



**Mary Taylor, CPA**  
Auditor of State



WASHINGTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets .....	13
Statement of Activities.....	14
Balance Sheet – Governmental Funds .....	16
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	22
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund.....	23
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – Job and Family Services Fund .....	24
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – Motor Vehicle and Gasoline Tax Fund.....	25
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – Mental Retardation and Developmental Disabilities Fund .....	26
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – County Home Fund.....	27
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – Mental Health and Addiction Recovery Board Fund .....	28
Statement of Fund Net Assets – Proprietary Funds .....	29
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds .....	30
Statement of Cash Flows – Proprietary Funds .....	31
Statement of Fiduciary Assets and Liabilities – Agency Funds .....	32
Notes to the Basic Financial Statements .....	33
Required Supplementary Information – Condition Assessments of the County's Infrastructure Reported Using the Modified Approach.....	71

WASHINGTON COUNTY

TABLE OF CONTENTS  
(Continued)

TITLE	PAGE
Federal Awards Expenditures Schedule .....	73
Notes to the Federal Awards Expenditures Schedule .....	76
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	79
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	81
Schedule of Findings – OMB Circular A-133 § .505 .....	83
Schedule of Prior Audit Findings – OMB Circular A-133 § .315(b) .....	86



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Washington County  
205 Putnam Street  
Marietta, Ohio 45750

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Southeastern Ohio Port Authority, a discretely presented component unit, each major fund, and the aggregate remaining fund information of Washington County, Ohio (the County), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Wasco, Inc., a discretely presented component unit, which represent 66 percent of assets, 71 percent of net assets and 79 percent of revenues for the discretely presented component units of the County. 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 Wasco, Inc., 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 reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 units, each major fund, and the aggregate remaining fund information of Washington County, Ohio, as of December 31, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, Job and Family Services Fund, Motor Vehicle and Gasoline Tax Fund, Mental Retardation and Developmental Disabilities Fund, County Home Fund, and Mental Health and Addiction Recovery Board Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2009, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



**Mary Taylor, CPA**  
Auditor of State

November 5, 2009

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

---

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

### **Financial Highlights**

Key financial highlights for 2008 are as follows:

- In total, net assets decreased \$488,307. Net assets of governmental activities decreased \$274,332 or 0.17 percent from 2007. Net assets of the business-type activity decreased \$213,975, which represents a 5.4 percent decrease from 2007.
- At the end of the current year, the County reported unrestricted net assets for governmental activities of \$7,547,248.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$23,778,812, a decrease of \$499,232 from the prior year.

### **Using This Annual Financial Report**

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the County as a financial whole or as an entire operating entity.

The *Statement of Net Assets* and the *Statement of Activities* provide information about the activities of the whole County, presenting an aggregate view of the County's finances as well as a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's most significant funds. Non-major funds are presented separately from major funds in total and in one column.

### **County-Wide Financial Statements**

The County-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

While this document contains information about the funds used by the County to provide services to our citizens, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The *Statement of Net Assets* and the *Statement of Activities* answer this question.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. The statement of activities presents information showing how the County's net assets changed during the current year. These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

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

---

The change in net assets is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or diminished. However, in evaluating the overall position of the County, nonfinancial information such as changes in the County's tax base and the condition of the County's capital assets will also need to be evaluated.

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

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

*Business-Type Activities* - These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The County's sewer system is reported here.

*Component Units* - The County's financial statements include financial data of the Wasco, Inc. Sheltered Workshop and the Southeastern Ohio Port Authority. These component units are described in the notes to the financial statements. Component units are separate and may buy, sell, lease, and mortgage property in their own name and can sue or be sued in their own name.

### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or projects. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction on the use of moneys, the County has established many funds that account for the multitude of services provided to our residents. The County's major governmental funds are the General Fund and the Job and Family Services (Public Assistance), Motor Vehicle and Gasoline Tax, Mental Retardation and Developmental Disabilities, County Home, and Mental Health and Addiction Recovery Board Special Revenue Funds.

*Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds that focus on how money flows into and out of the funds and the year end balances available for spending. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services being provided, along with the financial resources available.

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



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

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

*Proprietary Funds* - The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The County uses an enterprise fund to account for the Sewer Fund operations. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's other programs and activities. The Self-Insurance Funds account for the claims and liabilities relating to the County's MRDD self-insured health program and workers' compensation program.

*Fiduciary Funds* - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the County's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

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

*Other Information* - In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information relating to the modified approach to reporting infrastructure.

**Government-Wide Financial Analysis**

Table 1 provides a summary of the County's net assets for 2008 compared to 2007:

Table 1  
Net Assets

	Governmental Activities		Business-Type Activity		Totals	
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Current and						
Other Assets	\$39,278,863	\$41,621,423	\$350,758	\$464,912	\$39,629,621	\$42,086,335
Capital Assets, Net	141,069,250	141,433,602	4,702,339	4,897,026	145,771,589	146,330,628
<i>Totals Assets</i>	<u>180,348,113</u>	<u>183,055,025</u>	<u>5,053,097</u>	<u>5,361,938</u>	<u>185,401,210</u>	<u>188,416,963</u>
<b>Liabilities</b>						
Current and						
Other Liabilities	10,773,409	12,875,822	39,433	81,595	10,812,842	12,957,417
Long-Term Liabilities	6,522,642	6,852,809	1,264,870	1,317,574	7,787,512	8,170,383
<i>Total Liabilities</i>	<u>17,296,051</u>	<u>19,728,631</u>	<u>1,304,303</u>	<u>1,399,169</u>	<u>18,600,354</u>	<u>21,127,800</u>
<b>Net Assets</b>						
Invested in Capital Assets,						
Net of Related Debt	135,177,838	135,001,519	3,439,333	3,580,124	138,617,171	138,581,643
Restricted	20,326,976	20,163,658	0	0	20,326,976	20,163,658
Unrestricted	7,547,248	8,161,217	309,461	382,645	7,856,709	8,543,862
<i>Total Net Assets</i>	<u>\$163,052,062</u>	<u>\$163,326,394</u>	<u>\$3,748,794</u>	<u>\$3,962,769</u>	<u>\$166,800,856</u>	<u>\$167,289,163</u>

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

---

As noted earlier, the County's net assets, when reviewed over time, may serve as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities by \$166,800,856 (\$163,052,062 in governmental activities and \$3,748,794 in the business-type activity) as of December 31, 2008. By far, the largest portion of the County's net assets (83.1 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, machinery and equipment, furniture and fixtures, infrastructure, and vehicles), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets, \$20,326,976 or 12.19 percent, represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted net assets, \$7,856,709 or 4.71 percent are to be used to meet the County's ongoing obligations to citizens and creditors.

