Absences Payable" in the funds from which the employees will be paid. In the enterprise funds, the entire amount of compensated absences is reported as a fund liability.

Accrued Liabilities and Long-Term Obligations

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

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, contractually required pension contributions, and compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds, and long-term notes are recognized as liabilities on the governmental fund financial statements when due. Capital appreciation bonds are accreted over the term of the bonds.

Bond Discounts/Issuance Costs/Compounded Interest on Capital Appreciation Bonds

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

Capital Contributions

Contributions of capital arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction or transfers of capital assets between governmental and business-type activities.

Net Assets

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

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

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses

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

Interfund Transactions

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

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

Fund Balance Reserves

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

Estimates

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

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

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

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

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND EQUITY

Changes in Accounting Principles

For 2003, the County has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus", Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND EQUITY (Continued)

GASB 34 creates new basic financial statements for reporting on the County's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the County's programs between governmental and business-type activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2002, caused by the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the MD&A, the proper fund for reporting escheat property, the classification of program revenues and the criteria for determining major funds.

GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Statement No. 41 only applies when there are significant perspective differences that prevent an entity from associating the estimated revenues and appropriations from its legally adopted budget to the major revenue sources and functional expenditures that are reported in the general and major special revenue funds. This statement did not apply to the County for 2003.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

The County has implemented a new capital asset policy which increases the capitalization threshold for capital assets from \$500 to \$5,000. The reason for the change was to reduce the cost of maintaining capital asset information by significantly reducing the number of items tracked. The balance for general capital assets at December 31, 2002 changed by (\$1,045,091) from \$18,442,515 to \$17,397,424, prior to depreciation.

Prior Period adjustments were recorded in the enterprise funds for the change in the capital asset policy and due to an error associated in the calculation of accumulated depreciation. The effect of these changes on net assets as previously reported at December 31, 2002 follows:

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND EQUITY (Continued)

	Sewer	Landfill	Total Business- Type Activities
Net Assets at December 31, 2002	(\$225,591)	(\$4,120,252)	(\$4,345,843)
Restatements:			
Capital Assets – Threshold Change	(2,397)	(29,416)	(31,813)
Capital Assets – Accumulated Depreciation	0	185,356	185,356
Restated Net Assets at December 31, 2002	<u>(\$227,988)</u>	<u>(\$3,964,312)</u>	<u>(\$4,192,300)</u>

Restatement of Fund Balance

The implementation of these changes had the following effects on fund balance of the major and nonmajor funds of the County as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	General	Motor Vehicle And Gas Tax	Human Services	Community Mental Health
Fund Balances, December 31, 2002	\$2,514,922	\$623,404	\$264,686	\$902,757
Change in Fund Structure	140,697	0	0	0
Agency Fund Cash Allocation	45,120	0	0	9,243
GASB Interpretation No. 6	19,503	8,484	3,878	2,925
Adjusted Fund Balance, December 31, 2002	<u>\$2,720,242</u>	<u>\$631,888</u>	<u>\$268,564</u>	<u>\$914,925</u>

	Mental Retardation Levy	Nonmajor	Total
Fund Balances, December 31, 2002	\$909,152	\$4,812,143	\$10,027,064
Change in Fund Structure	0	0	140,697
Agency Fund Cash Allocation	24,602	20,619	99,584
GASB Interpretation No. 6	3,531	2,958	41,279
Adjusted Fund Balance, December 31, 2002	<u>\$937,285</u>	<u>\$4,835,720</u>	10,308,624

Capital Assets	10,231,943
Due to Other Governments	(332,405)
Accrued Interest Payable	(13,570)
Long-Term Liabilities	(4,840,206)
Internal Service Fund Allocation	22,547
Long-Term (Deferred) Assets:	
Delinquent Property Taxes	310,986
Accrued Interest Receivable	69,539
Accounts/Intergovernmental Receivable	2,616,823
Special Assessments Receivable	121,202
Governmental Activities Net Assets, December 31, 2002	<u>\$18,495,483</u>

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 4 - BUDGET TO GAAP RECONCILIATION

While reporting financial position and results of operations on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, presented for the General Fund, and Motor Vehicle and Gas Tax, Human Services, Community Mental Health, and Mental Retardation Levy 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:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations and advances are reported on the operating statement (budget basis) rather than as a balance sheet transaction (GAAP basis).
5. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. The amounts are included as revenue on the GAAP basis operating statements.
6. Cash that is held by agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate County fund.
7. The change of fair value of investments is not included on the budget basis operating statement. This amount is included on the GAAP basis operating statement.

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 4 - BUDGET TO GAAP RECONCILIATION (Continued)

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the General Fund, and the Motor Vehicle and Gas Tax, Human Services, Community Mental Health, and the Mental Retardation Levy Special Revenue Funds are as follows:

	Net Change in Fund Balance				
	General	Motor Vehicle and Gas Tax	Human Services	Community Mental Health	Mental Retardation Levy
GAAP Basis:	\$242,775	(\$1,016,944)	(\$343,855)	(\$92,403)	\$176,324
Adjustments:					
Revenue Accruals	(94,977)	(9,978)	46,080	176,439	(88,278)
Expenditure Accruals	50,524	175,012	56,660	170,360	56,387
Encumbrances	(403,669)	(254,769)	(116,680)	(666,037)	(166,674)
Advances	(66,287)	0	0	0	0
Debt Principal Payments	0	0	0	0	(200,000)
Proceeds from Sale of Notes	0	1,200,000	0	0	255,000
Prepaid Items	(5,143)	(6,395)	57	(656)	0
Unrecorded Cash – 2002	12,169	1,735	0	0	0
Unrecorded Cash – 2003	(106,217)	(813)	0	0	0
Agency Fund Cash Allocation	(10,609)	872	0	(2,550)	(6,788)
Increase in Fair Value of Cash Equivalents – 2002	64,805	0	0	0	0
Increase in Fair Value of Cash Equivalents - 2003	(8,514)	0	0	0	0
Budget Basis	<u>(\$325,143)</u>	<u>\$88,720</u>	<u>(\$357,738)</u>	<u>(\$414,847)</u>	<u>\$25,971</u>

NOTE 5 - COMPLIANCE AND ACCOUNTABILITY

Compliance

The General Fund, Public Safety function, Sheriff's department, Materials and Supplies object had expenditures and encumbrances of \$155,505 and appropriations of \$153,255 for an excess of \$2,250, and the Miscellaneous function and department, Other object had expenditures and encumbrances of \$57,831 in excess of appropriations of \$57,444 by \$387 for the year ended December 31, 2003.

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 5 - COMPLIANCE AND ACCOUNTABILITY (Continued)

The Motor Vehicle License and Gas Tax Special Revenue Fund had original appropriations of \$3,560,143 and estimated revenues and available fund balance of \$3,374,849 for an excess of \$185,294 for the year ended December 31, 2003.

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

Accountability

The following funds had fund balance/net assets deficits at December 31, 2003:

	Deficit
<u>Special Revenue Fund:</u>	
Motor Vehicle and Gas Tax	\$385,056
Human Services	75,291
Other Public Works	147,702
Other Community and Economic Development	4,804
<u>Enterprise Funds:</u>	
Sewer	264,424
Landfill	3,669,252

The General Fund is liable for the deficit in the special revenue funds and will provide transfers when cash is required, not when accruals occur. The deficit in the Motor Vehicle and Gas Tax Special Revenue Fund was the result of the requirement to report bond anticipation notes in the fund which received the note proceeds. This deficit will be alleviated when the note is paid.

The deficit in the Sewer Enterprise Fund is a result of user charges not covering operational costs. The County will continue to monitor this deficit and raise user charges to alleviate this deficit, if necessary.

The landfill anticipates increased revenue and a corresponding decrease in the net assets deficit in future years. The County approved a special assessment on each residential dwelling and commercial and industrial properties to finance landfill operations. Collections began in 2002. Revenue from this special assessment is expected to be \$865,000 annually. Also, in April 2002, two additional villages are having their waste disposed of at the landfill, generating additional revenue. Finally, EPA granted approval to the County in 2001 to expand the landfill, which is expected to generate additional revenue.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 6 - DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State Statute into two categories. Active monies means an amount of 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.

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.

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 or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and
10. Bankers' acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

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

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.

At year-end, the County had \$50,714 in undeposited cash on hand which is included on the balance sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

Deposits

At year-end, the carrying amount of the County's deposits was \$6,704,304, and the bank balance was \$8,026,180. Of the bank balance, \$773,720 was covered by federal deposit insurance, \$2,752,460 was uncollateralized and uninsured, and \$4,500,000 was covered by a letter of credit with Federal Home Loan Bank of Cincinnati listing Preble County as the beneficiary. Although all State 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 Federal Deposit Insurance Corporation.

Investments

GASB Statement No. 3 requires the County to categorize investments to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held in the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name. STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Primary Government		Carrying/Fair Value
	Category 2	Unclassified	
Federal National Mortgage Association (FNMA) Notes	\$4,001,245	\$0	\$4,001,245
Federal Home Loan Mortgage Company (FHLMC) Notes	1,984,844	0	1,984,844
STAR Ohio	0	2,202,103	2,202,103
	<u>\$5,986,089</u>	<u>\$2,202,103</u>	<u>\$8,188,192</u>

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Cash equivalents are defined to include investments with original maturities of three months or less, and the County's cash management pool.

A reconciliation between the classifications of cash and cash equivalents and investments in the basic statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Primary Government	
	Cash & Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$14,943,210	\$0
Cash on Hand	(50,714)	0
Investments:		
Federal National Mortgage Association (FNMA) Note	(4,001,245)	4,001,245
Federal Home Loan Mortgage Company (FHLMC) Notes	(1,984,844)	1,984,844
STAR Ohio	(2,202,103)	2,202,103
GASB Statement No. 3	\$6,704,304	\$8,188,192

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property (other than public utility) located in the County. Property tax revenue received during 2003 for real and public utility property taxes represents collections of 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) are for 2003 taxes.

2003 real property taxes are levied after October 1, 2003, on the assessed value as of January 1, 2003, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2003 real property taxes are collected in and intended to finance 2004.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 7- PROPERTY TAXES (Continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2003 public utility property taxes became a lien December 31, 2002, are levied after October 1, 2003, and are collected in 2004 with real property taxes.

2003 tangible personal property taxes are levied after October 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory.

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

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to each subdivision its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2003, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2003 operations. The receivable is therefore offset by deferred revenue. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 7- PROPERTY TAXES (Continued)

The full tax rate for all County operations for the year ended December 31, 2003, was \$7.18 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2003 property tax receipts were based are as follows:

Category	Assessed Value	Percent
Real Property	\$612,615,800	84.02%
Public Utility Property	39,588,480	5.43
Tangible Personal Property	76,932,310	10.55
Totals	<u>\$729,136,590</u>	<u>100.00%</u>

NOTE 8 - PERMISSIVE SALES AND USE TAX

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

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

NOTE 9 - RECEIVABLES

Receivables at December 31, 2003, consisted of taxes, charges for services, utility accounts, special assessments, interest on investments, interfund amounts and intergovernmental receivables arising from grants, entitlements and shared revenues. Utility accounts receivable at December 31, 2003, were \$305,157. All receivables are considered fully collectible.

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 9 - RECEIVABLES (Continued)

A summary of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
Local Government Revenue Assistance	\$107,846
Local Government	417,838
Homestead and Rollback	206,388
Gasoline Cents Per Gallon	464,890
Gasoline Excise Tax	403,919
Auto License	828,686
Title XX	7,247
Medicaid Reimbursement	56,430
Homemaker PERS Care	112,741
Title 19	109,203
Community Development Block Grant	44,000
Jefferson House Grant	127,493
Ohio Children's Trust Grant	1,188
SAPT Block Grant	108,247
Mental Health State Subsidy	505,831
Mental Health Block Grant	19,111
Children Services (Over/Under Approach)	119,883
Social Services Block Grant	17,962
MRDD Operating Subsidy	106,170
VOCA Grant	45,623
CSEA (Over/Under Approach)	23,022
Youth Services Subsidy	93,630
CASA Program	402
County Road 24-2.56 Bridge Replacement Grant	6,412
Department Refund	7,807
Reimbursement for Housing	15,236
Public Assistance (Over/Under Approach)	69,642
State Child Subsidy	10,652
Total Intergovernmental Receivable	<u><u>\$4,037,499</u></u>

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2003, was as follows:

	Restated Balance at 12/31/02	Additions	Deductions	Balance at 12/31/03
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	\$1,881,174	\$52,500	\$0	\$1,933,674
Construction in Progress	569,647	341,361	0	911,008
Total Capital Assets, not being Depreciated	2,450,821	393,861	0	2,844,682
Depreciable Capital Assets:				
Buildings, Structures, and Improvements	9,252,145	169,849	0	9,421,994
Furniture, Fixtures, and Equipment	5,694,458	249,903	(17,861)	5,926,500
Infrastructure	0	317,572	0	317,572
Total Depreciable Capital Assets	14,946,603	737,324	(17,861)	15,666,066
Less Accumulated Depreciation:				
Buildings, Structures, and Improvements	(2,585,962)	(247,244)	0	(2,833,206)
Furniture, Fixtures, and Equipment	(4,579,519)	(423,614)	12,499	(4,990,634)
Total Accumulated Depreciation	(7,165,481)	(670,858) *	12,499	(7,823,840)
Depreciable Capital Assets, Net	7,781,122	66,466	(5,362)	7,842,226
Governmental Activities Capital Assets, Net	\$10,231,943	\$460,327	(5,362)	\$10,686,908
	Restated Balance at 12/31/02	Additions	Deductions	Balance at 12/31/03
Business-Type Activities				
Capital Assets, not being Depreciated:				
Land	\$277,213	\$0	\$0	\$277,213
Construction in Progress	0	63,360	0	63,360
Total Capital Assets, Not being Depreciated	277,213	63,360	0	340,573
Depreciable Capital Assets:				
Buildings, Structures, and Improvements	739,452	0	0	739,452
Furniture, Fixtures, and Equipment	1,436,372	92,768	(290,681)	1,238,459
Total Depreciable Capital Assets	2,175,824	92,768	(290,681)	1,977,911
Less Accumulated Depreciation:				
Buildings, Structures, and Improvements	(447,271)	(143,690)	0	(590,961)
Furniture, Fixtures, and Equipment	(773,085)	(80,977)	186,324	(667,738)
Total Accumulated Depreciation	(1,220,356)	(224,667)	186,324	(1,258,699)
Depreciable Capital Assets, Net	955,468	(131,899)	(104,357)	719,212
Business-type Activities Capital Assets, Net	\$1,232,681	(\$68,539)	(\$104,357)	\$1,059,785

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 10 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental programs as follows:

General Government	
Legislative and Executive	\$212,699
Judicial	6,792
Public Safety	135,336
Public Works	205,380
Health	1,000
Human Services	109,651
Total Depreciation Expense	<u>\$670,858</u>

NOTE 11- RISK MANAGEMENT

Insurance

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

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

Insurance coverage provided includes the following:

General Liability (each occurrence)	\$1,000,000
Law Enforcement Liability (each occurrence)	1,000,000
Automobile Liability (each occurrence)	1,000,000
Errors and Omissions Liability (each occurrence)	1,000,000
Excess Liability	5,000,000
Property	33,309,215
Equipment	100,000,000
Crime	1,000,000
Uninsured/Underinsured Motorists	250,000
Stop Gap Liability	1,000,000

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

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 11 - RISK MANAGEMENT (Continued)

The County pays all elected officials' bonds by statute.

Self Insurance

The County is self-insured for medical, dental, vision and life insurance benefits. This plan provides medical plans with a \$250 deductible for single and a \$500 deductible for employee + 1 and families, dental plans with no deductible, and \$10,000 in accidental life insurance. A third party administrator, MCA Administrator, reviews all claims which are then paid by the County. The County purchases stop-loss coverage for claims in excess of \$70,000 per individual. The County contributed to the Employees Health Insurance Internal Service Fund \$404.20 per month for single employees, \$764.52 per month for employee + 1 and \$1,061.11 per month for family plans. This contribution is paid by the fund that pays the employee's salary and is based on historic cost information.

The liability for unpaid claims of \$254,584 reported in the fund at December 31, 2003, as estimated by an analysis of claim payments, is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for claims, including incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the Fund's claim liability amount in 2002 and 2003 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2002	\$328,540	\$1,739,073	\$1,717,423	\$350,190
2003	350,190	1,771,826	1,867,432	254,584

Workers' Compensation

Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. For 2003, the County participated in the County Commissioner's Association of Ohio Workers' Compensation Group Rating Program, provided by the County Commissioner's Association of Ohio Service Corporation (CCAOSC), a workers' compensation group purchasing pool (See Note 21). The intent of the CCAOSC is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the CCAOSC. Each participant pays its workers' compensation premium to the State based on the rate for the CCAOSC rather than its individual rate.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 11 - RISK MANAGEMENT (Continued)

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 12 - DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended December 31, 2003, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The County's contribution rate for pension benefits for 2003 was 8.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 11.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001 were \$922,435, \$895,759, and \$1,462,994, respectively; 74 percent has been contributed for 2003 and 100 percent for 2002 and 2001. Contributions to the member-directed plan for 2003 were \$11,789 made by the County and \$7,395 made by the plan members.

NOTE 13 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2003 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 5.00 percent of covered payroll was the portion that was used to fund health care.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 percent annually.

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

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were \$539,436. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 14 - DEFERRED COMPENSATION PLAN

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

NOTE 15 - LONG-TERM OBLIGATIONS

The schedule of changes in long-term obligations of the governmental activities of the County during 2003 follows:

	Balance at January 1, 2003	Increases	Decreases	Balance at December 31, 2003	Amounts Due in One Year
Notes Payable:					
2.25% Gradall Acquisition Note \$100,000	\$100,000	\$50,000	\$100,000	\$50,000	\$50,000
2.50% Court Computer Equipment Note \$25,000	20,000	15,000	20,000	15,000	15,000
Total Notes Payable	<u>120,000</u>	<u>65,000</u>	<u>120,000</u>	<u>65,000</u>	<u>65,000</u>
General Obligation Bonds:					
County Jail Refunding Bonds – Voted					
2.00 to 3.00% - Current Interest Bonds \$2,565,000	2,070,000	0	275,000	1,795,000	280,000
11.69 to 12.08% Original Issue on Capital Appreciation Bonds \$240,000	240,000	0	0	240,000	0
Accretion on Capital Appreciation Bonds	8,437	34,118	0	42,555	0
2.00 to 3.50% - 2002 Various Purpose - Unvoted \$1,440,000	1,440,000	0	115,000	1,325,000	125,000
4.40% to 6.15% - 1996 Fairgrounds Project – Unvoted \$200,000	165,000	0	10,000	155,000	10,000
TOTAL General Obligation Bonds	<u>3,923,437</u>	<u>34,118</u>	<u>400,000</u>	<u>3,557,555</u>	<u>415,000</u>
Other Long-Term Obligations:					
Compensated Absences Payable	796,769	411,001	465,044	742,726	10,598
TOTAL - General Long-Term Obligations	<u>\$4,840,206</u>	<u>\$510,119</u>	<u>\$985,044</u>	<u>\$4,365,281</u>	<u>\$490,598</u>

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

The notes outstanding at December 31, 2003, are general obligation notes which were refinanced during 2003. The notes are backed by the full faith and credit of the County.

All voted and unvoted general obligation bond issues will be paid from property taxes, transfers from the General Fund, and monies received from the Preble County Agricultural Society all received in the General Obligation Bond Retirement Debt Service Fund. The maturity amount of the capital appreciation bonds is \$650,000.

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

Changes in the long-term obligations reported for business-type activities during 2003 were as follows:

	Balance at January 1, 2003	Increases	Decreases	Balance at December 31, 2003	Amounts Due in One Year
Notes Payable:					
Landfill Compactor \$299,100	\$299,100	\$239,280	\$299,100	\$239,280	\$239,280
Landfill Construction \$200,000	133,333	66,667	133,333	66,667	66,667
Total Notes Payable	432,433	305,947	432,433	305,947	305,947
Loans Payable:					
5.28% - OWDA Loan \$142,459	0	120,493	0	120,493	120,493
0.00% - OWDA Loan \$22,595	18,075	0	2,260	15,815	15,815
0.00% - OWDA Loan \$50,000	45,000	0	5,000	40,000	40,000
0.00% - OPWC Loan \$227,160	204,444	0	11,358	193,086	11,358
Total Loans Payable	267,519	120,493	18,618	369,394	187,666
General Obligation Bond Payable:					
3.75% to 5.50% - 1996 Landfill Improvement Bond \$4,880,000	3,835,812	0	198,986	3,636,826	205,000
Compensated Absences	33,438	14,818	15,355	32,901	0
Landfill Closure and Postclosure	1,872,317	146,999	0	2,019,316	0
Total – Business-type Activities	\$6,441,519	\$588,257	\$665,392	\$6,364,384	\$698,613

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

The County has two OWDA Loans and an OPWC loan outstanding at December 31, 2003, in the amounts of \$15,815, \$40,000, and \$193,086 for a total of \$248,901. The OWDA loans bear interest rates of 0 percent per annum and are payable in annual installments through 2010 and 2011, respectively. The County also agreed to pay 2% interest on \$21,778, which are the amount of the OWDA loans currently in arrears. The OPWC loan bears an interest rate of 0 percent and is payable in semi-annual installments through 2021. The loans were originally received by the Village of West Elkton during 1994 and 1995 in the amount of \$299,755, and were assumed by the County, in 2000, when the village could not repay the loans. Current operations of the sewer fund are expected to provide sufficient cash flows to fund debt service requirements.

The County had a new OWDA loan issued during 2003. The total amount of the loan is \$142,459, of which \$120,493 was received in 2003 with the rest to be received during 2004. The loan was issued with an interest rate of 5.28% with final maturity of July 1, 2008. Current operations of the sewer fund are expected to provide sufficient cash flows to fund debt service requirements.

The Landfill Improvement General Obligation Bond is reported at carrying value. Principal paid in 2003 was \$200,000, and the amortized bond discount for 2003 was \$1,014, and the unamortized amount is \$13,174. The bond was issued for the purpose of paying closure and postclosure costs. The general obligation bond payable will be paid off with user charges which are received in the Landfill Enterprise Fund.

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt should not exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The effects of the debt limitations at December 31, 2003, are an overall legal debt margin of \$16,728,415 and an unvoted legal debt margin of \$7,291,366.

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

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

Governmental Activities						
Year	Notes Payable		General Obligation Serial Bonds		General Obligation Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$65,000	\$1,029	\$415,000	\$95,284	\$0	\$0
2005	0	0	425,000	86,625	0	0
2006	0	0	430,000	77,755	0	0
2007	0	0	440,000	67,936	0	0
2008	0	0	450,000	56,594	0	0
2009-2013	0	0	665,000	150,333	240,000	410,000
2014-2018	0	0	280,000	75,401	0	0
2019-2021	0	0	170,000	15,353	0	0
Total	\$65,000	\$1,029	\$3,275,000	\$625,281	\$240,000	\$410,000

Business Type Activities						
Year	Notes Payable		Loans Payable		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$305,947	\$4,558	\$187,666	\$6,798	\$205,000	\$189,952
2005	0	0	11,358	0	215,000	180,624
2006	0	0	11,358	0	225,000	170,628
2007	0	0	11,358	0	235,000	160,052
2008	0	0	11,358	0	250,000	148,656
2009-2013	0	0	56,790	0	1,450,000	536,924
2014-2018	0	0	56,790	0	1,070,000	119,629
2019-2021	0	0	22,716	0	0	0
Total	\$305,947	\$4,558	\$369,394	\$6,798	\$3,650,000	\$1,506,465

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 16 – SHORT-TERM OBLIGATIONS

Changes in the short-term obligations during 2003 were as follows:

Fund Type/Fund/Issue	Interest Rate	Balance at January 1, 2003	Increases	Decreases	Balance at December 31, 2003
Major Funds:					
Motor Vehicle License and Gas Tax Flood Damage	1.27%	\$0	\$1,200,000	\$0	\$1,200,000
Mental Retardation Levy Mental Retardation Development	1.14%	200,000	255,000	200,000	255,000
Nonmajor Funds:					
Ditch and Guardrail Construction West Alex Ditch Construction	1.89%	5,824	0	5,824	0
Total Governmental Funds		\$205,824	\$1,455,000	\$205,824	\$1,455,000

All of the notes are backed by the full faith and credit of the County and mature within one year. The Flood Damage Note will be paid through the Motor Vehicle License and Gas Tax Special Revenue Fund. The Mental Retardation Development Note will be paid through the Mental Retardation Levy Special Revenue Fund, and the Ditch and the West Alex Ditch Construction Note was paid from the Ditch and Guardrail Construction Capital Projects Fund. The notes are issued in anticipation of long-term bond financing, and the County intends to refinance the notes until such bonds are issued. The liability for the notes is presented in the fund that received the note proceeds.

NOTE 17 - INTERFUND ASSETS/LIABILITES

Interfund balances at December 31, 2003, consisted of the following amounts and result from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting, and (3) payments between funds are made. All are expected to be paid within one year.

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 17 - INTERFUND TRANSACTIONS (Continued)

<u>Interfund Payable</u>	<u>Interfund Receivable</u>		
	General Fund	Nonmajor Governmental Funds	Total
Motor Vehicle and Gas Tax Fund	\$0	\$3,861	\$3,861
Human Services Fund	12,349	0	12,349
Nonmajor Governmental Funds	165,970	0	165,970
Sewer Enterprise Fund	0	25,157	25,157
Landfill Enterprise Fund	287,384	0	287,384
Total	<u>\$465,703</u>	<u>\$29,018</u>	<u>\$494,721</u>

Interfund transfers for the year ended December 31, 2003, consisted of the following:

<u>Transfers To</u>	<u>Transfers From</u>		
	General Fund	Human Service Fund	Total
Human Services Fund	\$99,589	\$0	\$99,589
Nonmajor Governmental Funds	47,401	64,457	111,858
Employees Health Insurance Fund	32,078	0	32,078
Total	<u>\$179,068</u>	<u>\$64,457</u>	<u>\$243,525</u>

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

NOTE 18 - DISCRETELY PRESENTED COMPONENT UNIT

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 18 - DISCRETELY PRESENTED COMPONENT UNIT (Continued)

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

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

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

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

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

PROPERTY AND EQUIPMENT - Assets are recorded at cost and depreciation is computed principally using the straight-line method over the estimated useful lives of the assets (10-20 years for leasehold improvements, 3-5 years for vehicles, 5-10 years for machinery and equipment). Donated assets are recorded at estimated fair market value at the time of donation. Routine maintenance, repairs and renewals are charged to income as incurred. Renewals and betterments which substantially increase the life of an asset are capitalized. At retirement or sale, the cost of assets, less the related accumulated depreciation, is removed from the accounts and resulting gains or losses are included in income.

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 18 - DISCRETELY PRESENTED COMPONENT UNIT (Continued)

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

ADVERTISING - Advertising costs are expensed as incurred.

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

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

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

B. CONCENTRATIONS OF CREDIT RISK

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

Two customers represent 81% of total assembly contract billings for 2003, and one customer represents 76% of accounts receivable at December 31, 2003.