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

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

Table 2  
Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activity			
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$5,505,374	\$5,702,407	\$507,161	\$476,600	\$6,012,535	\$6,179,007
Operating Grants, Contributions, and Interest	27,581,645	25,961,926	0	0	27,581,645	25,961,926
Capital Grants, Contributions, and Interest	416,922	1,201,673	0	0	416,922	1,201,673
<i>Total Program Revenues</i>	<u>33,503,941</u>	<u>32,866,006</u>	<u>507,161</u>	<u>476,600</u>	<u>34,011,102</u>	<u>33,342,606</u>
General Revenues						
Property Taxes	9,164,085	9,308,446	0	0	9,164,085	9,308,446
Permissive Sales Taxes	9,662,989	9,800,888	0	0	9,662,989	9,800,888
Intergovernmental	2,059,763	1,784,031	0	0	2,059,763	1,784,031
Interest	1,226,747	1,058,656	0	1,563	1,226,747	1,060,219
Rent	86,620	0	0	0	86,620	0
Payment in Lieu of Taxes	0	79,895	0	0	0	79,895
Gifts and Donations	12,430	0	0	0	12,430	0
Miscellaneous	377,955	723,985	0	0	377,955	723,985
<i>Total General Revenues</i>	<u>22,590,589</u>	<u>22,755,901</u>	<u>0</u>	<u>1,563</u>	<u>22,590,589</u>	<u>22,757,464</u>
<i>Total Revenues</i>	<u>56,094,530</u>	<u>55,621,907</u>	<u>507,161</u>	<u>478,163</u>	<u>56,601,691</u>	<u>56,100,070</u>
<b>Program Expenses</b>						
General Government:						
Legislative and Executive	6,114,063	5,840,850	0	0	6,114,063	5,840,850
Judicial	2,281,485	1,737,246	0	0	2,281,485	1,737,246
Public Safety	8,451,812	8,077,131	0	0	8,451,812	8,077,131
Public Works	7,969,541	8,134,472	0	0	7,969,541	8,134,472
Intergovernmental	0	751,474	0	0	0	751,474
Health:						
Alcohol, Drug, and Mental Health	5,833,381	5,673,724	0	0	5,833,381	5,673,724
Mental Retardation and Developmental Disabilities	7,449,273	6,456,136	0	0	7,449,273	6,456,136
County Home	2,511,261	2,474,205	0	0	2,511,261	2,474,205
Other Health	149,313	252,302	0	0	149,313	252,302
Human Services:						
Child Support Enforcement	937,535	891,920	0	0	937,535	891,920
Children Services	3,097,996	2,777,336	0	0	3,097,996	2,777,336
Job and Family Services	7,217,559	8,769,755	0	0	7,217,559	8,769,755
Other Human Services	2,830,432	1,560,430	0	0	2,830,432	1,560,430
Economic Development and Assistance	698,059	617,474	0	0	698,059	617,474
Intergovernmental	489,731	730,685	0	0	489,731	730,685
Interest and Fiscal Charges	337,421	375,759	0	0	337,421	375,759
Prior Period Adjustment	0	(968,401)	0	(18,484)	0	(986,885)
Sewer	0	0	721,136	483,051	721,136	483,051
<i>Total Program Expenses</i>	<u>56,368,862</u>	<u>54,152,498</u>	<u>721,136</u>	<u>464,567</u>	<u>57,089,998</u>	<u>54,617,065</u>
<i>Net Increase (Decrease) in Net Assets</i>	<u>(274,332)</u>	<u>1,469,409</u>	<u>(213,975)</u>	<u>13,596</u>	<u>(488,307)</u>	<u>1,483,005</u>
<i>Net Assets Beginning of Year</i>	<u>163,326,394</u>	<u>161,856,985</u>	<u>3,962,769</u>	<u>3,949,173</u>	<u>167,289,163</u>	<u>165,806,158</u>
<i>Net Assets End of Year</i>	<u>\$163,052,062</u>	<u>\$163,326,394</u>	<u>\$3,748,794</u>	<u>\$3,962,769</u>	<u>\$166,800,856</u>	<u>\$167,289,163</u>

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

---

**Governmental Activities**

Operating grants were the largest program revenues, accounting for \$27,581,645 or 49.17 percent of total governmental activities revenues. The major recipients of intergovernmental program revenues were the Job and Family Services (Public Assistance), Mental Health and Addiction Recovery Board, Motor Vehicle and Gasoline Tax, Mental Retardation and Developmental Disabilities, and the Children Services Special Revenue Funds.

Property tax revenues account for \$9,164,085 or 16.34 percent of total governmental activities revenues. Another major component of governmental activities revenues was permissive sales taxes, which accounted for \$9,662,989 or 17.23 percent of total revenues.

The County's direct charges to users of governmental services made up \$5,505,374 or 9.81 percent of total governmental activities revenues. These charges are for fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

Human Service programs accounted for \$14,083,522, or 24.98 percent of total expenses for governmental activities. Other major program expenses for governmental activities include health programs, which accounted for \$15,943,228, or 28.28 percent of total expenses.

Public safety programs expenses increased by approximately \$380,000 from 2007. After consulting with the Sheriff, it was determined that there are two primary sources for the additional expense. First, three additional officers were hired in the Criminal Division while existing officers received step raises and cost-of-living increases. This increased personnel expenses in the Criminal Division alone by \$272,000. Also, 22 in-car cameras were purchased at a cost of approximately \$115,000 including appurtenances.

Public Works programs expenses decreased nearly \$170,000 in 2008 from 2007 due to higher than normal expenditures during 2007 for asphalt paving and bridge rehabilitation.

Jobs and Family Services expenses decreased over \$1.5 million below the 2007 level of expenses due primarily to large expenditures in 2007 of accumulated "high performance incentives" and, to a lesser extent, budget reductions.

**Business-Type Activity**

The net assets for business-type activities decreased by \$213,975 during 2008. Charges for services accounted for all business-type activity revenue.

Sewer enterprise expenses increased approximately \$260,000 from 2007. The County experienced a 23 percent daily operating expense increase (about \$116,000) primarily for additional contact services. Also, the 2007 expense levels were reduced \$131,404 by a January 1, 2007, reversing entry for sewer services owed to the City of Belpre for 2006.

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

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

Table 3  
 Governmental Activities

	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>
General Government:				
Legislative and Executive	\$6,114,063	\$3,491,501	\$5,840,850	\$3,421,032
Judicial	2,281,485	1,321,339	1,737,246	682,776
Public Safety	8,451,812	7,175,363	8,077,131	6,339,925
Public Works	7,969,541	1,757,874	8,134,472	1,587,628
Intergovernmental	0	0	751,474	751,474
Health:				
Alcohol, Drug, and Mental Health	5,833,381	(148,334)	5,673,724	465,369
Mental Retardation and Developmental Disabilities	7,449,273	3,678,125	6,456,136	3,141,799
County Home	2,511,261	1,537,206	2,474,205	1,630,886
Other Health	149,313	(9,425)	252,302	118,885
Human Services:				
Child Support Enforcement	937,535	119,101	891,920	(127,950)
Children Services	3,097,996	231,250	2,777,336	1,650,586
Job and Family Services	7,217,559	178,075	8,769,755	930,007
Other Human Services	2,830,432	2,487,596	1,560,430	1,278,067
Economic Development and Assistance				
Intergovernmental	698,059	654,184	617,474	(360,373)
Interest and Fiscal Charges	489,731	53,645	730,685	369,023
Prior Period Adjustment	337,421	337,421	375,759	375,759
	0	0	(968,401)	(968,401)
Total Expenses	<u>\$56,368,862</u>	<u>\$22,864,921</u>	<u>\$54,152,498</u>	<u>\$21,286,492</u>

Charges for services, operating grants, and capital grants of \$33,503,941, or 59.44 percent of the total costs of services, are received and used to fund governmental activities expenses of the County. The remaining \$22,864,921 in governmental activities expenses is funded by property taxes, permissive sales taxes, intergovernmental revenues, interest, rents, gifts and donations, and miscellaneous revenues.

The \$5,057,572 in net cost of services for Health demonstrates the costs of services that are not supported from state and federal resources. As such, the taxpayers have approved property tax levies for several programs including Alcohol, Drug and Mental Health, Mental Retardation and Developmental Disabilities, and the County Home.

**Financial Analysis of County Funds**

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

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

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

---

As of December 31, 2008, the County's governmental funds reported a combined ending fund balance of \$23,778,812, a decrease of \$499,232 in comparison with the prior year. \$21,011,242, or 88.36 percent of this total constitutes unreserved, undesignated fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior year (\$2,709,591) or a variety of other restricted purposes (\$57,979). While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to expense restrictions mandated by the source of the resource, such as the State or federal government.