C. PROPERTY AND EQUIPMENT

Property and equipment consists of:

<u>2003</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Leasehold Improvements	\$76,534	\$21,888	\$54,646
Vehicles	71,671	71,671	0
Machinery and Equipment	123,112	100,888	22,224
Total	<u>\$271,317</u>	<u>\$194,447</u>	<u>\$76,870</u>

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

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 18 - DISCRETELY PRESENTED COMPONENT UNIT (Continued)

D. DONATED SERVICES AND FACILITIES

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

	2003
Salaries and benefits expense	
incurred by MRDD Board	\$1,297,693
Less payments from L&M Products	(7,593)
Value of MRDD Board Contribution	1,290,100
Other donated services	135
Value of all donated services	\$1,290,235
Costs paid by MRDD Board	\$108,784
Less payments from L&M Products	(646)
Estimated Equivalent Rental Value of Facilities	
Owned by MRDD Board	80,314
Value of facilities donated by MRDD Board	\$188,452

E. RELATED PARTY TRANSACTIONS

Three board members are employed by customers of the company; another is employed by the MRDD Board. One board member is employed by a bank in which the company maintains deposit accounts, and has a family member employed by the company. Another board member received minimal compensation for services provided to the Company in 2003.

F. COMMITMENTS AND CONTINGENCIES

At December 31, 2003, the company had committed to purchase software and related support for \$6,000. The purchase is contingent upon the successful installation and suitability of the software.

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 19 - RELATED ORGANIZATIONS

Preble County Library Board

The Preble County Library Board is a related organization to the County. The County Officials (the Commissioners, the Probate Court and the Common Pleas Court) are responsible for appointing the trustees of the Library Board; however, the County Officials cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the County. Although the County does serve as the taxing authority and may issue tax related debt on behalf of the Library Board, its role is limited to a ministerial function. Once the Library Board determines to present a levy to the voters, including the determination of the rate and duration, the County must place the levy on the ballot. The Library may issue debt and determines its own budget. During 2003, the County did not make any significant financial contributions to the operation of the Library. Financial information for the Library may be obtained by writing to Beverly Keefe, Treasurer of the Preble County Library Board, 450 S. Barron Street, Eaton, Ohio 45320.

Preble Metropolitan Housing Authority

The Preble Metropolitan Housing Authority (PMHA) is a related organization to the County. The general purpose of the PMHA is to provide decent, safe, and sanitary housing for qualified persons within the County. The ability to influence operations depends on the County's representation on the Board. The PMHA Board is composed of five representatives: one member appointed by the County Common Pleas Court Judge; one member appointed by the County Commissioners; one member appointed by the County Probate Court Judge; and two members appointed by the Mayor of Eaton. During 2003, the County did not make any significant financial contributions to the operation of the PMHA. Financial information may be obtained by writing to Alice Flora, Director of the Preble Metropolitan Housing Authority, 100 East Main Street, Eaton, Ohio 45320.

NOTE 20 - JOINT VENTURE

Preble County Emergency Management Agency

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

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 20 - JOINT VENTURE (Continued)

The Board is composed of the following seven members: one County Commissioner representing the Board of County Commissioners; five chief executives representing the municipal corporations and townships entering into the agreement; and one non-elected representative. The County contributed \$20,849 for the operation of the agency during 2003.

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

NOTE 21 – RISK SHARING POOL

County Risk Sharing Authority (CORSA)

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

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

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 22 - GROUP PURCHASING POOL

County Commissioner's Association of Ohio Service Corporation

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

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

NOTE 22 - CLOSURE AND POSTCLOSURE COSTS

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

The \$2,019,316 reported as landfill closure and postclosure care liability at December 31, 2003, represents the cumulative amount reported to date based on the use of 25.51 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$5,895,404 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2003. The County expects to close the landfill in the year 2044.

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

**PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 23 - CONTINGENT LIABILITIES

Litigation

The County is involved in a number of claims and lawsuits which may be classified as routine litigation in which minimal non-material damages are being sought. In addition, the County is a defendant in numerous other claims and lawsuits ranging from tort liability to civil rights litigation in which the County believes the amounts claimed are overstated and not fair estimates of the ultimate settlements, if any, of these claims. Amounts paid by the County in 2003 for litigation settled were not material.

Federal and State Grants

The County participates in a number of Federal and State assisted grant programs. The major programs are: Community Development Block Grant; Ohio Department of Human Services; and Ohio Commission of Aging. These programs are subject to financial and compliance audits by grantors or representatives. At December 31, 2003, the audits of certain programs had not been completed. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The County believes that disallowed claims, if any, will not have a material adverse effect on the County's financial position.

NOTE 24 - RELATED PARTY TRANSACTIONS

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

PREBLE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 25 - CONTRACTUAL COMMITMENTS

As of December 31, 2003, Preble County had contractual purchase commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Amount</u>
Weatherproofing Tech	Roofing Project	\$141,699
Appraisal Research Corp.	Revaluation	214,116
Malcolm Pirnie Inc.	Landfill	253,950
Metcalf and Eddy	Ground Water Monitoring	13,097
C G Construction and Utilities	Gratis Waterline	36,706
Eastman and Smith	Professional Services	53,139
Floyd, Brown and Associates	Engineering Services	42,790
Totals		<u>\$755,497</u>

NOTE 26 – SUBSEQUENT EVENT

On June 24, 2004 the County obtained an OWDA loan in the amount of \$820,238. The loans were issued for the construction of the West Elkton sewer system, and the County's three outstanding OWDA loans at December 31, 2003 were also rolled into this new loan. The loan was issued with a 0% interest rate and matures on July 1, 2025.

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COMBINING FINANCIAL STATEMENTS

COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

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

Children Services

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

Other Legislative and Executive

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

Other Judicial

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

Other Public Safety

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

Other Public Works

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

Other Health

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

Other Human Services

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

Other Community and Economic Development

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

Nonmajor Debt Service Funds

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

Special Assessment Bond Retirement

To account for the principal and interest payments of special assessment debt. Budgetary information has not been presented for this fund because the County did not anticipate any revenues or expenditures in 2003. The budgetary fund balance was \$401 at December 31, 2003.

(continued)

COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

General Obligation Bond Retirement

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

Nonmajor Capital Projects Funds

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

Issue II

To account for capital grants received from the Ohio Public Works Commission for an improvement project for multiple bridge and culvert replacements. Budgetary information has not been presented for this fund because the County did not anticipate any revenues or expenditures in 2003 and none occurred. The budgetary fund balance was \$2,800 at December 31, 2003.

Permanent Improvement

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

Building Construction

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

Ditch and Guardrail Construction

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

Road and Bridge Construction

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

PREBLE COUNTY, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,158,358	\$740,490	\$1,575,448	\$4,474,296
Cash and Cash Equivalents in Segregated Accounts	106,881	0	0	106,881
Receivables:				
Taxes	398,224	238,255	0	636,479
Accounts	22,656	0	0	22,656
Special Assessments	114,009	0	8,579	122,588
Interfund	3,861	0	25,157	29,018
Due From Other Governments	357,123	13,682	6,412	377,217
Materials and Supplies Inventory	3,965	0	0	3,965
Prepaid Items	523	0	0	523
Total Assets	\$3,165,600	\$992,427	\$1,615,596	\$5,773,623
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$148,655	\$0	\$1,834	\$150,489
Contracts Payable	48,624	0	7,841	56,465
Retainage Payable	20,246	0	5,070	25,316
Accrued Salaries Payable	58,125	0	0	58,125
Due to Other Governments	16,708	0	0	16,708
Interfund Payable	163,468	0	2,502	165,970
Matured Compensated Absences Payable	12,342	0	0	12,342
Deferred Revenue	765,298	252,321	8,579	1,026,198
Total Liabilities	1,233,466	252,321	25,826	1,511,613
Fund Balances:				
Reserved for Encumbrances	276,516	0	2,037	278,553
Unreserved				
Undesignated, Reported in:				
Special Revenue Funds	1,655,618	0	0	1,655,618
Debt Service Funds	0	740,106	0	740,106
Capital Projects Funds	0	0	1,587,733	1,587,733
Total Fund Balances	1,932,134	740,106	1,589,770	4,262,010
Total Liabilities and Fund Balances	\$3,165,600	\$992,427	\$1,615,596	\$5,773,623

PREBLE COUNTY, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2003

	Children Services	Other Legislative and Executive	Other Judicial
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$214,874	\$847,324	\$189,535
Cash and Cash Equivalents in Segregated Accounts	0	0	0
Receivables:			
Taxes	398,224	0	0
Accounts	1,748	0	972
Special Assessments	0	0	0
Interfund	0	0	0
Due from Other Governments	150,446	0	402
Materials and Supplies Inventory	0	0	0
Prepaid Items	523	0	0
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$765,815</u>	<u>\$847,324</u>	<u>\$190,909</u>
Liabilities:			
Accounts Payable	\$111,038	\$34,491	\$216
Contracts Payable	0	11,171	0
Retainage Payable	0	10,715	0
Accrued Salaries Payable	0	11,597	7,854
Due to Other Governments	0	1,694	1,180
Interfund Payable	0	0	0
Compensated Absences Payable	0	0	0
Deferred Revenue	539,116	0	402
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>650,154</u>	<u>69,668</u>	<u>9,652</u>
Fund Equity:			
Fund Balances:			
Reserved for Encumbrances	0	208,116	16,470
Unreserved			
Undesignated (Deficit)	115,661	569,540	164,787
	<u> </u>	<u> </u>	<u> </u>
Total Fund Equity (Deficit)	<u>115,661</u>	<u>777,656</u>	<u>181,257</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Equity	<u>\$765,815</u>	<u>\$847,324</u>	<u>\$190,909</u>

Other Public Safety	Other Public Works	Other Health	Other Human Services	Other Community and Economic Development	Total Nonmajor Special Revenue Funds
\$423,113	\$25,174	\$22,283	\$428,610	\$7,445	\$2,158,358
106,881	0	0	0	0	106,881
0	0	0	0	0	398,224
6,558	0	120	13,258	0	22,656
0	114,009	0	0	0	114,009
0	3,861	0	0	0	3,861
93,630	0	0	68,645	44,000	357,123
0	0	0	3,965	0	3,965
0	0	0	0	0	523
<u>\$630,182</u>	<u>\$143,044</u>	<u>\$22,403</u>	<u>\$514,478</u>	<u>\$51,445</u>	<u>\$3,165,600</u>
\$1,271	\$0	\$825	\$302	\$512	148,655
0	0	0	0	37,453	48,624
0	0	0	0	9,531	20,246
3,985	8,114	3,780	22,795	0	58,125
950	1,281	582	3,727	7,294	16,708
0	155,000	0	7,009	1,459	163,468
0	12,342	0	0	0	12,342
53,265	114,009	0	58,506	0	765,298
<u>59,471</u>	<u>290,746</u>	<u>5,187</u>	<u>92,339</u>	<u>56,249</u>	<u>1,233,466</u>
8,028	3,078	4,038	36,743	43	276,516
<u>562,683</u>	<u>(150,780)</u>	<u>13,178</u>	<u>385,396</u>	<u>(4,847)</u>	<u>1,655,618</u>
<u>570,711</u>	<u>(147,702)</u>	<u>17,216</u>	<u>422,139</u>	<u>(4,804)</u>	<u>1,932,134</u>
<u>\$630,182</u>	<u>\$143,044</u>	<u>\$22,403</u>	<u>\$514,478</u>	<u>\$51,445</u>	<u>\$3,165,600</u>

PREBLE COUNTY, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 DECEMBER 31, 2003

	<u>Special Assessment Bond Retirement</u>	<u>General Obligation Bond Retirement</u>	<u>Total Nonmajor Debt Service Funds</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$401	\$740,089	\$740,490
Receivables:			
Property Taxes	0	238,255	238,255
Due From Other Governments	<u>0</u>	<u>13,682</u>	<u>13,682</u>
Total Assets	<u>\$401</u>	<u>\$992,026</u>	<u>\$992,427</u>
Liabilities and Fund Balances			
Liabilities:			
Deferred Revenue	0	252,321	252,321
Fund Balances:			
Unreserved, Undesignated	<u>401</u>	<u>739,705</u>	<u>740,106</u>
Total Liabilities and Fund Balances	<u>\$401</u>	<u>\$992,026</u>	<u>\$992,427</u>

PREBLE COUNTY, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Issue II	Permanent Improvement	Building Construction	Ditch and Guardrail Construction	Road and Bridge Construction	Total Nonmajor Capital Projects Funds
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$2,800	\$1,485,415	\$75,473	\$11,760	\$0	\$1,575,448
Receivables:						
Special Assessments	0	0	0	8,579	0	8,579
Interfund	0	25,157	0	0	0	25,157
Due from Other Governments	0	0	0	0	6,412	6,412
Total Assets	\$2,800	\$1,510,572	\$75,473	\$20,339	\$6,412	\$1,615,596
Liabilities:						
Accounts Payable	\$0	\$0	\$1,834	\$0	\$0	1,834
Contracts Payable	0	7,841	0	0	0	7,841
Retainage Payable	0	0	5,070	0	0	5,070
Interfund Payable	0	0	0	2,502	0	2,502
Deferred Revenue	0	0	0	8,579	0	8,579
Total Liabilities	0	7,841	6,904	11,081	0	25,826
Fund Equity:						
Fund Balances:						
Reserved for Encumbrances	0	0	2,037	0	0	2,037
Unreserved:						
Undesignated	2,800	1,502,731	66,532	9,258	6,412	1,587,733
Total Fund Equity	2,800	1,502,731	68,569	9,258	6,412	1,589,770
Total Liabilities and Fund Equity	\$2,800	\$1,510,572	\$75,473	\$20,339	\$6,412	\$1,615,596

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PREBLE COUNTY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$438,913	\$220,654	\$0	\$659,567
Charges for Services	1,094,861	0	0	1,094,861
Licenses and Permits	61,425	0	0	61,425
Fines and Forfeitures	44,823	0	0	44,823
Intergovernmental	2,178,817	26,806	327,949	2,533,572
Special Assessments	122,686	0	4,017	126,703
Interest	2,288	0	96	2,384
Other	5,041	86,743	0	91,784
Total Revenues	3,948,854	334,203	332,062	4,615,119
Expenditures:				
Current:				
General Government:				
Legislative and Executive	473,115	0	0	473,115
Judicial	289,589	0	0	289,589
Public Safety	354,956	0	0	354,956
Public Works	212,043	0	0	212,043
Health	103,451	0	0	103,451
Human Services	2,187,727	0	0	2,187,727
Community and Economic Development	515,767	0	0	515,767
Capital Outlay	0	0	656,020	656,020
Debt Service:				
Principal Retirement	20,000	400,000	0	420,000
Interest and Fiscal Charges	500	102,429	90	103,019
Total Expenditures	4,157,148	502,429	656,110	5,315,687
Excess of Revenues Under Expenditures	(208,294)	(168,226)	(324,048)	(700,568)
Other Financing Sources:				
Proceeds from Sale of Notes	15,000	0	0	15,000
Transfers - In	47,401	64,457	0	111,858
Total Other Financing Sources	62,401	64,457	0	126,858
Net Change in Fund Balances	(145,893)	(103,769)	(324,048)	(573,710)
Fund Balances Beginning of Year	2,078,027	843,875	1,913,818	4,835,720
Fund Balances End of Year	\$1,932,134	\$740,106	\$1,589,770	\$4,262,010