The General Fund is the primary operating fund of the County. At the end of 2008, unreserved fund balance was \$6,259,772, while total fund balance was \$6,778,564. 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 33.40 percent to total General Fund expenditures, while total fund balance represents 36.17 percent of that same amount.

The fund balance of the County's General Fund decreased by \$769,671 during 2008. The primary cause for the decrease was the spending of prior cash carryover to meet current year appropriated operating expenses.

The fund balance of the Job and Family Services Special Revenue Fund decreased by \$143,251 during 2008. After consulting with the DJFS Fiscal Director, it was determined that the decrease, two percent of annual expenditures, is due to a timing issue of when receipts and disbursements occur.

The fund balance of the Motor Vehicle and Gasoline Tax Special Revenue Fund increased by \$39,794 during 2008. With approximately \$6,400,000 in expenditures and the existing cash balance, this increase is immaterial.

The fund balance of the Mental Retardation and Developmental Disabilities Special Revenue Fund decreased by \$116,438 during 2008. With approximately \$7,000,000 in expenditures and the existing cash balance, this decrease is immaterial.

The fund balance of the County Home Special Revenue Fund increased by \$364,490 during 2008. After consulting with the Administrator of the County Home, it was determined that the increase was primarily due to the resident population during 2008 being below capacity while the budget was prepared to address a greater resident population. This led to under spending from the operational accounts.

The fund balance of the Mental Health and Addiction Recovery Board Special Revenue Fund increased by \$219,651 during 2008. After consulting with the Board Fiscal Manager, it was determined that this is an issue of timing of when receipts and disbursements occur.

*Proprietary Funds* - The County maintains two different types of proprietary funds. Enterprise funds are used to report functions presented as business-type activities on the government-wide financial statements. The County uses an enterprise fund to account for Sewer Fund operations. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's other programs and activities. The County uses an internal service funds to account for the Mental Retardation and Developmental Disabilities self-insurance program and State Workers' Compensation retrospective rating and payment program. The Self-Insurance Funds account for the claims and liabilities relating to the County's self-insured health and workers' compensation programs.

As of December 31, 2008, net assets for the County's enterprise fund were \$3,748,794. Of that total, \$309,461 represents unrestricted net assets.

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

---

**Budgetary Highlights**

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Board of County Commissioners adopts a permanent annual operating budget for the County on or about January 1.

For the General Fund, cash basis revenue was \$18,331,226, above final estimates of \$18,240,678. Final estimated receipts were reduced from original estimates of \$18,422,078, due to a combination of factors, primarily the under performance of the sales tax. It is interesting to note that final receipts were within 1% of the original estimate even in these volatile economic times. Actual expenditures for the year were \$19,823,840, under final estimated appropriations of \$23,232,615. The majority of the under spending occurred in the Sheriff Sales Tax allocation (\$1,255,493 out of \$4,947,103 budgeted).

**Capital Assets and Debt Administration**

*Capital Assets* - The County's capital assets for governmental and business-type activities as of December 31, 2008, were \$145,771,589 (net of accumulated depreciation). This includes land and improvements, buildings and improvements, machinery and equipment, furniture and fixtures, infrastructure, and vehicles.

For governmental activities, the most significant capital asset additions during 2008 included the addition of several new vehicles for Sheriff and highway department; several new pieces of equipment at the highway department; and a new salt storage building for the highway department.

The County uses the modified approach to present county roads and bridges (infrastructure). Disclosures about the condition assessments and maintenance costs regarding the County's infrastructure can be found in the Required Supplementary Information.

Note 9 (Capital Assets) provides capital asset activity during 2008.

*Debt Administration* - As of December 31, 2008, the County had total bonded debt outstanding of \$5,418,545. All of this debt is expected to be repaid through governmental activities. The County's long-term general obligation bonded debt decreased by \$487,030 (8.25 percent) during 2008. Other outstanding long-term debt included OPWC loans of \$408,895, OWDA Loans of \$235,885, and FHA loans payable of \$780,000.

In February 2008, various purpose bond anticipation notes were issued in the amount of \$190,000 and \$302,000. These notes were issued for the computerization of the Washington County Clerk of Courts office, and to replace of the Washington County Health Department's roof and for building acquisition and improvements. Notes 15 and 16 provide information regarding bond anticipation notes.

In addition, County's long-term obligations include compensated absences for sick leave benefits, early retirement incentives, and a capital lease. Additional information on the County's long-term obligations can be found in Note 15 of this report.

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

---

**Economic Factors**

The unemployment rate for the County is currently 6.3 percent, which is an increase from 4.8 percent a year ago. This rate is lower than the State's current rate of 7.4 percent and lower than the current national rate of 7.2 percent. The increase demonstrates that the economic slowdown seen nationally and across the State has also been realized in Washington County. While the employment level is below the state average, it also remains significantly better than many surrounding counties in southeast Ohio.

The County's \$1.107 billion tax base has increased 0.6 percent from the prior year. This increase is attributed primarily to the State mandated triennial update of real property values. This increased the value of agricultural and residential property by approximately 10%, or \$63 million. This increase slightly more than offsets the reduction of personal property value of \$44 million as a direct result of House Bill 66 as enacted in 2005 by the State. However, it should be noted that the State is providing some reimbursement for the reduction in tangible personal property tax revenue to the County for all existing levies. Real property values within the County have risen over the past several years, and are now at an all time high.

The County's permissive sales tax revenues in governmental funds decreased on a cash basis from 2007 to 2008 by 1.0% following four years of steady growth, despite uncertain economic conditions. From a cash perspective rather than an accrual basis, the sales tax revenue has averaged growth of 3.1% per year on that basis over that prior four years. In fact, the last year Washington County realized decreased sales tax revenues was 2003, when the reduction was 0.1% from 2002.

Various economic factors were considered in the preparation of the County's 2008 budget and will be considered in the preparation of future budgets. Appropriate measures will continue to be taken to ensure spending is within available resources.

**Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: William D. McFarland, Washington County Auditor, 205 Putnam Street, Marietta, Ohio 45750.



**Washington County, Ohio**  
*Statement of Net Assets*  
*December 31, 2008*

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activity	Total	WASCO, Inc.	Southeastern Ohio Port Authority
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$22,451,795	\$26,255	\$22,478,050	\$0	\$0
Cash and Cash Equivalents	0	0	0	227,453	140,361
Cash and Cash Equivalents in Segregated Accounts	17,486	0	17,486	0	0
Accounts Receivable	335,205	157,649	492,854	304,370	0
Internal Balances	1,002	(1,002)	0	0	0
Due from Component Unit	41,380	0	41,380	0	0
Accrued Interest Receivable	21,852	0	21,852	0	0
Intergovernmental Receivable	6,893,141	0	6,893,141	0	241,918
Property Taxes Receivable	6,907,062	0	6,907,062	0	0
Sales Taxes Receivable	1,521,516	0	1,521,516	0	0
Loans Receivable	6,072	0	6,072	0	0
Prepaid Items	207,053	0	207,053	13,815	1,161
Materials and Supplies Inventory	398,130	0	398,130	9,878	0
Special Assessments Receivable	0	167,856	167,856	0	0
Investments in Segregated Accounts	384,667	0	384,667	0	0
Deferred Charges	92,502	0	92,502	0	0
Non-Depreciable Capital Assets	123,743,381	189,760	123,933,141	0	0
Depreciable Capital Assets, Net	17,325,869	4,512,579	21,838,448	185,969	2,767
<i>Total Assets</i>	<u>180,348,113</u>	<u>5,053,097</u>	<u>185,401,210</u>	<u>741,485</u>	<u>386,207</u>
<b>Liabilities</b>					
Accounts Payable	539,185	4,920	544,105	54,909	95,752
Contracts Payable	67,305	0	67,305	0	0
Accrued Wages Payable	869,867	4,247	874,114	31,525	0
Vacation Benefits Payable	1,212,326	2,627	1,214,953	29,569	0
Matured Compensated Absences Payable	389	0	389	0	0
Due to Component Unit	6,544	0	6,544	0	0
Intergovernmental Payable	1,052,708	21,789	1,074,497	20,579	0
Accrued Interest Payable	42,074	5,850	47,924	0	0
Deferred Revenue	6,681,011	0	6,681,011	0	0
Notes Payable	302,000	0	302,000	0	0
Long-Term Liabilities:					
Due Within One Year	688,509	33,123	721,632	0	3,383
Due In More Than One Year	5,834,133	1,231,747	7,065,880	0	38,906
<i>Total Liabilities</i>	<u>17,296,051</u>	<u>1,304,303</u>	<u>18,600,354</u>	<u>136,582</u>	<u>138,041</u>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	135,177,838	3,439,333	138,617,171	185,969	2,767
Restricted for:					
Capital Projects	174,961	0	174,961	0	0
Debt Service	218,721	0	218,721	0	0
Road and Bridge Projects	4,853,082	0	4,853,082	0	0
Mental Health	2,525,975	0	2,525,975	0	0
County Home	3,824,083	0	3,824,083	0	0
Mental Retardation and Developmental Disabilities	2,620,509	0	2,620,509	0	0
Child Support Enforcement Agency	100,458	0	100,458	0	0
Children Services	2,050,880	0	2,050,880	0	0
Senior Services	246,412	0	246,412	0	0
Unclaimed Monies	52,454	0	52,454	0	0
Other Purposes	3,659,441	0	3,659,441	0	0
Unrestricted	7,547,248	309,461	7,856,709	418,934	245,399
<i>Total Net Assets</i>	<u>\$163,052,062</u>	<u>\$3,748,794</u>	<u>\$166,800,856</u>	<u>\$604,903</u>	<u>\$248,166</u>

See accompanying notes to the basic financial statements

**Washington County, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2008  
For the Fiscal Year Ended August 31, 2008 - WASCO, Inc. Component Unit

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government:				
Legislative and Executive	\$6,114,063	\$2,457,090	\$165,472	\$0
Judicial	2,281,485	876,780	83,366	0
Public Safety	8,451,812	976,011	300,438	0
Public Works	7,969,541	119,543	5,729,202	362,922
Health:				
Alcohol, Drug, and Mental Health	5,833,381	0	5,981,715	0
Mental Retardation and Developmental Disabilities	7,449,273	222,540	3,548,608	0
County Home	2,511,261	339,441	634,614	0
Other Health	149,313	158,738	0	0
Human Services:				
Child Support Enforcement	937,535	91,631	726,803	0
Children Services	3,097,996	165,036	2,701,710	0
Job and Family Services	7,217,559	84,531	6,954,953	0
Other Human Services	2,830,432	14,033	328,803	0
Economic Development and Assistance	698,059	0	43,875	0
Intergovernmental	489,731	0	382,086	54,000
Interest and Fiscal Charges	337,421	0	0	0
<i>Total Governmental Activities</i>	<u>56,368,862</u>	<u>5,505,374</u>	<u>27,581,645</u>	<u>416,922</u>
<b>Business-Type Activity</b>				
Sewer	721,136	507,161	0	0
<i>Total Primary Government</i>	<u>\$57,089,998</u>	<u>\$6,012,535</u>	<u>\$27,581,645</u>	<u>\$416,922</u>
<b>Component Units</b>				
WASCO, Inc.	\$2,486,962	\$2,476,414	\$0	\$0
Southeastern Ohio Port Authority	\$719,643	\$0	\$654,078	\$0

**General Revenues**

Property Taxes Levied for:  
General Purposes  
County Home  
Mental Retardation and Developmental Disabilities  
Senior Services  
Bond Retirement  
Sales Taxes Levied for General Purposes  
Grants and Entitlements not Restricted to Specific Programs  
Interest  
Rent  
Gifts and Donations  
Miscellaneous

*Total General Revenues*

Change in Net Assets

*Net Assets Beginning of Year - Restated (See Note 3)*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue  
and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-Type Activity	Total	WASCO, Inc.	Southeastern Ohio Port Authority
(\$3,491,501)	\$0	(\$3,491,501)	\$0	\$0
(1,321,339)	0	(1,321,339)	0	0
(7,175,363)	0	(7,175,363)	0	0
(1,757,874)	0	(1,757,874)	0	0
			0	
148,334	0	148,334	0	0
(3,678,125)	0	(3,678,125)	0	0
(1,537,206)	0	(1,537,206)	0	0
9,425	0	9,425	0	0
(119,101)	0	(119,101)	0	0
(231,250)	0	(231,250)	0	0
(178,075)	0	(178,075)	0	0
(2,487,596)	0	(2,487,596)	0	0
(654,184)	0	(654,184)	0	0
(53,645)	0	(53,645)	0	0
(337,421)	0	(337,421)	0	0
(22,864,921)	0	(22,864,921)	0	0
0	(213,975)	(213,975)	0	0
(22,864,921)	(213,975)	(23,078,896)	0	0
0	0	0	(10,548)	0
0	0	0	0	(65,565)
2,560,399	0	2,560,399	0	0
2,066,284	0	2,066,284	0	0
3,442,889	0	3,442,889	0	0
876,907	0	876,907	0	0
217,606	0	217,606	0	0
9,662,989	0	9,662,989	0	0
2,059,763	0	2,059,763	0	0
1,226,747	0	1,226,747	2,743	2,480
86,620	0	86,620	0	0
12,430	0	12,430	0	0
377,955	0	377,955	0	10,227
22,590,589	0	22,590,589	2,743	12,707
(274,332)	(213,975)	(488,307)	(7,805)	(52,858)
163,326,394	3,962,769	167,289,163	612,708	301,024
<u>\$163,052,062</u>	<u>\$3,748,794</u>	<u>\$166,800,856</u>	<u>\$604,903</u>	<u>\$248,166</u>

**Washington County, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2008*

	<u>General</u>	<u>Job and Family Services</u>	<u>Motor Vehicle and Gasoline Tax</u>	<u>Mental Retardation and Developmental Disabilities</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$5,810,251	\$996,191	\$2,602,374	\$2,554,326
Cash and Cash Equivalents in Segregated Accounts	16,074	0	0	0
Investments in Segregated Accounts	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	52,454	0	0	0
Materials and Supplies Inventory	52,092	23,747	303,728	0
Receivables:				
Property Taxes	1,835,083	0	0	2,594,021
Sales Taxes	1,521,516	0	0	0
Accounts	9,603	0	0	59,042
Intergovernmental	804,960	0	2,364,913	873,316
Interfund	12,812	0	0	0
Due from Component Unit	0	0	0	0
Accrued Interest	17,430	0	0	0
Loans	0	0	0	0
Prepaid Items	120,090	2,922	1,753	31,429
<i>Total Assets</i>	<u>\$10,252,365</u>	<u>\$1,022,860</u>	<u>\$5,272,768</u>	<u>\$6,112,134</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$173,072	\$35,678	\$70,886	\$68,254
Contracts Payable	0	67,305	0	0
Accrued Wages Payable	341,234	100,160	67,646	168,184
Matured Compensated Absences Payable	0	0	0	0
Interfund Payable	219,316	26,177	145,120	74,324
Due to Component Unit	6,544	0	0	0
Accrued Interest Payable	0	0	0	0
Intergovernmental Payable	130,683	192,021	18,688	141,896
Deferred Revenue	2,602,952	543,732	1,592,291	3,079,727
Notes Payable	0	0	0	0
<i>Total Liabilities</i>	<u>3,473,801</u>	<u>965,073</u>	<u>1,894,631</u>	<u>3,532,385</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	466,338	353,030	223,163	189,103
Reserved for Unclaimed Monies	52,454	0	0	0
Reserved for Loans	0	0	0	0
Unreserved:				
Undesignated, Reported in:				
General Fund	6,259,772	0	0	0
Special Revenue Funds (Deficit)	0	(295,243)	3,154,974	2,390,646
Debt Service Fund	0	0	0	0
Capital Projects Funds (Deficit)	0	0	0	0
<i>Total Fund Balances</i>	<u>6,778,564</u>	<u>57,787</u>	<u>3,378,137</u>	<u>2,579,749</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$10,252,365</u>	<u>\$1,022,860</u>	<u>\$5,272,768</u>	<u>\$6,112,134</u>