PREBLE COUNTY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Children Services	Other Legislative and Executive	Other Judicial
Revenues:			
Property Taxes	\$368,346	\$70,567	\$0
Charges for Services	93,924	341,562	302,751
Licenses and Permits	0	0	0
Fines and Forfeitures	0	0	0
Intergovernmental	771,472	7,027	15,813
Special Assessments	0	0	0
Interest	0	0	0
Other	0	0	0
Total Revenues	1,233,742	419,156	318,564
Expenditures:			
Current:			
General Government			
Legislative and Executive	0	473,115	0
Judicial	0	0	289,589
Public Safety	0	0	0
Public Works	0	0	0
Health	0	0	0
Human Services	1,425,859	0	0
Community and Economic Development	0	0	0
Debt Service:			
Principal Retirement	0	0	20,000
Interest and Fiscal Charges	0	0	500
Total Expenditures	1,425,859	473,115	310,089
Excess of Revenues Over (Under) Expenditures	(192,117)	(53,959)	8,475
Other Financing Sources:			
Proceeds from Sale of Notes	0	0	15,000
Operating Transfers - In	725	0	0
Total Other Financing Sources	725	0	15,000
Net Change in Fund Balances	(191,392)	(53,959)	23,475
Fund Balances (Deficit) at Beginning of Year	307,053	831,615	157,782
Fund Balances (Deficit) at End of Year	\$115,661	\$777,656	\$181,257

Other Public Safety	Other Public Works	Other Health	Other Human Services	Other Community and Economic Development	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$438,913
195,962	21,158	4,795	134,709	0	1,094,861
0	0	61,425	0	0	61,425
24,412	0	12,059	8,352	0	44,823
288,846	0	0	606,206	489,453	2,178,817
0	122,686	0	0	0	122,686
2,288	0	0	0	0	2,288
0	0	714	4,327	0	5,041
<u>511,508</u>	<u>143,844</u>	<u>78,993</u>	<u>753,594</u>	<u>489,453</u>	<u>3,948,854</u>
0	0	0	0	0	473,115
0	0	0	0	0	289,589
354,956	0	0	0	0	354,956
0	212,043	0	0	0	212,043
0	0	103,451	0	0	103,451
0	0	0	761,868	0	2,187,727
0	0	0	0	515,767	515,767
0	0	0	0	0	20,000
0	0	0	0	0	500
<u>354,956</u>	<u>212,043</u>	<u>103,451</u>	<u>761,868</u>	<u>515,767</u>	<u>4,157,148</u>
<u>156,552</u>	<u>(68,199)</u>	<u>(24,458)</u>	<u>(8,274)</u>	<u>(26,314)</u>	<u>(208,294)</u>
0	0	0	0	0	15,000
0	0	24,311	22,365	0	47,401
0	0	24,311	22,365	0	62,401
156,552	(68,199)	(147)	14,091	(26,314)	(145,893)
414,159	(79,503)	17,363	408,048	21,510	2,078,027
<u>\$570,711</u>	<u>(\$147,702)</u>	<u>\$17,216</u>	<u>\$422,139</u>	<u>(\$4,804)</u>	<u>\$1,932,134</u>

PREBLE COUNTY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Special Assessment Bond Retirement	General Obligation Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:			
Property Taxes	\$0	\$220,654	\$220,654
Intergovernmental	0	26,806	26,806
Other	0	86,743	86,743
Total Revenues	<u>0</u>	<u>334,203</u>	<u>334,203</u>
Expenditures:			
Debt Service:			
Principal Retirement	0	400,000	400,000
Interest and Fiscal Charges	0	102,429	102,429
Total Expenditures	<u>0</u>	<u>502,429</u>	<u>502,429</u>
Excess of Revenues Over (Under) Expenditures	0	(168,226)	(168,226)
Other Financing Sources:			
Operating Transfers - In	0	64,457	64,457
Net Change in Fund Balances	0	(103,769)	(103,769)
Fund Balances at Beginning of Year	<u>401</u>	<u>843,474</u>	<u>843,875</u>
Fund Balances at End of Year	<u><u>\$401</u></u>	<u><u>\$739,705</u></u>	<u><u>\$740,106</u></u>

PREBLE COUNTY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Issue II</u>	<u>Permanent Improvement</u>	<u>Building Construction</u>	<u>Ditch and Guardrail Construction</u>	<u>Road and Bridge Construction</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:						
Intergovernmental	\$0	\$3,965	\$0	\$0	\$323,984	\$327,949
Special Assessments	0	0	0	4,017	0	4,017
Interest	0		96	0	0	96
Total Revenues	<u>0</u>	<u>3,965</u>	<u>96</u>	<u>4,017</u>	<u>323,984</u>	<u>332,062</u>
Expenditures:						
Capital Outlay	0	208,783	129,665	0	317,572	656,020
Debt Service:						
Interest and Fiscal Charges	0	0	0	90	0	90
Total Expenditures	<u>0</u>	<u>208,783</u>	<u>129,665</u>	<u>90</u>	<u>317,572</u>	<u>656,110</u>
Net Changes in Fund Balances	0	(204,818)	(129,569)	3,927	6,412	(324,048)
Fund Balances at Beginning of Year	<u>2,800</u>	<u>1,707,549</u>	<u>198,138</u>	<u>5,331</u>	<u>0</u>	<u>1,913,818</u>
Fund Balances at End of Yea	<u>\$2,800</u>	<u>\$1,502,731</u>	<u>\$68,569</u>	<u>\$9,258</u>	<u>\$6,412</u>	<u>\$1,589,770</u>

COMBINING STATEMENTS – AGENCY FUNDS

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

Health

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

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

Payroll Distribution

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

Soil and Water Conservation

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

Forfeited Land Sales

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

Disaster Services

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

(Continued)

COMBINING STATEMENTS – AGENCY FUNDS
(Continued)

Emergency Planning Committee - Right to Know

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

Family and Children's First Council

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

Housing Trust

To account for additional service fees charged by the county recorder payable to the State of Ohio.

Law Library

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

Undivided General Tax

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

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

Fines

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

Local Government

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

(Continued)

COMBINING STATEMENTS – AGENCY FUNDS
(Continued)

Council on Aging

To account for receipts and distribution of tax revenue.

Sheriff Agency

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

Alimony and Child Support

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

County Court Agency

To account for Clerk of Courts fees, Probate Court fees, Juvenile Court fees, and County Municipal Court fees.

PREBLE COUNTY, OHIO
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003

HEALTH	Beginning Balance 1/1/2003	Additions	Reductions	Ending Balance 12/31/2003
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$195,372	\$1,585,121	\$1,420,168	\$360,325
Taxes Receivable	269,930	287,478	269,930	287,478
Accounts Receivable	2,500	2,000	2,500	2,000
Special Assessments Receivable	872	853	872	853
Due from Other Governments	16,852	15,655	16,852	15,655
Total Assets	\$485,526	\$1,891,107	\$1,710,322	\$666,311
Liabilities:				
Accounts Payable	\$355	\$0	\$355	\$0
Accrued Salaries Payable	41,647	48,754	41,647	48,754
Due to Other Governments	25,922	32,605	25,922	32,605
Deposits Held and Due to Others	417,602	1,959,031	1,791,681	584,952
Total Liabilities	\$485,526	\$2,040,390	\$1,859,605	\$666,311
PAYROLL DISTRIBUTION				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$30,033	\$110	\$0	\$30,143
Liabilities:				
Undistributed Money	\$30,033	\$110	\$0	\$30,143
SOIL AND WATER CONSERVATION				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$32,140	\$275,668	\$284,158	\$23,650
Liabilities:				
Accrued Salaries Payable	\$11,706	\$11,925	\$11,706	\$11,925
Due to Other Governments	7,662	7,932	7,662	7,932
Undistributed Money	12,772	295,036	304,015	3,793
Total Liabilities	\$32,140	\$314,893	\$323,383	\$23,650
FORFEITED LAND SALES				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$29,042	\$0	\$0	\$29,042
Liabilities:				
Deposits Held and Due to Others	\$29,042	\$0	\$0	\$29,042

(Continued)

PREBLE COUNTY, OHIO
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003
 (Continued)

	Beginning Balance 1/1/2003	Additions	Reductions	Ending Balance 12/31/2003
DISASTER SERVICES				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$73,082	\$163,951	\$155,460	\$81,573
Liabilities:				
Accounts Payable	\$0	\$45,417	\$0	\$45,417
Contracts Payable	303	0	303	0
Accrued Salaries Payable	1,673	3,731	1,673	3,731
Due to Other Governments	618	2,462	618	2,462
Undistributed Money	70,488	166,545	207,070	29,963
Total Liabilities	\$73,082	\$218,155	\$209,664	\$81,573
EMERGENCY PLANNING COMMITTEE-RIGHT TO KNOW				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$33,875	\$18,990	\$6,263	\$46,602
Liabilities:				
Undistributed Money	\$33,875	\$18,990	\$6,263	\$46,602
FAMILY AND CHILDREN'S FIRST COUNCIL				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$125,920	\$339,003	\$365,388	\$99,535
Accounts Receivable	6,615	0	6,615	0
Total Assets	\$132,535	\$339,003	\$372,003	\$99,535
Liabilities:				
Accounts Payable	\$7,787	\$0	\$7,787	\$0
Accrued Salaries Payable	4,092	2,561	4,092	2,561
Due to Other Governments	2,394	1,833	2,394	1,833
Deposits Held and Due to Others	118,262	353,276	376,397	95,141
Total Liabilities	\$132,535	\$357,670	\$390,670	\$99,535
HOUSING TRUST				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$144,152	\$63,361	\$80,791
Liabilities:				
Deposits Held and Due to Others	\$0	\$144,152	\$63,361	\$80,791
LAW LIBRARY				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$42,075	\$47,545	\$50,632	\$38,988
Liabilities:				
Deposits Held and Due to Others	\$42,075	\$47,545	\$50,632	\$38,988

(Continued)

PREBLE COUNTY, OHIO
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003
 (Continued)

	Beginning Balance 1/1/2003	Additions	Reductions	Ending Balance 12/31/2003
UNDIVIDED GENERAL TAX				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,090,519	\$61,791,997	\$61,478,286	\$1,404,230
Receivables:				
Taxes	27,040,483	33,480,402	27,040,483	33,480,402
Accounts	23,913	11,133	23,913	11,133
Special Assessments	1,117,474	965,099	1,117,474	965,099
Due from Other Governments	1,828,484	1,686,309	1,828,484	1,686,309
Total Assets	<u>\$31,100,873</u>	<u>\$97,934,940</u>	<u>\$91,488,640</u>	<u>\$37,547,173</u>
Liabilities:				
Accrued Salaries Payable	\$0	\$136	\$0	\$136
Due to Other Governments	30,010,354	36,143,035	30,010,354	36,143,035
Undistributed Money	1,090,519	127,945,294	127,631,811	1,404,002
Total Liabilities	<u>\$31,100,873</u>	<u>\$164,088,465</u>	<u>\$157,642,165</u>	<u>\$37,547,173</u>
FINES				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$300	\$148,497	\$147,682	\$1,115
Receivables:				
Accounts	0	11,115	0	11,115
Total Assets	<u>\$300</u>	<u>\$159,612</u>	<u>\$147,682</u>	<u>\$12,230</u>
Liabilities:				
Undistributed Money	<u>\$300</u>	<u>\$159,612</u>	<u>\$147,682</u>	<u>\$12,230</u>
LOCAL GOVERNMENT				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$1,767,526	\$1,767,526	\$0
Due from Other Governments	567,648	525,684	567,648	525,684
Total Assets	<u>\$567,648</u>	<u>\$2,293,210</u>	<u>\$2,335,174</u>	<u>\$525,684</u>
Liabilities:				
Due to Other Governments	567,648	525,684	567,648	525,684
Undistributed Money	0	2,860,858	2,860,858	0
Total Liabilities	<u>\$567,648</u>	<u>\$3,386,542</u>	<u>\$3,428,506</u>	<u>\$525,684</u>
COUNCIL ON AGING				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$672,357	\$672,357	\$0
Due from Other Governments	32,224	36,046	32,224	36,046
Total Assets	<u>\$32,224</u>	<u>\$708,403</u>	<u>\$704,581</u>	<u>\$36,046</u>
Liabilities:				
Undistributed Money	<u>\$32,224</u>	<u>\$708,403</u>	<u>\$704,581</u>	<u>\$36,046</u>

(Continued)

PREBLE COUNTY, OHIO
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003
 (Continued)

	Beginning Balance 1/1/2003	Additions	Reductions	Ending Balance 12/31/2003
SHERIFF AGENCY				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$172,263	\$3,244,979	\$3,042,065	\$375,177
Liabilities:				
Deposits Held and Due to Others	\$172,263	\$3,244,979	\$3,042,065	\$375,177
ALIMONY AND CHILD SUPPORT				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$18,763	\$302,256	\$302,378	\$18,641
Liabilities:				
Deposits Held and Due to Others	\$18,763	\$302,256	\$302,378	\$18,641
COUNTY COURT AGENCY				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$537,224	\$6,667,845	\$6,348,379	\$856,690
Receivables:				
Accounts	66,988	55,487	66,988	55,487
Total Assets	\$604,212	\$6,723,332	\$6,415,367	\$912,177
Liabilities:				
Deposits Held and Due to Others	\$604,212	\$6,723,332	\$6,415,367	\$912,177
TOTAL AGENCY FUNDS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,610,283	\$66,907,372	\$66,360,649	\$2,157,006
Cash and Cash Equivalents in Segregated Accounts	770,325	10,262,625	9,743,454	1,289,496
Receivables:				
Taxes	27,310,413	33,767,880	27,310,413	33,767,880
Accounts	100,016	79,735	100,016	79,735
Special Assessments	1,118,346	965,952	1,118,346	965,952
Due from Other Governments	2,445,208	2,263,694	2,445,208	2,263,694
Total Assets	\$33,354,591	\$114,247,258	\$107,078,086	\$40,523,763
Liabilities:				
Accounts Payable	\$8,142	\$45,417	\$8,142	\$45,417
Contracts Payable	303	0	303	0
Accrued Salaries Payable	59,118	67,107	59,118	67,107
Due to Other Governments	30,614,598	36,713,551	30,614,598	36,713,551
Undistributed Money	1,270,211	132,154,848	131,862,280	1,562,779
Deposits Held and Due to Others	1,402,219	12,774,571	12,041,881	2,134,909
Total Liabilities	\$33,354,591	\$181,755,494	\$174,586,322	\$40,523,763

INDIVIDUAL FUND SCHEDULES OF REVENUES,
EXPENDITURES/EXPENSES AND CHANGES IN
FUND BALANCES/FUND EQUITY –
BUDGET AND ACTUAL (BUDGET BASIS)

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Property Taxes	\$1,550,651	\$1,545,460	(\$5,191)
Permissive Sales Tax	3,945,077	3,948,732	3,655
Charges for Services	2,045,481	2,045,573	92
Licenses and Permits	4,616	4,291	(325)
Fines and Forfeitures	73,617	70,829	(2,788)
Intergovernmental	1,105,487	1,131,049	25,562
Interest	272,776	278,648	5,872
Other	196,572	136,553	(60,019)
Total Revenues	9,194,277	9,161,135	(33,142)
Expenditures:			
Current:			
General Government			
Legislative and Executive			
County Commissioners			
Personal Services	350,631	346,699	3,932
Materials and Supplies	8,358	7,848	510
Charges and Services	258,189	241,721	16,468
Other	73,267	68,225	5,042
Total County Commissioners	690,445	664,493	25,952
Microfilm			
Personal Services	65,785	65,195	590
Materials and Supplies	7,058	4,811	2,247
Charges and Services	2,948	2,083	865
Other	2,239	909	1,330
Total Microfilm	78,030	72,998	5,032
County Auditor			
Personal Services	180,320	180,270	50
Materials and Supplies	2,542	2,302	240
Charges and Services	10,597	10,019	578
Capital Purchases	1,136	1,025	111
Other	1,063	1,063	0
Total County Auditor	195,658	194,679	979
County Treasurer			
Personal Services	62,962	62,824	138
Materials and Supplies	8,026	8,026	0
Charges and Services	10,624	10,574	50
Other	250	142	108
Total County Treasurer	\$81,862	\$81,566	\$296

(Continued)

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)

	Budget	Actual	Variance Positive (Negative)
Prosecutor			
Personal Services	\$492,554	\$485,566	\$6,988
Materials and Supplies	20,322	19,505	817
Charges and Services	18,432	16,849	1,583
Capital Purchases	19,596	19,596	0
Other	30,055	29,461	594
Total Prosecutor	<u>580,959</u>	<u>570,977</u>	<u>9,982</u>
Bureau of Inspection			
Charges and Services	121,648	121,056	592
Data Processing			
Personal Services	21,528	21,483	45
Materials and Supplies	10,993	10,175	818
Charges and Services	30,333	26,295	4,038
Other	3,297	3,297	0
Total Data Processing	<u>66,151</u>	<u>61,250</u>	<u>4,901</u>
Board of Elections			
Personal Services	87,276	87,014	262
Materials and Supplies	19,821	11,130	8,691
Charges and Services	63,371	40,164	23,207
Other	1,600	960	640
Total Board of Elections	<u>172,068</u>	<u>139,268</u>	<u>32,800</u>
Buildings and Grounds			
Other	10,100	9,600	500
Building Maintenance			
Personal Services	176,299	176,123	176
Materials and Supplies	21,211	21,078	133
Charges and Services	188,234	172,643	15,591
Capital Purchases	500	0	500
Other	500	0	500
Total Building Maintenance	<u>386,744</u>	<u>369,844</u>	<u>16,900</u>
Recorder			
Personal Services	109,043	106,651	2,392
Materials and Supplies	5,870	5,780	90
Charges and Services	697	689	8
Total Recorder	<u>\$115,610</u>	<u>\$113,120</u>	<u>\$2,490</u>

(Continued)

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)

	Budget	Actual	Variance Positive (Negative)
Rural Zoning			
Personal Services	\$10,250	\$10,100	\$150
Materials and Supplies	2,905	2,901	4
Charges and Services	3,164	2,879	285
Capital Purchases	550	550	0
Other	800	736	64
Total Rural Zoning	17,669	17,166	503
Insurance			
Charges and Services	622,596	621,142	1,454
Real Estate Appraisal			
Personal Services	3,776	3,776	0
Total General Government Legislative and Executive	3,143,316	3,040,935	102,381
General Government			
Judicial			
Appeals Court			
Other	25,336	22,977	2,359
Common Pleas Court			
Personal Services	115,976	115,800	176
Materials and Supplies	5,000	4,913	87
Charges and Services	19,120	15,345	3,775
Other	5,068	4,860	208
Total Common Pleas Court	145,164	140,918	4,246
Jury Commission			
Personal Services	600	600	0
Materials and Supplies	600	600	0
Total Jury Commission	1,200	1,200	0
Adult Probation			
Capital Purchases	86	86	0
Other	513	483	30
Total Adult Probation	599	569	30
Common Pleas Referee			
Personal Services	\$73,964	\$72,807	\$1,157

(Continued)

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)

	Budget	Actual	Variance Positive (Negative)
Juvenile Court			
Personal Services	\$286,742	\$286,736	\$6
Materials and Supplies	13,321	13,209	112
Charges and Services	174,160	169,261	4,899
Capital Purchases	17,096	17,096	0
Other	23,057	23,045	12
Total Juvenile Court	514,376	509,347	5,029
Probate Court			
Personal Services	90,439	88,646	1,793
Materials and Supplies	13,036	12,530	506
Charges and Services	6,477	5,683	794
Other	604	604	0
Total Probate Court	110,556	107,463	3,093
Clerk of Courts			
Personal Services	157,074	153,991	3,083
Materials and Supplies	7,144	6,677	467
Charges and Services	24,892	24,730	162
Other	500	500	0
Total Clerk of Courts	189,610	185,898	3,712
Municipal Court			
Personal Services	112,907	111,623	1,284
Charges and Services	2,000	1,439	561
Other	10,891	10,105	786
Total Municipal Court	125,798	123,167	2,631
Law Library			
Personal Services	12,239	11,890	349
Total General Government Judicial	1,198,842	1,176,236	22,606
Public Safety			
Coroner			
Personal Services	49,781	49,020	761
Materials and Supplies	275	246	29
Charges and Services	43,663	42,225	1,438
Other	4,326	4,078	248
Total Coroner	98,045	95,569	2,476
Sheriff Dispatch			
Personal Services	357,415	357,415	0
Materials and Supplies	2,848	2,235	613
Charges and Services	1,832	1,578	254
Total Sheriff Dispatch	\$362,095	\$361,228	\$867

(Continued)

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)

	Budget	Actual	Variance Positive (Negative)
Sheriff			
Personal Services	\$2,585,667	\$2,580,699	\$4,968
Materials and Supplies	153,255	155,505	(2,250)
Charges and Services	478,068	444,265	33,803
Capital Purchases	123,157	118,293	4,864
Other	5,389	5,275	114
Total Sheriff	<u>3,345,536</u>	<u>3,304,037</u>	<u>41,499</u>
Building Regulations			
Personal Services	188,287	188,276	11
Materials and Supplies	1,180	1,177	3
Charges and Services	5,114	4,998	116
Other	811	722	89
Total Building Regulations	<u>195,392</u>	<u>195,173</u>	<u>219</u>
Disaster Services			
Charges and Services	20,849	20,849	0
Total Public Safety	<u>4,021,917</u>	<u>3,976,856</u>	<u>45,061</u>
Public Works			
Highways			
Charges and Services	51,840	51,840	0
Health			
Vital Statistics			
Charges and Services	77,976	76,371	1,605
Human Services			
Soldier's Relief			
Personal Services	18,316	17,758	558
Materials and Supplies	1,318	1,285	33
Charges and Services	114,390	111,392	2,998
Other	300	275	25
Total Soldier's Relief	<u>134,324</u>	<u>130,710</u>	<u>3,614</u>
Veteran's Services			
Personal Services	85,562	83,294	2,268
Charges and Services	34,795	21,704	13,091
Other	12,472	12,243	229
Total Veteran's Services	<u>132,829</u>	<u>117,241</u>	<u>15,588</u>
Total Human Services	<u>\$267,153</u>	<u>\$247,951</u>	<u>\$19,202</u>

(Continued)

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)

	Budget	Actual	Variance Positive (Negative)
Miscellaneous			
Charges and Services	\$346,309	\$337,741	\$8,568
Other	57,444	57,831	(387)
Total Miscellaneous	<u>403,753</u>	<u>395,572</u>	<u>8,181</u>
Intergovernmental			
Agriculture			
Charges and Services	275,210	275,162	48
Total Expenditures	<u>9,440,007</u>	<u>9,240,923</u>	<u>199,084</u>
Excess of Revenues Under Expenditures	<u>(245,730)</u>	<u>(79,788)</u>	<u>165,942</u>
Other Financing Sources (Uses):			
Advances - In	0	1,215	1,215
Advances - Out	(63,785)	(67,502)	(3,717)
Transfers - Out	(199,072)	(179,068)	20,004
Total Other Financing Sources (Uses)	<u>(262,857)</u>	<u>(245,355)</u>	<u>17,502</u>
Net Change in Fund Balance	(508,587)	(325,143)	183,444
Fund Balance at Beginning of Year	1,388,211	1,388,211	0
Prior Year Encumbrances Appropriated	<u>376,864</u>	<u>376,864</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,256,488</u></u>	<u><u>\$1,439,932</u></u>	<u><u>\$183,444</u></u>

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
MOTOR VEHICLE AND GAS TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services	\$155,000	\$162,872	\$7,872
Fines and Forfeitures	40,000	28,290	(11,710)
Intergovernmental	3,415,000	3,246,918	(168,082)
Interest	50,000	7,209	(42,791)
Other	15,000	1,889	(13,111)
Total Revenues	<u>3,675,000</u>	<u>3,447,178</u>	<u>(227,822)</u>
Expenditures:			
Public Works			
Engineer			
Personal Services	1,531,747	1,517,689	14,058
Materials and Supplies	440,569	414,911	25,658
Charges and Services	2,433,001	2,266,630	166,371
Capital Purchases	299,437	298,988	449
Other	7,509	7,359	150
Total Engineer	<u>4,712,263</u>	<u>4,505,577</u>	<u>206,686</u>
Debt Service:			
Principal Retirement	100,000	100,000	0
Interest and Fiscal Charges	2,881	2,881	0
Total Debt Service	<u>102,881</u>	<u>102,881</u>	<u>0</u>
Total Expenditures	<u>4,815,144</u>	<u>4,608,458</u>	<u>206,686</u>
Excess of Revenues Under Expenditures	(1,140,144)	(1,161,280)	(21,136)
Other Financing Source:			
Proceeds from Sale of Notes	1,250,000	1,250,000	0
Net Change in Fund Balance	109,856	88,720	(21,136)
Fund Balance at Beginning of Year	159,988	159,988	0
Prior Year Encumbrances Appropriated	74,861	74,861	0
Fund Balance at End of Year	<u><u>\$344,705</u></u>	<u><u>\$323,569</u></u>	<u><u>(\$21,136)</u></u>

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
HUMAN SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Charges for Services	\$300,000	\$260,737	(\$39,263)
Intergovernmental	<u>3,152,260</u>	<u>2,192,853</u>	<u>(959,407)</u>
Total Revenues	<u>3,452,260</u>	<u>2,453,590</u>	<u>(998,670)</u>
Expenditures:			
Human Services			
Public Assistance			
Personal Services	2,240,829	2,053,434	187,395
Materials and Supplies	60,901	52,112	8,789
Charges and Services	1,976,701	733,709	1,242,992
Capital Purchases	4,000	0	4,000
Other	<u>15,500</u>	<u>7,205</u>	<u>8,295</u>
Total Public Assistance	<u>4,297,931</u>	<u>2,846,460</u>	<u>1,451,471</u>
Excess of Revenues Under Expenditures	<u>(845,671)</u>	<u>(392,870)</u>	<u>452,801</u>
Other Financing Sources (Uses):			
Transfers - In	767,600	99,589	(668,011)
Transfers - Out	<u>(93,983)</u>	<u>(64,457)</u>	<u>29,526</u>
Total Other Financing Sources (Uses)	<u>673,617</u>	<u>35,132</u>	<u>(638,485)</u>
Net Changes in Fund Balance	(172,054)	(357,738)	(185,684)
Fund Balance at Beginning of Year	160,346	160,346	0
Prior Year Encumbrances Appropriated	<u>184,440</u>	<u>184,440</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>\$172,732</u></u>	<u><u>(\$12,952)</u></u>	<u><u>(\$185,684)</u></u>