See accompanying notes to the basic financial statements

County Home	Mental Health and Addiction Recovery Board	Other Governmental Funds	Total Governmental Funds
\$3,634,443	\$767,385	\$5,864,059	\$22,229,029
0	0	1,412	17,486
0	0	384,667	384,667
0	0	0	52,454
7,223	0	11,340	398,130
1,596,271	0	881,687	6,907,062
0	0	0	1,521,516
26,159	0	37,118	131,922
112,901	2,022,246	714,805	6,893,141
0	0	204	13,016
0	0	41,380	41,380
0	0	4,422	21,852
0	0	6,072	6,072
2,639	4,726	43,494	207,053
<u>\$5,379,636</u>	<u>\$2,794,357</u>	<u>\$7,990,660</u>	<u>\$38,824,780</u>
\$18,233	\$70,448	\$102,614	\$539,185
0	0	0	67,305
59,146	16,347	117,150	869,867
389	0	0	389
30,818	4,272	45,072	545,099
0	0	0	6,544
0	0	14,748	14,748
15,004	135,409	57,090	690,791
1,709,172	911,484	1,570,682	12,010,040
0	0	302,000	302,000
<u>1,832,762</u>	<u>1,137,960</u>	<u>2,209,356</u>	<u>15,045,968</u>
52,888	261,927	1,163,142	2,709,591
0	0	0	52,454
0	0	5,525	5,525
0	0	0	6,259,772
3,493,986	1,394,470	4,428,959	14,567,792
0	0	324,953	324,953
0	0	(141,275)	(141,275)
<u>3,546,874</u>	<u>1,656,397</u>	<u>5,781,304</u>	<u>23,778,812</u>
<u>\$5,379,636</u>	<u>\$2,794,357</u>	<u>\$7,990,660</u>	<u>\$38,824,780</u>

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

<b>Total Governmental Fund Balances</b>		\$23,778,812
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		141,069,250
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Property Taxes	777,419	
Intergovernmental Revenues	4,509,506	
Charges for Services	37,682	
Interest Revenues	4,422	5,329,029
An internal service fund is used by management to charge the costs of providing health care insurance to Mental Retardation and Developmental Disabilities employees and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		544,763
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the balance sheet until due.		(1,212,326)
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		92,502
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds Payable	(5,030,081)	
Compensated Absences Payable	(516,358)	
Accrued Interest Payable	(27,326)	
Early Retirement Incentive Payable	(209,982)	
Energy Conservation Bonds Payable	(388,464)	
Long-Term Bond Anticipation Notes Payable	(190,000)	
Ohio Public Works Commission Loan Payable	(160,956)	
Capital Leases Payable	(26,801)	(6,549,968)
Net Assets of Governmental Activities		\$163,052,062

See accompanying notes to the basic financial statements

**This page intentionally left blank.**

**Washington County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2008*

	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Mental Retardation and Developmental Disabilities
<b>Revenues</b>				
Property Taxes	\$2,477,753	\$0	\$0	\$3,281,394
Sales Taxes	9,418,711	0	0	0
Charges for Services	2,315,589	0	53,288	201,920
Licenses and Permits	3,760	0	0	0
Fines and Forfeitures	97,990	0	64,583	0
Intergovernmental	2,308,257	6,954,953	5,992,340	3,557,653
Interest	1,250,249	0	123,466	0
Rent	86,620	0	0	0
Gifts and Donations	1,000	0	0	24,467
Miscellaneous	191,767	0	0	124,464
<i>Total Revenues</i>	<u>18,151,696</u>	<u>6,954,953</u>	<u>6,233,677</u>	<u>7,189,898</u>
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive	5,504,110	0	0	0
Judicial	1,683,545	0	0	0
Public Safety	7,583,937	0	0	0
Public Works	1,859,798	0	6,411,839	0
Health:				
Alcohol, Drug, and Mental Health	0	0	0	0
Mental Retardation and Developmental Disabilities	0	0	0	7,172,962
County Home	0	0	0	0
Other Health	59,081	0	0	0
Human Services:				
Child Support Enforcement	0	0	0	0
Children Services	0	0	0	0
Job and Family Services	0	7,084,272	0	0
Other Human Services	1,640,927	0	0	0
Economic Development and Assistance	137,397	0	0	0
Capital Outlay	0	0	0	0
Intergovernmental	0	0	0	0
Debt Service:				
Principal Retirement	141,309	12,140	0	111,880
Interest and Fiscal Charges	130,327	1,792	0	22,494
Current Refunding	0	0	0	0
<i>Total Expenditures</i>	<u>18,740,431</u>	<u>7,098,204</u>	<u>6,411,839</u>	<u>7,307,336</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(588,735)</u>	<u>(143,251)</u>	<u>(178,162)</u>	<u>(117,438)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	4,100	0	57,000	1,000
Notes Issued	0	0	160,956	0
Transfers In	80,000	0	0	0
Transfers Out	(265,036)	0	0	0
Total Other Financing Sources (Uses)	<u>(180,936)</u>	<u>0</u>	<u>217,956</u>	<u>1,000</u>
<i>Net Change in Fund Balances</i>	(769,671)	(143,251)	39,794	(116,438)
<i>Fund Balances Beginning of Year -</i>				
<i>Restated (See Note 3)</i>	<u>7,548,235</u>	<u>201,038</u>	<u>3,338,343</u>	<u>2,696,187</u>
<i>Fund Balances End of Year</i>	<u>\$6,778,564</u>	<u>\$57,787</u>	<u>\$3,378,137</u>	<u>\$2,579,749</u>

See accompanying notes to the basic financial statements



County Home	Mental Health and Addiction Recovery Board	Other Governmental Funds	Total Governmental Funds
\$1,949,778	\$0	\$1,031,873	\$8,740,798
0	0	0	9,418,711
316,884	0	1,500,330	4,388,011
0	0	470,994	474,754
0	0	280,164	442,737
632,385	6,001,291	4,961,966	30,408,845
0	0	25,722	1,399,437
22,557	0	147,276	256,453
0	0	11,430	36,897
2,738	6,635	52,380	377,984
<u>2,924,342</u>	<u>6,007,926</u>	<u>8,482,135</u>	<u>55,944,627</u>
0	0	598,245	6,102,355
0	0	498,344	2,181,889
0	0	677,107	8,261,044
0	0	202	8,271,839
0	5,818,275	0	5,818,275
0	0	0	7,172,962
2,559,852	0	0	2,559,852
0	0	162,050	221,131
0	0	932,901	932,901
0	0	2,850,512	2,850,512
0	0	0	7,084,272
0	0	1,167,439	2,808,366
0	0	562,548	699,945
0	0	163,319	163,319
0	0	489,731	489,731
0	0	340,000	605,329
0	0	192,698	347,311
0	0	302,000	302,000
<u>2,559,852</u>	<u>5,818,275</u>	<u>8,937,096</u>	<u>56,873,033</u>
<u>364,490</u>	<u>189,651</u>	<u>(454,961)</u>	<u>(928,406)</u>
0	0	16,118	78,218
0	0	190,000	350,956
0	30,000	235,036	345,036
0	0	(80,000)	(345,036)
<u>0</u>	<u>30,000</u>	<u>361,154</u>	<u>429,174</u>
364,490	219,651	(93,807)	(499,232)
<u>3,182,384</u>	<u>1,436,746</u>	<u>5,875,111</u>	<u>24,278,044</u>
<u>\$3,546,874</u>	<u>\$1,656,397</u>	<u>\$5,781,304</u>	<u>\$23,778,812</u>