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
COMMUNITY MENTAL HEALTH FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Property Taxes	\$268,560	\$262,635	(\$5,925)
Charges for Services	32,052	38,338	6,286
Intergovernmental	2,985,413	2,441,229	(544,184)
Other	0	9,301	9,301
Total Revenues	<u>3,286,025</u>	<u>2,751,503</u>	<u>(534,522)</u>
Expenditures:			
Health			
648 Board			
Personal Services	273,910	265,468	8,442
Materials and Supplies	16,438	15,070	1,368
Charges and Services	2,616,156	2,349,354	266,802
Capital Purchases	280,621	270,657	9,964
Other	1,400	0	1,400
Total 648 Board	<u>3,188,525</u>	<u>2,900,549</u>	<u>287,976</u>
Human Services			
Treatment Alternatives to Street Crime			
Personal Services	174,729	161,907	12,822
Materials and Supplies	4,800	4,667	133
Charges and Services	62,700	46,625	16,075
Capital Purchases	24,500	24,238	262
Other	13,189	12,706	483
Total Treatment Alternatives to Street Crime	<u>279,918</u>	<u>250,143</u>	<u>29,775</u>
Jail House Program			
Charges and Services	15,658	15,658	0
Total Human Services	<u>295,576</u>	<u>265,801</u>	<u>29,775</u>
Total Expenditures	<u>3,484,101</u>	<u>3,166,350</u>	<u>317,751</u>
Net Change in Fund Balance	(198,076)	(414,847)	(216,771)
Fund Balance at Beginning of Year	398,196	398,196	0
Prior Year Encumbrances Appropriated	301,191	301,191	0
Fund Balance at End of Year	<u><u>\$501,311</u></u>	<u><u>\$284,540</u></u>	<u><u>(\$216,771)</u></u>

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
MENTAL RETARDATION LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Property Taxes	\$998,975	\$1,022,616	\$23,641
Charges for Services	19,800	20,071	271
Intergovernmental	1,643,058	1,789,567	146,509
Other	700	58,878	58,178
Total Revenues	2,662,533	2,891,132	228,599
Expenditures:			
Human Services			
Mental Retardation Levy			
Personal Services	1,783,837	1,709,903	73,934
Materials and Supplies	10,447	10,174	273
Charges and Services	1,052,171	978,031	74,140
Capital Purchases	219,950	218,273	1,677
Total Mental Retardation Levy	3,066,405	2,916,381	150,024
Debt Service			
Principal Retirement	200,000	200,000	0
Interest and Fiscal Charges	3,780	3,780	0
Total Debt Service	203,780	203,780	0
Total Expenditures	3,270,185	3,120,161	150,024
Excess of Revenues Under Expenditures	(607,652)	(229,029)	378,623
Other Financing Sources (Uses):			
Proceeds from Sale of Notes	175,000	255,000	80,000
Transfers - In	1,331	0	(1,331)
Total Other Financing Sources (Uses)	176,331	255,000	78,669
Net Change in Fund Balance	(431,321)	25,971	457,292
Fund Balance at Beginning of Year	1,006,259	1,006,259	0
Prior Year Encumbrances Appropriated	61,849	61,849	0
Fund Balance at End of Year	\$636,787	\$1,094,079	\$457,292

PREBLE COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
 (BUDGET BASIS)
 SEWER FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services	\$20,230	\$20,419	\$189
Proceeds from OWDA Loans	146,318	120,493	(25,825)
Total Revenues	<u>166,548</u>	<u>140,912</u>	<u>(25,636)</u>
Expenses:			
Personal Services	3,392	3,378	14
Materials and Supplies	3,194	2,018	1,176
Charges and Services	120,577	109,492	11,085
Miscellaneous	2,003	1,968	35
Debt Service:			
Principal Retirement	18,618	18,618	0
Interest and Fical Charges	8,195	8,195	0
Total Expenses	<u>155,979</u>	<u>143,669</u>	<u>12,310</u>
Excess of Revenues Over (Under) Expenses	10,569	(2,757)	(13,326)
Advances - In	19,053	19,053	0
Advances - Out	0	(23,544)	(23,544)
Net Change in Fund Equity	29,622	(7,248)	(36,870)
Fund Equity at Beginning of Year	57,876	57,876	0
Prior Year Encumbrances Appropriated	914	914	0
Fund Equity at End of Year	<u>\$88,412</u>	<u>\$51,542</u>	<u>(\$36,870)</u>

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
(BUDGET BASIS)
LANDFILL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services	\$2,276,246	\$2,709,519	\$433,273
Grants	45,000	36,000	(9,000)
Interest	0	3,486	3,486
Proceeds of Notes	305,947	305,947	0
Other	93,176	93,176	0
Total Revenues	<u>2,720,369</u>	<u>3,148,128</u>	<u>427,759</u>
Expenses:			
Personal Services	400,479	382,149	18,330
Materials and Supplies	103,352	99,301	4,051
Charges and Services	2,095,507	1,878,938	216,569
Capital Outlay	169,566	146,900	22,666
Debt Service:			
Principal Retirement	632,433	632,433	0
Interest and Fiscal Charges	209,032	208,582	450
Total Expenses	<u>3,610,369</u>	<u>3,348,303</u>	<u>262,066</u>
Excess of Revenues Under Expenses	(890,000)	(200,175)	689,825
Transfers - In	424,351	0	(424,351)
Transfers - Out	(175)	0	175
Net Change in Fund Equity	(465,824)	(200,175)	265,649
Fund Equity at Beginning of Year	991,001	991,001	0
Prior Year Encumbrances Appropriated	<u>222,132</u>	<u>222,132</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$747,309</u></u>	<u><u>\$1,012,958</u></u>	<u><u>\$265,649</u></u>

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
CHILDREN SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Property Taxes	\$356,200	\$364,600	\$8,400
Charges for Services	83,405	83,433	28
Intergovernmental	941,382	899,761	(41,621)
Total Revenues	1,380,987	1,347,794	(33,193)
Expenditures:			
Human Services			
Children Services Special Levy			
Personal Services	34,575	7,678	26,897
Materials and Supplies	13,031	8,625	4,406
Charges and Services	1,588,287	1,409,142	179,145
Total Children Services Special Levy	1,635,893	1,425,445	210,448
Excess of Revenues Under Expenditures	(254,906)	(77,651)	177,255
Other Financing Source:			
Transfers - In	200,000	725	(199,275)
Net Change in Fund Balance	(54,906)	(76,926)	(22,020)
Fund Balance at Beginning of Year	216,208	216,208	0
Prior Year Encumbrances Appropriated	47,011	47,011	0
Fund Balance at End of Year	\$208,313	\$186,293	(\$22,020)

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGET BASIS)
OTHER LEGISLATIVE AND EXECUTIVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Property Taxes	\$59,078	\$70,567	\$11,489
Charges for Services	337,500	341,562	4,062
Intergovernmental	0	7,027	7,027
Total Revenues	<u>396,578</u>	<u>419,156</u>	<u>22,578</u>
Expenditures:			
General Government			
Legislative and Executive			
Real Estate Assessment			
Personal Services	145,076	141,653	3,423
Materials and Supplies	6,970	6,084	886
Charges and Services	554,003	415,966	138,037
Capital Purchases	25,500	2,515	22,985
Total Real Estate Assessment	<u>731,549</u>	<u>566,218</u>	<u>165,331</u>
Ohio Election Commission			
Charges and Services	3,500	2,380	1,120
Geographical Information System			
Personal Services	8,000	1,084	6,916
Materials and Supplies	10,000	0	10,000
Charges and Services	23,000	10,495	12,505
Total Geographical Information System	<u>41,000</u>	<u>11,579</u>	<u>29,421</u>
Delinquent Real Estate and Tax Collection			
Personal Services	87,398	30,670	56,728
Charges and Services	42,273	40,730	1,543
Total Delinquent Real Estate and Tax Collection	<u>129,671</u>	<u>71,400</u>	<u>58,271</u>
Total Expenditures	<u>905,720</u>	<u>651,577</u>	<u>254,143</u>
Net Change in Fund Balance	(509,142)	(232,421)	276,721
Fund Balance at Beginning of Year	833,696	833,696	0
Prior Year Encumbrances Appropriated	26,761	26,761	0
Fund Balance at End of Year	<u><u>\$351,315</u></u>	<u><u>\$628,036</u></u>	<u><u>\$276,721</u></u>

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGET BASIS)
OTHER JUDICIAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Charges for Services	\$272,050	\$299,294	\$27,244
Intergovernmental	<u>20,000</u>	<u>16,438</u>	<u>(3,562)</u>
Total Revenues	<u>292,050</u>	<u>315,732</u>	<u>23,682</u>
Expenditures:			
General Government			
Judicial			
Court Computerization			
Charges and Services	<u>124,613</u>	<u>105,125</u>	<u>19,488</u>
Court Computerization-Legal Research			
Other	<u>9,841</u>	<u>5,616</u>	<u>4,225</u>
Probate Court - Conduct of Business			
Capital Outlay	<u>760</u>	<u>606</u>	<u>154</u>
Certificate of Title Administration			
Personal Services	146,923	143,410	3,513
Materials and Supplies	6,300	6,148	152
Charges and Services	24,154	22,211	1,943
Capital Purchases	<u>4,300</u>	<u>4,297</u>	<u>3</u>
Total Certificate of Title Administration	<u>181,677</u>	<u>176,066</u>	<u>5,611</u>
CASA/GAL Program			
Personal Services	<u>21,040</u>	<u>17,063</u>	<u>3,977</u>
Total General Government - Judicial	<u>337,931</u>	<u>304,476</u>	<u>33,455</u>
Debt Service:			
Principal Retirement	20,000	20,000	0
Interest and Fiscal Charges	<u>500</u>	<u>500</u>	<u>0</u>
Total Debt Service	<u>20,500</u>	<u>20,500</u>	<u>0</u>
Total Expenditures	<u>358,431</u>	<u>324,976</u>	<u>33,455</u>
Excess of Revenues Under Expenditures	(66,381)	(9,244)	57,137
Other Financing Source:			
Proceeds from Sale of Notes	<u>27,700</u>	<u>15,000</u>	<u>(12,700)</u>
Net Change in Fund Balance	(38,681)	5,756	44,437
Fund Balance at Beginning of Year	142,098	142,098	0
Prior Year Encumbrances Appropriated	<u>7,337</u>	<u>7,337</u>	<u>0</u>
Fund Balance at End of Year	<u>\$110,754</u>	<u>\$155,191</u>	<u>\$44,437</u>

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGET BASIS)
OTHER PUBLIC SAFETY FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Charges for Services	115,000	111,633	(3,367)
Fines and Forfeitures	1,050	813	(237)
Intergovernmental	284,103	276,801	(7,302)
Interest	6,067	2,333	(3,734)
Total Revenues	<u>406,220</u>	<u>391,580</u>	<u>(14,640)</u>
Expenditures:			
Public Safety			
9-1-1 Emergency Services			
Materials and Supplies	1,000	0	1,000
Charges and Services	37,483	20,190	17,293
Capital Purchases	53,940	5,000	48,940
Other	2,954	1,531	1,423
Total 9-1-1 Emergency Services	<u>95,377</u>	<u>26,721</u>	<u>68,656</u>
Felony Delinquent Care and Custody			
Personal Services	126,373	121,732	4,641
Charges and Services	112,646	74,115	38,531
Total Felony Delinquent Care and Custody	<u>239,019</u>	<u>195,847</u>	<u>43,172</u>
Jail Inmates Commissary			
Materials and Supplies	8,000	6,821	1,179
Charges and Services	22,000	18,470	3,530
Total Jail Inmates Commissary	<u>30,000</u>	<u>25,291</u>	<u>4,709</u>
Enforcement and Education			
Charges and Services	3,000	279	2,721
Law Enforcement			
Personal Services	12,832	12,814	18
Total Expenditures	<u>380,228</u>	<u>260,952</u>	<u>119,276</u>
Net Change in Fund Balance	25,992	130,628	104,636
Fund Balance at Beginning of Year	274,145	274,145	0
Prior Year Encumbrances Appropriated	8,864	8,864	0
Fund Balance at End of Year	<u>\$309,001</u>	<u>\$413,637</u>	<u>\$104,636</u>

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
OTHER PUBLIC WORKS FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Charges for Services	\$30,000	\$24,705	(\$5,295)
Special Assessments	112,059	122,686	10,627
	<u>142,059</u>	<u>147,391</u>	<u>5,332</u>
Total Revenues	<u>142,059</u>	<u>147,391</u>	<u>5,332</u>
Expenditures:			
Public Works			
Ditch Maintenance			
Personal Services	188,350	175,653	12,697
Materials and Supplies	12,000	12,000	0
Charges and Services	6,161	5,353	808
Capital Purchases	9,019	8,886	133
Other	1,000	228	772
	<u>216,530</u>	<u>202,120</u>	<u>14,410</u>
Total Ditch Maintenance	<u>216,530</u>	<u>202,120</u>	<u>14,410</u>
Excess of Revenues Under Expenditures	(74,471)	(54,729)	19,742
Other Financing Source:			
Advances - In	100,000	65,000	(35,000)
	<u>100,000</u>	<u>65,000</u>	<u>(35,000)</u>
Net Change in Fund Balance	25,529	10,271	(15,258)
Fund Balance at Beginning of Year	11,644	11,644	0
Prior Year Encumbrances Appropriated	181	181	0
	<u>11,825</u>	<u>11,825</u>	<u>0</u>
Fund Balance at End of Year	<u>\$37,354</u>	<u>\$22,096</u>	<u>(\$15,258)</u>

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGET BASIS)
OTHER HEALTH FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Charges for Services	\$4,000	\$5,032	\$1,032
Licenses and Permits	58,000	58,749	749
Fines and Forfeitures	11,500	11,753	253
Other	400	714	314
	<u>73,900</u>	<u>76,248</u>	<u>2,348</u>
Total Revenues			
Expenditures:			
Health			
Dog and Kennel			
Personal Services	74,315	74,092	223
Materials and Supplies	2,044	1,959	85
Charges and Services	26,008	24,276	1,732
Capital Purchases	118	99	19
Other	4,144	4,137	7
	<u>106,629</u>	<u>104,563</u>	<u>2,066</u>
Total Dog and Kennel			
Marriage License			
Charges and Services	6,398	6,398	0
	<u>6,398</u>	<u>6,398</u>	<u>0</u>
Total Expenditures	<u>113,027</u>	<u>110,961</u>	<u>2,066</u>
Excess of Revenues Under Expenditures	(39,127)	(34,713)	4,414
Other Financing Source:			
Transfers - In	24,311	24,311	0
	<u>24,311</u>	<u>24,311</u>	<u>0</u>
Net Changes in Fund Balance	(14,816)	(10,402)	4,414
Fund Balance at Beginning of Year	21,001	21,001	0
Prior Year Encumbrances Appropriated	3,836	3,836	0
	<u>3,836</u>	<u>3,836</u>	<u>0</u>
Fund Balance at End of Year	<u>\$10,021</u>	<u>\$14,435</u>	<u>\$4,414</u>

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGET BASIS)
OTHER HUMAN SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Charges for Services	\$134,100	\$126,154	(\$7,946)
Fines and Forfeitures	9,600	8,480	(1,120)
Intergovernmental	686,403	601,136	(85,267)
Interest	18,365	0	(18,365)
Other	4,000	4,327	327
Total Revenues	<u>852,468</u>	<u>740,097</u>	<u>(112,371)</u>
Expenditures:			
Human Services			
Victim Witness			
Personal Services	99,162	92,797	6,365
Materials and Supplies	1,258	1,250	8
Charges and Services	22,417	20,918	1,499
Other	1,565	1,565	0
Total Victim Witness	<u>124,402</u>	<u>116,530</u>	<u>7,872</u>
Ohio Children's Trust			
Charges and Services	25,000	13,167	11,833
Child Support Enforcement			
Personal Services	385,265	373,239	12,026
Materials and Supplies	8,000	7,980	20
Charges and Services	307,263	285,281	21,982
Total Child Support Enforcement	<u>700,528</u>	<u>666,500</u>	<u>34,028</u>
Indigent Guardianship			
Charges and Services	14,000	9,099	4,901
Total Expenditures	<u>863,930</u>	<u>805,296</u>	<u>58,634</u>
Excess of Revenues Under Expenditures	(11,462)	(65,199)	(53,737)
Other Financing Source:			
Transfers - In	0	22,365	22,365
Net Change in Fund Balance	(11,462)	(42,834)	(31,372)
Fund Balance at Beginning of Year	407,189	407,189	0
Prior Year Encumbrances Appropriated	13,601	13,601	0
Fund Balance at End of Year	<u>\$409,328</u>	<u>\$377,956</u>	<u>(\$31,372)</u>

PREBLE COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 (BUDGET BASIS)
 OTHER COMMUNITY AND ECONOMIC DEVELOPMENT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$609,475	\$565,377	(\$44,098)
Expenditures:			
Community and Economic Development CDBG			
Charges and Services	<u>629,425</u>	<u>628,412</u>	<u>1,013</u>
Net Change in Fund Balance	(19,950)	(63,035)	(43,085)
Fund Balance (Deficit) at Beginning of Year	(112,040)	(112,040)	0
Prior Year Encumbrances Appropriated	<u>135,759</u>	<u>135,759</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>\$3,769</u></u>	<u><u>(\$39,316)</u></u>	<u><u>(\$43,085)</u></u>

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
GENERAL OBLIGATION BOND RETIREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Property Taxes	\$305,000	\$220,765	(\$84,235)
Intergovernmental	0	26,806	26,806
Other	19,632	86,743	67,111
	<u>324,632</u>	<u>334,314</u>	<u>9,682</u>
Total Revenues			
Expenditures:			
Debt Service:			
Principal Retirement	400,000	400,000	0
Interest and Fiscal Charges	103,635	102,429	1,206
	<u>503,635</u>	<u>502,429</u>	<u>1,206</u>
Total Debt Service			
Excess of Revenues Under Expenditures	(179,003)	(168,115)	10,888
Other Financing Source:			
Transfers - In	166,984	64,457	(102,527)
	<u>166,984</u>	<u>64,457</u>	<u>(102,527)</u>
Net Change in Fund Balance	(12,019)	(103,658)	(91,639)
Fund Balance at Beginning of Year	837,075	837,075	0
Fund Balance at End of Year	<u><u>\$825,056</u></u>	<u><u>\$733,417</u></u>	<u><u>(\$91,639)</u></u>

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
PERMANENT IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Other	<u>\$0</u>	<u>\$15,489</u>	<u>\$15,489</u>
Expenditures:			
Capital Outlay			
Charges and Services	61,075	60,864	211
Capital Purchases	<u>195,349</u>	<u>155,937</u>	<u>39,412</u>
Total Capital Outlay	<u>256,424</u>	<u>216,801</u>	<u>39,623</u>
Excess of Revenues Under Expenditures	<u>(256,424)</u>	<u>(201,312)</u>	<u>55,112</u>
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	67,568	0	(67,568)
Advances - In	0	23,544	23,544
Advances - Out	<u>0</u>	<u>(19,053)</u>	<u>(19,053)</u>
Total Other Financing Sources (Uses)	<u>67,568</u>	<u>4,491</u>	<u>(63,077)</u>
Net Change in Fund Balance	(188,856)	(196,821)	(7,965)
Fund Balance at Beginning of Year	1,659,084	1,659,084	0
Prior Year Encumbrances Appropriated	<u>15,541</u>	<u>15,541</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,485,769</u></u>	<u><u>\$1,477,804</u></u>	<u><u>(\$7,965)</u></u>

PREBLE COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 (BUDGET BASIS)
 BUILDING CONSTRUCTION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Interest	<u>\$0</u>	<u>\$99</u>	<u>\$99</u>
Expenditures:			
Capital Outlay			
Charges and Services	18,899	18,863	36
Capital Purchases	<u>366,142</u>	<u>358,550</u>	<u>7,592</u>
Total Expenditures	<u>385,041</u>	<u>377,413</u>	<u>7,628</u>
Net Change in Fund Balance	(385,041)	(377,314)	7,727
Fund Balance at Beginning of Year	116,643	116,643	0
Prior Year Encumbrances Appropriated	<u>332,263</u>	<u>332,263</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$63,865</u></u>	<u><u>\$71,592</u></u>	<u><u>\$7,727</u></u>

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
DITCH AND GUARDRAIL CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Special Assessments	\$6,002	\$4,017	(\$1,985)
Intergovernmental	<u>300,000</u>	<u>0</u>	<u>(300,000)</u>
Total Revenues	<u>306,002</u>	<u>4,017</u>	<u>(301,985)</u>
Expenditures:			
Capital Outlay			
Charges and Services	20,000	0	20,000
Capital Purchases	<u>280,000</u>	<u>0</u>	<u>280,000</u>
Total Capital Outlay	<u>300,000</u>	<u>0</u>	<u>300,000</u>
Debt Service:			
Principal Retirement	5,824	5,824	0
Interest and Fiscal Charges	<u>178</u>	<u>110</u>	<u>68</u>
Total Debt Service	<u>6,002</u>	<u>5,934</u>	<u>68</u>
Total Expenditures	<u>306,002</u>	<u>5,934</u>	<u>300,068</u>
Excess of Revenues Under Expenditures	<u>0</u>	<u>(1,917)</u>	<u>(1,917)</u>
Other Financing Sources (Uses):			
Advances - In	0	2,502	2,502
Advances - Out	<u>0</u>	<u>(1,215)</u>	<u>(1,215)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>1,287</u>	<u>1,287</u>
Net Change in Fund Balance	0	(630)	(630)
Fund Balance at Beginning of Year	<u>12,390</u>	<u>12,390</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$12,390</u></u>	<u><u>\$11,760</u></u>	<u><u>(\$630)</u></u>

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGET BASIS)
ROAD AND BRIDGE CONSTRUCTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Intergovernmental	<u>\$885,746</u>	<u>\$871,451</u>	<u>(\$14,295)</u>
Expenditures:			
Capital Outlay			
Charges and Services	720,700	716,717	3,983
Capital Purchases	<u>165,046</u>	<u>154,734</u>	<u>10,312</u>
Total Capital Outlay	<u>885,746</u>	<u>871,451</u>	<u>14,295</u>
Net Change in Fund Balance	0	0	0
Fund Balance (Deficit) at Beginning of Year	(714,466)	(714,466)	0
Prior Year Encumbrances Appropriated	<u>714,466</u>	<u>714,466</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

PREBLE COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL
(BUDGET BASIS)
EMPLOYEES HEALTH INSURANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Charges for Services	<u>\$1,742,976</u>	<u>\$1,939,558</u>	<u>\$196,582</u>
Expenditures:			
Charges and Services	268,740	267,273	1,467
Claims	<u>1,875,150</u>	<u>1,875,150</u>	<u>0</u>
Total Expenditures	<u>2,143,890</u>	<u>2,142,423</u>	<u>1,467</u>
Excess of Revenues Under Expenditures	(400,914)	(202,865)	198,049
Transfers - In	<u>31,837</u>	<u>32,078</u>	<u>241</u>
Net Change in Fund Equity	(369,077)	(170,787)	198,290
Fund Equity at Beginning of Year	<u>369,077</u>	<u>369,077</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$0</u></u>	<u><u>\$198,290</u></u>	<u><u>\$198,290</u></u>

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STATISTICAL SECTION

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

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

Year	General Government	Public Safety	Public Works	Health	Human Services	Community and Economic Development	Miscellaneous	Capital Outlay	Intergovernmental	Debt Service	Total
1994	\$3,023,008	\$1,781,247	\$2,801,881	\$1,467,147	\$6,267,713	\$339,189	\$209,276	\$1,716,658	\$0	\$479,885	\$18,086,004
1995	3,388,433	2,562,664	3,137,801	1,676,373	6,951,626	222,674	273,999	268,066	0	486,014	18,967,650
1996	3,176,660	2,860,306	2,607,197	1,887,794	7,022,486	194,613	557,509	471,481	0	492,369	19,270,415
1997	3,933,614	3,202,474	3,062,046	1,980,154	7,642,402	160,762	285,068	79,344	234,720	502,940	21,083,524
1998	4,939,209	3,668,337	3,293,890	2,146,321	6,039,855	309,864	216,772	11,236	261,634	487,924	21,375,042
1999	5,242,641	4,364,072	3,622,233	2,100,113	6,265,276	572,144	246,961	701,495	266,110	478,674	23,859,719
2000	4,302,189	4,583,154	3,356,047	1,468,818	7,034,462	219,312	179,089	896,843	292,235	476,589	22,806,738
2001	4,538,539	4,597,401	3,630,173	1,865,454	8,092,728	226,321	400,789	936,874	251,489	486,212	25,025,980
2002	4,756,299	4,511,957	3,569,577	2,852,425	8,857,951	280,558	267,941	2,589,829	329,480	633,787	28,649,804
2003	4,840,066	4,182,682	4,651,339	2,690,693	8,187,333	515,767	351,325	656,020	277,162	634,629	26,987,016

SOURCE: Preble County Auditor's Office

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

(2) The County will present a statistical table for expenses for governmental activities when there is adequate data for comparison.

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

Year	Taxes	Charges for Services	Licenses and Permits	Fines and Forfeitures	Intergovernmental	Special Assessments	Interest	Gifts and Donations	Miscellaneous	Total
1994	\$5,333,081	\$3,127,753	\$54,727	\$72,985	\$8,204,237	\$89,546	\$340,577	\$0	\$647,260	\$17,870,166
1995	8,788,798	3,278,668	55,380	124,115	6,382,796	134,708	518,864	0	698,737	19,982,066
1996	7,271,911	2,408,265	60,387	112,836	8,951,002	133,399	504,510	0	1,038,133	20,480,443
1997	7,783,850	3,748,717	60,519	192,963	9,322,979	185,249	664,276	0	166,555	22,125,108
1998	7,815,457	2,962,098	62,080	208,416	9,085,263	201,277	786,443	0	258,409	21,379,443
1999	8,220,292	2,821,500	65,859	149,220	11,046,409	214,445	646,994	7,803	265,247	23,437,769
2000	8,267,897	3,466,909	67,120	200,416	9,929,063	139,479	925,118	8,547	184,145	23,188,694
2001	6,841,179	3,310,274	63,313	208,089	13,234,029	131,503	765,092	0	382,135	24,935,614
2002	7,025,661	3,780,550	61,194	133,891	15,265,855	85,247	362,564	0	304,682	27,019,644
2003	7,510,784	3,732,003	65,716	210,371	13,110,189	126,703	227,428	0	363,087	25,346,281

SOURCE: Preble County Auditor's Office

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

(2) The County will present a statistical table for revenues for governmental activities when there is adequate data for comparison

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

Collection Year	Total Current Tax Levy	Current Tax Collections	Percent of Total Tax Collections To Tax Levy	Delinquent Taxes Collected	Total Taxes Collected	Total Collections as a percent of Current Taxes Levied	Accumulated Delinquencies
1994	\$17,151,837	\$16,541,490	96.44%	\$614,469	\$17,155,959	100.02%	\$1,267,387
1995	17,501,326	16,923,219	96.70	655,554	17,578,773	100.44	1,232,655
1996	17,660,029	15,967,880	90.42	610,659	16,578,539	93.88	1,256,452
1997	18,684,560	16,640,307	89.06	670,168	17,310,475	92.65	1,333,032
1998	18,944,704	18,640,060	98.39	658,260	19,298,320	101.87	1,232,645
1999	19,885,617	19,429,417	97.71	880,656	20,310,073	102.13	1,095,670
2000	2,924,594	2,839,626	97.09	90,581	2,930,207	100.19	154,172
2001	3,238,806	3,035,092	93.71	111,980	3,147,072	97.17	245,906
2002	3,881,668	3,528,898	90.91	255,646	3,784,544	97.50	343,030
2003	3,886,407	3,593,200	92.46	188,989	3,782,189	97.32	302,128

SOURCE: Preble County Auditor's Office

(1) All years with the exception of 2000, 2001, 2002, and 2003 include property tax levies and collections for all County districts. 2000, 2001, 2002, and 2003 includes property tax levies and collections for the County itself.