**Washington 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, 2008*

**Net Change in Fund Balances - Governmental Funds** (\$499,232)

*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. This is the amount by which capital outlay exceeded depreciation in the current period:

Capital Asset Additions	1,594,147	
Current Year Depreciation	<u>(1,364,696)</u>	229,451

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds and the loss on disposal of assets:

Loss on Disposal of Capital Assets	(515,585)	
Proceeds from Sale of Capital Assets	<u>(78,218)</u>	(593,803)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund:

Property Taxes	423,287	
Sales Tax	244,278	
Intergovernmental	(547,555)	
Interest	(117)	
Charges for Services	30,039	
Other Revenue	<u>(29)</u>	149,903

Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities:

General Obligation Bonds Payable	480,000	
Bond Anticipation Notes Payable	302,000	
Capital Lease Payable	<u>13,449</u>	795,449

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums and discounts are reported as revenues and expenditures when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:

Capital Facilities Jail Bond Premium	6,430	
Energy Conservation Bond Premium	2,333	
Accrued Interest Payable	10,391	
Amortization of Issuance Costs	(7,531)	
Amortization of Discount	<u>(1,733)</u>	9,890

Note proceeds are other financing sources in the governmental funds, but the issuance increases the long-term liabilities on the statement of activities. Governmental funds report the effect of premiums and discounts when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:

(350,956)

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

Vacation Benefits Payable	(264,567)	
Early Retirement Incentive Payable	111,880	
Compensated Absences Payable	<u>(233,236)</u>	(385,923)

The internal service fund used by management to charge the costs of insurance and workers' compensation to individual funds is not reported in the statement of activities eliminated. The net expenses of the internal service fund is allocated among governmental activities.

370,889

**Change in Net Assets of Governmental Activities**

(\$274,332)

See accompanying notes to the basic financial statements

**Washington County, Ohio**  
*Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$2,491,850	\$2,491,850	\$2,426,269	(\$65,581)
Sales Taxes	9,936,650	9,546,650	9,642,800	96,150
Charges for Services	2,596,560	2,338,214	2,323,426	(14,788)
Licenses and Permits	5,000	5,000	3,760	(1,240)
Fines and Forfeitures	146,500	94,925	93,871	(1,054)
Intergovernmental	2,003,277	2,168,612	2,319,075	150,463
Interest	901,691	1,264,892	1,243,540	(21,352)
Rent	86,600	86,600	86,620	20
Contributions and Donations	0	1,000	1,000	0
Miscellaneous	253,950	242,935	190,865	(52,070)
<i>Total Revenues</i>	<u>18,422,078</u>	<u>18,240,678</u>	<u>18,331,226</u>	<u>90,548</u>
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive	6,679,137	6,399,834	5,749,045	650,789
Judicial	1,578,021	1,741,578	1,669,022	72,556
Public Safety	9,236,987	9,416,406	7,807,775	1,608,631
Public Works	3,647,451	3,221,562	2,279,041	942,521
Health	200,744	200,744	112,766	87,978
Human Services	1,697,784	1,709,551	1,663,452	46,099
Economic Development and Assistance	132,471	133,554	133,353	201
Debt Service:				
Principal Retirement	274,960	274,960	274,960	0
Interest and Fiscal Charges	134,426	134,426	134,426	0
<i>Total Expenditures</i>	<u>23,581,981</u>	<u>23,232,615</u>	<u>19,823,840</u>	<u>3,408,775</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(5,159,903)</u>	<u>(4,991,937)</u>	<u>(1,492,614)</u>	<u>3,499,323</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	1,598	4,100	2,502
Advance In	0	10,000	10,000	0
Advance Out	(10,300)	0	0	0
Transfers In	100,000	80,000	80,000	0
Transfers Out	(395,530)	(317,619)	(265,036)	52,583
<i>Total Other Financing Sources (Uses)</i>	<u>(305,830)</u>	<u>(226,021)</u>	<u>(170,936)</u>	<u>55,085</u>
<i>Net Change in Fund Balance</i>	<u>(5,465,733)</u>	<u>(5,217,958)</u>	<u>(1,663,550)</u>	<u>3,554,408</u>
<i>Fund Balance Beginning of Year - Restated</i>	5,130,590	5,130,590	5,130,590	0
Prior Year Encumbrances Appropriated	<u>1,497,008</u>	<u>1,497,008</u>	<u>1,497,008</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,161,865</u>	<u>\$1,409,640</u>	<u>\$4,964,048</u>	<u>\$3,554,408</u>

See accompanying notes to the basic financial statements

**Washington County, Ohio**  
*Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Budget Basis)*  
*Job and Family Services Fund*  
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$7,756,576	\$7,756,576	\$7,062,858	(\$693,718)
Contributions and Donations	1,000	1,000	0	(1,000)
<i>Total Revenues</i>	<i>7,757,576</i>	<i>7,757,576</i>	<i>7,062,858</i>	<i>(694,718)</i>
<b>Expenditures</b>				
Current:				
Human Services	8,118,858	8,953,253	8,051,359	901,894
<i>Net Change in Fund Balance</i>	<i>(361,282)</i>	<i>(1,195,677)</i>	<i>(988,501)</i>	<i>207,176</i>
<i>Fund Balance Beginning of Year</i>	<i>1,219,992</i>	<i>1,219,992</i>	<i>1,219,992</i>	<i>0</i>
Prior Year Encumbrances Appropriated	314,107	314,107	314,107	0
<i>Fund Balance End of Year</i>	<u><u>\$1,172,817</u></u>	<u><u>\$338,422</u></u>	<u><u>\$545,598</u></u>	<u><u>\$207,176</u></u>

See accompanying notes to the basic financial statements

**Washington County, Ohio**  
*Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Budget Basis)  
Motor Vehicle and Gasoline Tax Fund  
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$20,000	\$20,000	\$66,132	\$46,132
Fines and Forfeitures	40,000	40,000	63,403	23,403
Intergovernmental	5,015,000	5,526,520	6,015,712	489,192
Interest	40,000	40,000	123,466	83,466
Miscellaneous	1,600	1,600	2,742	1,142
<i>Total Revenues</i>	<u>5,116,600</u>	<u>5,628,120</u>	<u>6,271,455</u>	<u>643,335</u>
<b>Expenditures</b>				
Current:				
Public Works	6,848,362	8,208,049	6,853,935	1,354,114
<i>Excess of Revenues Under Expenditures</i>	<u>(1,731,762)</u>	<u>(2,579,929)</u>	<u>(582,480)</u>	<u>1,997,449</u>
<b>Other Financing Sources</b>				
Proceeds of OPWC Loans	0	0	160,956	160,956
Proceeds from Sale of Capital Assets	0	0	57,000	57,000
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>217,956</u>	<u>217,956</u>
<i>Net Change in Fund Balance</i>	(1,731,762)	(2,579,929)	(364,524)	2,215,405
<i>Fund Balance Beginning of Year - Restated</i>	2,090,410	2,090,410	2,090,410	0
Prior Year Encumbrances Appropriated	582,301	582,301	582,301	0
<i>Fund Balance End of Year</i>	<u>\$940,949</u>	<u>\$92,782</u>	<u>\$2,308,187</u>	<u>\$2,215,405</u>

See accompanying notes to the basic financial statements

**Washington County, Ohio**  
*Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Budget Basis)*  
*Mental Retardation and Developmental Disabilities Fund*  
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$3,280,424	\$3,280,424	\$3,199,354	(\$81,070)
Charges for Services	195,000	195,000	178,111	(16,889)
Intergovernmental	3,649,224	4,071,720	3,626,919	(444,801)
Contributions and Donations	15,000	29,702	24,467	(5,235)
Miscellaneous	40,000	40,000	84,469	44,469
<i>Total Revenues</i>	<u>7,179,648</u>	<u>7,616,846</u>	<u>7,113,320</u>	<u>(503,526)</u>
<b>Expenditures</b>				
Current:				
Health	6,983,409	8,697,433	7,520,053	1,177,380
<i>Excess of Revenues Over (Under) Expenditures</i>	196,239	(1,080,587)	(406,733)	673,854
<b>Other Financing Sources</b>				
Proceeds from Sale of Capital Assets	0	0	1,000	1,000
<i>Net Change in Fund Balance</i>	196,239	(1,080,587)	(405,733)	674,854
<i>Fund Balance Beginning of Year - Restated</i>	2,215,150	2,215,150	2,215,150	0
Prior Year Encumbrances Appropriated	196,490	196,490	196,490	0
<i>Fund Balance End of Year</i>	<u>\$2,607,879</u>	<u>\$1,331,053</u>	<u>\$2,005,907</u>	<u>\$674,854</u>

See accompanying notes to the basic financial statements

**Washington County, Ohio**  
*Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Budget Basis)*  
County Home Fund  
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$1,943,090	\$1,943,090	\$1,898,564	(\$44,526)
Charges for Services	0	0	314,252	314,252
Intergovernmental	570,915	570,915	632,385	61,470
Rent	0	0	22,557	22,557
Miscellaneous	0	0	2,738	2,738
<i>Total Revenues</i>	<u>2,514,005</u>	<u>2,514,005</u>	<u>2,870,496</u>	<u>356,491</u>
<b>Expenditures</b>				
Current:				
Health	2,992,692	2,992,962	2,601,761	391,201
<i>Net Change in Fund Balance</i>	(478,687)	(478,957)	268,735	747,692
<i>Fund Balance Beginning of Year</i>	3,096,918	3,096,918	3,096,918	0
Prior Year Encumbrances Appropriated	50,399	50,399	50,399	0
<i>Fund Balance End of Year</i>	<u>\$2,668,630</u>	<u>\$2,668,360</u>	<u>\$3,416,052</u>	<u>\$747,692</u>

See accompanying notes to the basic financial statements

**Washington County, Ohio**  
*Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Budget Basis)  
Mental Health and Addiction Recovery Board Fund  
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$5,079,249	\$5,267,376	\$5,888,859	\$621,483
Miscellaneous	0	0	7,313	7,313
<i>Total Revenues</i>	5,079,249	5,267,376	5,896,172	628,796
<b>Expenditures</b>				
Current:				
Health	3,694,759	6,218,729	6,094,713	124,016
<i>Excess of Revenues Over (Under) Expenditures</i>	1,384,490	(951,353)	(198,541)	752,812
<b>Other Financing Sources</b>				
Transfers In	30,000	30,000	30,000	0
<i>Net Change in Fund Balance</i>	1,414,490	(921,353)	(168,541)	752,812
<i>Fund Balance Beginning of Year</i>	296,186	296,186	296,186	0
Prior Year Encumbrances Appropriated	128,075	128,075	128,075	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$1,838,751</u>	<u>(\$497,092)</u>	<u>\$255,720</u>	<u>\$752,812</u>

See accompanying notes to the basic financial statements



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

	Business-Type Activity	Governmental Activities
	Sewer	Internal Service
	<u>Enterprise Fund</u>	<u>Funds</u>
<b>Assets</b>		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$26,255	\$170,312
Receivables:		
Accounts	157,649	203,283
Special Assessments	167,856	0
Due From Other Funds - Workers' Compensation	<u>0</u>	<u>533,085</u>
<i>Total Current Assets</i>	351,760	906,680
Noncurrent Assets:		
Non-Depreciable Capital Assets	189,760	0
Depreciable Capital Assets, Net	<u>4,512,579</u>	<u>0</u>
<i>Total Assets</i>	<u>5,054,099</u>	<u>906,680</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts Payable	4,920	0
Accrued Wages Payable	4,247	0
Vacation Benefits Payable	2,627	0
Intergovernmental Payable - Workers' Compensation	21,789	361,917
Accrued Interest Payable	5,850	0
Interfund Payable	1,002	0
Current Portion of OWDA Loan Payable	5,818	0
Current Portion of OPWC Loans Payable	15,805	0
Current Portion of FHA Loan Payable	<u>11,500</u>	<u>0</u>
<i>Total Current Liabilities</i>	<u>73,558</u>	<u>361,917</u>
Long-Term Liabilities (Net of Current Portion):		
Compensated Absences Payable	1,046	0
OWDA Loans Payable	230,067	0
OPWC Loans Payable	232,134	0
FHA Sewer Loan Payable	<u>768,500</u>	<u>0</u>
<i>Total Long-Term Liabilities</i>	<u>1,231,747</u>	<u>0</u>
<i>Total Liabilities</i>	<u>1,305,305</u>	<u>361,917</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	3,439,333	0
Unrestricted	<u>309,461</u>	<u>544,763</u>
<i>Total Net Assets</i>	<u><u>\$3,748,794</u></u>	<u><u>\$544,763</u></u>

See accompanying notes to the basic financial statements

**Washington County, Ohio**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Funds*  
*For the Year Ended December 31, 2008*

	Business-Type Activity	Governmental Activities
	Sewer Enterprise Fund	Internal Service Funds
<b>Operating Revenues</b>		
Charges for Services	\$507,161	\$0
Charges for Services - Workers Compensation	0	544,577
	<hr/>	<hr/>
<i>Total Operating Revenues</i>	507,161	544,577
	<hr/>	<hr/>
<b>Operating Expenses</b>		
Personal Services	39,488	0
Fringe Benefits	28,645	0
Contractual Services	382,946	0
Contractual Services - Workers Compensation	0	300,134
Materials and Supplies	27,955	0
Claims - Health Benefits	0	(3,950)
Claims - Workers Compensation	0	(125,707)
Depreciation	194,687	0
Other	1,736	25,569
	<hr/>	<hr/>
<i>Total Operating Expenses</i>	675,457	196,046
	<hr/>	<hr/>
<i>Operating Income (Loss)</i>	(168,296)	348,531
	<hr/>	<hr/>
<b>Non-Operating Expenses</b>		
Interest and Fiscal Charges	(45,679)	0
	<hr/>	<hr/>
<i>Income (Loss) before Transfers</i>	(213,975)	348,531
	<hr/>	<hr/>
Transfers In	0	22,358
	<hr/>	<hr/>
<i>Change in Net Assets</i>	(213,975)	370,889
	<hr/>	<hr/>
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	3,962,769	173,874
	<hr/>	<hr/>
<i>Net Assets End of Year</i>	<u>\$3,748,794</u>	<u>\$544,763</u>