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

Year	Real Property		Personal Property		Public Utility Property		Totals		Percentage of Assessed Value To Estimated True Value
	Assessed	Estimated Actual (1)	Assessed	Estimated Actual (1)	Assessed	Estimated Actual (1)	Assessed	Estimated Actual (1)	
1994	\$351,943,130	\$1,005,551,800	\$54,676,350	\$218,705,400	\$58,177,860	\$232,711,440	\$464,797,340	\$1,456,968,640	31.90%
1995	360,199,000	1,029,140,000	58,988,347	235,953,388	49,943,750	199,775,000	469,131,097	1,464,868,388	32.03
1996	405,445,920	1,158,416,914	67,720,288	270,881,152	49,556,290	198,225,160	522,722,498	1,627,523,226	32.12
1997	417,422,840	1,192,636,686	72,609,640	290,438,560	47,954,760	191,819,040	537,987,240	1,674,894,286	32.12
1998	428,491,480	1,223,878,170	69,307,870	277,231,480	49,714,690	198,858,760	547,514,040	1,699,968,410	32.21
1999	527,731,770	1,507,381,370	67,982,700	271,930,800	49,940,120	200,353,640	645,654,590	1,979,665,810	32.61
2000	539,406,360	1,541,161,028	72,259,640	289,038,560	45,677,980	130,508,514	657,343,980	1,960,708,102	33.53
2001	549,811,270	1,570,889,342	77,869,080	311,476,320	39,348,060	157,392,240	667,028,410	2,039,757,902	32.70
2002	603,905,830	1,725,445,228	80,650,420	322,601,680	40,128,730	160,514,920	724,684,980	2,208,561,828	32.81
2003	612,615,800	1,750,330,856	76,932,310	307,729,240	39,588,480	158,353,920	729,136,590	2,216,414,016	32.90

SOURCE: Preble County Auditor's Office

(1) This is calculated by dividing the assessed value by the assessment percentage. The percentages for 2003 were 35 percent for real property and public utility real, 88 percent public utility tangible personal, and 23 percent for tangible personal and interexchange telecom public utility.

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

Collection Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
County Entity										
General Fund	\$2.80	\$2.80	\$2.80	\$2.80	\$2.80	\$2.80	\$2.45	\$2.45	\$2.45	\$2.45
Childrens Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Mental 169-Special Levy	1.72	1.72	1.72	1.72	1.72	1.72	1.72	1.73	1.73	1.73
Mental Health Board #648	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.65
Council on Aging	0.50	0.50	0.50	1.50	1.50	1.50	1.50	1.00	1.00	1.00
Jail Construction	1.00	1.00	1.00	0.70	0.70	0.70	0.45	0.45	0.45	0.35
Total County Entity	7.67	7.67	7.67	8.37	8.37	8.37	7.77	7.28	7.28	7.18
Other Entities:										
Health District	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.60	0.60	0.60
Total County-Wide Rates	7.97	7.97	7.97	8.67	8.67	8.67	8.07	7.88	7.88	7.78
School Districts										
College Corner	41.45	41.45	40.65	32.10	32.10	32.10	32.10	32.10	32.10	32.10
Eaton City	34.90	34.40	33.90	33.20	33.20	33.20	33.20	38.60	38.60	38.60
National Trail	31.50	30.75	34.00	34.50	34.50	34.30	33.90	33.00	33.00	33.00
Preble Shawnee	27.50	25.50	25.00	22.50	22.50	25.49	25.49	25.49	25.49	25.49
Tri County North	33.95	42.95	42.70	43.47	41.17	40.85	40.55	39.75	39.75	38.95
Twin Valley	46.74	44.60	41.50	44.42	44.42	44.00	43.70	42.50	42.50	42.35
MVCTC	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58
Townships										
Dixon	3.40	5.30	5.30	5.30	5.30	5.30	5.80	5.80	5.80	5.80
Gasper	1.70	1.70	2.70	2.70	2.70	2.70	2.70	4.80	4.80	4.80
Gratis	5.30	5.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30	6.30
Harrison	5.55	5.55	5.55	6.55	6.55	6.55	6.80	6.80	6.80	6.80
Israel	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Jackson	4.70	4.70	4.70	4.95	4.95	4.95	4.95	4.95	4.95	4.95
Jefferson	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20
Lanier	4.20	4.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20	5.20
Monroe	4.60	4.60	4.60	5.60	5.60	5.60	5.60	5.60	5.60	5.60
Somers	7.70	7.70	7.70	7.70	7.70	7.70	7.70	6.70	6.70	6.70
Twin	5.62	5.62	5.62	6.12	6.12	6.12	6.12	6.12	6.12	6.12
Washington	8.20	8.20	8.20	8.20	8.20	8.20	8.20	9.20	9.20	9.20
Municipalities										
Camden	6.20	6.20	6.20	6.30	6.30	6.30	7.30	5.30	5.30	11.30
College Corner	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40
Eaton	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60
Eldorado	6.84	6.84	6.84	6.84	6.84	6.84	6.84	6.84	6.84	6.84
Gratis	7.80	7.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80
Lewisburg	10.85	10.85	8.45	9.45	9.45	9.45	9.45	9.45	9.45	9.45
New Paris	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Verona	8.30	8.30	8.30	13.30	13.30	13.30	14.30	14.30	14.30	14.30
West Alexandria	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80
West Elkton	10.10	10.10	10.10	11.10	11.10	11.10	11.10	11.10	11.10	11.10
West Manchester	7.15	7.15	9.15	11.15	11.15	11.10	11.15	11.15	11.15	9.15

Source: Preble County Auditor's Office

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

Collection Year	Current Billed (1)	Current Amount Collected	Percent Collected	Delinquent Assessments Collected	Total Assessments Collected	Delinquent Assessments Collected as a Percent of Total Assessments Collected	Total Collections as a Percent of Current Assessments Levied	Accumulated Delinquencies
1994	\$12,764	\$12,474	97.73%	\$518	\$12,992	3.99%	101.79%	\$353
1995	12,560	12,348	98.31	217	12,565	1.73	100.04	348
1996	11,327	11,157	98.50	226	11,383	1.99	100.49	414
1997	0	0	0.00	42	42	100.00	100.00	372
1998	14,298	14,298	100.00	330	14,628	2.26	102.31	42
1999	6,852	6,852	100.00	0	6,852	0.00	100.00	46
2000	6,852	6,852	100.00	0	6,852	0.00	100.00	46
2001	13,701	11,177	81.58	46	11,223	0.41	81.91	2,524
2002	12,877	12,877	100.00	2,375	15,252	15.57	118.44	149
2003	6,182	4,017	64.98	0	4,017	0.00	64.98	2,165

SOURCE: County Auditor; Preble County, Ohio

(1) Includes only special assessments for capital projects.

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

Year	Population (1)	Assessed Value	Gross Bonded Debt (2)	Debt Service Monies Available (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1994	40,113	\$464,797,340	\$4,780,000	\$534,389	\$4,245,611	.913%	\$105.84
1995	40,113	469,131,097	4,585,000	644,999	3,940,001	.840	98.22
1996	40,113	522,722,498	4,580,000	789,180	3,790,820	.725	94.50
1997	40,113	537,987,240	4,365,000	817,785	3,547,215	.659	88.43
1998	40,113	547,514,040	4,140,000	846,161	3,293,839	.602	82.11
1999	40,113	645,654,590	3,905,000	985,001	2,919,999	.452	72.79
2000	42,337	657,343,980	3,660,000	931,998	2,728,002	.415	64.44
2001	42,337	667,028,410	3,400,000	882,516	2,517,484	.377	59.46
2002	42,337	724,684,980	3,915,000	837,075	3,077,925	.425	72.70
2003	42,337	729,136,590	3,515,000	739,705	2,775,295	.381	65.55

(1) Source: 1990 and 2000 Census

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

(3) Excludes debt service money available to pay special assessment general obligation debt.

PREBLE COUNTY, OHIO
 COMPUTATION OF LEGAL DEBT MARGIN
 DECEMBER 31, 2003

	Total Debt Limit (1)	Total Unvoted Debt Limit (2)
Assessed Value of County, Collection Year 2003	\$729,136,590	\$729,136,590
Debt Limitation	16,728,415	7,291,366
Outstanding Debt:		
General Obligation Bonds and Notes	9,360,341	7,325,341
Total Outstanding Debt	9,360,341	7,325,341
Less Exempt Debt:		
2002 County Jail Project Current Interest Bonds	1,795,000	0
2002 County Jail Project Capital Appreciation Bonds	240,000	0
2002 Human Service Building Bonds	1,325,000	1,325,000
1996 Fairground Project Bonds	155,000	155,000
2003 OWDA Loan	120,493	120,493
2002 OWDA Loans	55,815	55,815
2002 OPWC Loans	193,086	193,086
1996 Landfill Improvement Bonds	3,650,000	3,650,000
Court Computer Equipment Note	15,000	15,000
Mental Retardation Development Note	255,000	255,000
Flood Damage	1,200,000	1,200,000
Gradall Acquisition Note	50,000	50,000
Landfill Compactor Note	239,280	239,280
Landfill Construction Note	66,667	66,667
Total Exempt Debt	9,360,341	7,325,341
Total Net Debt Subject to Limitation	0	0
Total Legal Debt Margin (Debt Limitation minus Net Debt)	\$16,728,415	\$7,291,366

(1) The Debt Limitation is calculated as follows:

3% of first \$100,000,000 of assessed value	\$3,000,000
1 1/2% of next \$200,000,000 of assessed value	3,000,000
2 1/2% of amount of assessed value in excess of \$300,000,000	10,728,415
	\$16,728,415

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

SOURCE: Preble County Auditor's Office

PREBLE COUNTY, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 DECEMBER 31, 2003

Jurisdiction	Net Debt Outstanding (1)	Percentage Applicable to Preble County	Amount Applicable to Preble County
Direct Debt:			
County	\$2,775,295	100.00%	\$2,775,295
Overlapping Debt			
School Districts: (2)			
Eaton City	29,285,000	100.00	29,285,000
Preble Shawnee Local	3,750,900	96.10	3,604,615
Tri-County North Local	2,135,000	91.75	1,958,863
Twin Valley Local	3,415,000	100.00	3,415,000
National Trail Local	2,975,000	99.57	2,962,208
Total Overlapping Debt			41,225,686
Total Direct and Overlapping Debt			\$44,000,981

SOURCE: Preble County Auditor's Office

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

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

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

Year	Debt Principal and Interest (1)	Total General Governmental Expenditures (2)	Ratio of Debt Principal and Interest to General Governmental Expenditures
1994	\$445,702	\$18,086,004	2.46%
1995	450,990	18,967,650	2.37
1996	450,915	19,270,415	2.34
1997	463,983	21,083,524	2.20
1998	464,456	21,375,042	2.17
1999	464,041	23,859,719	1.94
2000	476,589	22,808,738	2.09
2001	486,212	25,025,980	1.94
2002	633,787	28,649,804	2.21
2003	634,629	26,987,016	2.35

SOURCE: Preble County Auditor's Office

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

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

PREBLE COUNTY, OHIO
DEMOGRAPHIC STATISTICS
LAST TEN YEARS

Year	Population (1)	School Enrollment (2)	Unemployment Rate Preble County (3)
1994	40,113	8,040	5.20%
1995	40,113	8,148	4.34
1996	40,113	8,231	4.30
1997	40,113	8,228	4.10
1998	40,113	8,173	4.00
1999	40,113	8,057	4.10
2000	42,337	7,882	4.20
2001	42,337	7,918	4.50
2002	42,337	7,992	4.64
2003	42,337	7,490	6.00

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

(2) Preble County Educational Service Center

(3) Ohio Bureau of Employment Services

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

Year	Assessed Values (1)	Bank Deposits at December 31, (2)	Building Permits Issued (3)
1994	\$464,797,340	\$121,909,000	284
1995	469,131,097	121,157,000	287
1996	522,722,498	127,809,000	304
1997	537,987,240	138,869,000	274
1998	547,514,040	144,073,000	285
1999	645,654,590	151,057,000	253
2000	657,343,980	166,193,000	208
2001	667,028,410	171,949,000	245
2002	724,684,980	128,873,000	229
2003	729,136,590	195,713,000	193

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

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

(3) SOURCE: Building Inspection Department

PREBLE COUNTY, OHIO
 PRINCIPAL TAXPAYERS
 DECEMBER 31, 2003

Taxpayer	2002 Real Property Assessed Value	Percentage of Total Assessed Value
Proctor & Gamble	\$16,869,570	2.31 %
Dayton Power & Light	15,247,530	2.09
Neaton Auto Products	12,954,370	1.78
Parker Hannifin Corporation	8,266,700	1.13
Henny Penny Corporation	7,897,640	1.08
North American Nutrition	5,557,310	0.76
Texas Eastern	5,491,500	0.75
Lewisburg Container Company	5,462,510	0.75
Bullen Ultrasonics	4,724,930	0.65
United Telephone Company	4,138,000	0.57
	<u>\$86,610,060</u>	<u>11.87 %</u>

SOURCE: Preble County Auditor's Office

PREBLE COUNTY, OHIO
 MISCELLANEOUS STATISTICS
 DECEMBER 31, 2003

Year of Incorporation 1808

County Seat City of Eaton

County Employees:

Full-Time	339
Part-Time	55

Number of Political Subdivisions Totally or Partially Within the County

Municipalities	11
Townships	12
School Districts	10

Higher Educational Facilities Within 25 Miles of Preble County

Miami University
 University of Dayton
 Indiana University - Richmond
 Sinclair Community College
 Earlham College

Major Metropolitan Areas and
 Neighboring Communities

Miles from
 County Seat

Richmond, Indiana	13
Dayton, Ohio	24
Hamilton, Ohio	28
Cincinnati, Ohio	55
Indianapolis, Indiana	82
Columbus, Ohio	95

Seven Largest Employers

Number of
 Employees

Neaton Auto Products	780
Parker Hannifin Corporation	576
Henny Penny Corporation	467
North American Nutrition	276
Lewisburg Container Company	280
Iams Company	185
Bullen Ultrasonics	130

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**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

FINANCIAL CONDITION

PREBLE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 5, 2004**