See accompanying notes to the basic financial statements

**Washington County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2008

	Business-Type Activity Sewer Enterprise Fund	Governmental Activities- Internal Service Funds
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers	\$494,947	\$0
Cash Received from Transactions from Other Funds	0	444,238
Cash Payments for Employee Services and Benefits	(114,968)	0
Cash Payments for Goods and Services	(405,711)	0
Cash Payments for Workers' Compensation Premiums	0	(245,256)
Cash Payments to State Bureau of Workers' Compensation for Claims	0	(28,670)
Other Operating Expenses	(342)	(25,569)
	(26,074)	144,743
<i>Net Cash Provided by (Used for) Operating Activities</i>		
<b>Cash Flows from Capital and Related Financing Activities</b>		
Special Assessments	20,033	0
Proceeds from OWDA Loan	818	0
Principal Paid on Debt	(53,896)	0
Interest and Fiscal Charges Paid on Debt	(45,778)	0
	(78,823)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>		
	(104,897)	144,743
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>		
	131,152	25,569
<i>Cash and Cash Equivalents Beginning of Year - Restated</i>		
	\$26,255	\$170,312
<i>Cash and Cash Equivalents End of Year</i>		
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>		
Operating Income (Loss)	(\$168,296)	\$348,531
Adjustments:		
Depreciation	194,687	0
Changes in Assets and Liabilities:		
Increase in Accounts Receivable	(12,214)	0
Decrease in Prepaid Items	1,394	0
Increase in Due from Other Funds	0	(100,339)
Decrease in Accounts Payable	(5,946)	0
Increase in Accrued Wages Payable	1,355	0
Decrease in Vacation Benefits Payable	(5,072)	0
Increase in Compensated Absences Payable	374	0
Increase in Interfund Payable	44	0
Decrease in Claims Payable - Health Benefits	0	(3,950)
Decrease in Claims Payable - Workers' Compensation	0	(193,835)
Decrease in Intergovernmental Payable	(32,400)	0
Increase in Intergovernmental Payable - Workers' Compensation	0	94,336
	(\$26,074)	\$144,743
<i>Net Cash Provided by (Used for) Operating Activities</i>		

See accompanying notes to the basic financial statements

**Washington County, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2008*

<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,817,386
Cash and Cash Equivalents in Segregated Accounts	473,052
Investments in Segregated Accounts	28,377
Receivables:	
Property Taxes	38,016,761
Accounts	196,432
Special Assessments	668,917
Intergovernmental	<u>3,115,113</u>
<i>Total Assets</i>	<u><u>\$46,316,038</u></u>
 <b>Liabilities</b>	
Intergovernmental Payable	\$45,046,764
Undistributed Monies	<u>1,269,274</u>
<i>Total Liabilities</i>	<u><u>\$46,316,038</u></u>

See accompanying notes to the basic financial statements

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

**NOTE 1 - REPORTING ENTITY**

Washington County, Ohio (the County), was created July 26, 1778, by Governor Aurther St. Clair. The County was the first county formed in the Northwest Territory and is composed of twenty-two townships. The County is governed by a board of three County Commissioners elected by the voters of the County. An elected County Auditor serves as chief fiscal officer. In addition, there are seven other elected administrative officials. These officials are: County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, and Sheriff. Also elected are two Common Pleas Court Judges and a Probate and Juvenile Court Judge. The County Commissioners serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the County are not misleading.

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Washington County, this includes the Board of Mental Retardation and Developmental Disabilities, the Children Services' Board, the Mental Health and Recovery Services Board, and all departments and activities that are directly operated by the elected County Officials.

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

***Discretely Presented Component Units***

Wasco, Inc. is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. Wasco, Inc., under a contractual agreement with the Washington County Board of Mental Retardation and Developmental Disabilities, provides sheltered employment for mentally retarded or handicapped adults in Washington County. The Washington County Board of MR/DD provides Wasco, Inc. with staff salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of Wasco, Inc. Based on the significant services and resources provided by the County to Wasco, Inc., and the sole purpose of Wasco, Inc. being to provide assistance to the retarded and handicapped adults of Washington County, Wasco, Inc. is presented as a component unit of Washington County. Wasco, Inc. operates on a fiscal year ending August 31. The financial statements of Wasco, Inc. are prepared in accordance with Governmental Accounting Standards Board Statement 34 following the governmental model of reporting. Separately issued financial statements can be obtained from Wasco, Inc., Marietta, Ohio.

Southeastern Ohio Port Authority (the Authority) was created during 2003, pursuant to Sections 4582.202 through 4582.58, inclusive, of the Ohio Revised Code for the purpose of promoting the manufacturing, commerce, distribution, and research and development interest of Southeastern Ohio, including rendering financial and other assistance to such enterprises situated in the region and to induce the location in Southeastern Ohio of other manufacturing, commerce, distribution, and research entities; to purchase, subdivide, sell, and lease real property in Southeastern Ohio; and erect or repair any building or improvement for the use of any manufacturing, commerce, distribution, or research and development enterprise in Southeastern Ohio. The Authority's Board of Directors consists of the number of Directors it deems necessary. They are appointed by the Washington County Commissioners. The County assumes the

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

responsibility to provide financial support to the Authority and is obligated for the debt of the Authority; therefore, it is included as a discretely presented component unit. Separately issued financial statements can be obtained from the Authority in Marietta, Ohio.

The following potential component units have been excluded from the County's financial statements:

- Washington County Career Center
- Washington County Educational Service Center
- Washington County Agricultural Society
- Washington County Historical Society
- Washington State Community College
- Washington County Cooperative Extension
- Marietta Tourist and Convention Bureau
- Washington County Law Library

In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as agency funds within the County's financial statements:

***Washington County General Health District*** The District is governed by the Board of Health which oversees the operation of the District and is elected by a regional advisory council comprised of township trustees, mayors of participating municipalities, and one County Commissioner. The council adopts its own budget and operates autonomously from the County. Funding is based on a rate per taxable valuation, along with State and federal grants applied for by the District.

***Washington County Soil and Water Conservation District*** The Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.

The County is associated with certain organizations which are defined as jointly governed organizations and insurance purchasing pools. These organizations are presented in Notes 19 and 21 to the Basic Financial Statements. The organizations are:

- Buckeye Hills-Hocking Valley Regional Development District
- Joint Solid Waste District
- Washington-Morgan Community Action Corporation
- Washington County Family and Children First Council
- Wood, Washington, and Wirt Planning Commission
- Buckeye Hills Resource Conservation and Development Project
- Mid Eastern Ohio Regional Council of Governments (MEORC)
- Ohio Valley Employment Resource (OVER)
- County Risk Sharing Authority, Inc. (CORSA)

The County is associated with the Washington County Public Library, which is classified as a related organization. Additional information concerning the related organization is presented in Note 20.

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

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

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

*A. Basis of Presentation*

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

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

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The policy of the County is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program 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 business segment or governmental function is self-financing or draws from the general revenues of the County.

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

*B. Fund Accounting*

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

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

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

**General Fund** The General 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.

**Job and Family Services Fund** The Public Assistance Fund accounts for various federal and State grants as well as transfers from the general fund used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

**Motor Vehicle and Gasoline Tax Fund** This fund accounts for revenue derived from motor vehicle licenses, gasoline taxes, grants, permissive sales taxes, and interest. Expenditures in this fund are restricted by State law to County road and bridge repair/improvements programs.

**Mental Retardation and Developmental Disabilities Fund** This fund accounts for the operation of a school and the costs of administering a sheltered workshop for the mentally retarded and developmentally disabled residents of the County. Revenue sources are federal and State grant monies and a county-wide property tax levy.

**County Home Fund** This fund accounts for property tax revenues and other resources used to finance the operation of the County Home.

**Mental Health and Addiction Recovery Board Fund** This fund accounts for all State, federal, and local funds that have been expended primarily to pay the cost of contracts with local mental health agencies that provide services to the public at large.

**Proprietary Funds** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service.

**Enterprise 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 is a description of the County's enterprise fund:

**Sewer Fund** This fund accounts for sanitary sewer services provided to County individual and commercial users. The costs of providing these services are financed primarily through user charges.

**Internal Service Funds** Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The Internal Service Funds were used to account for the operation of the Board of Mental Retardation Developmental Disabilities' self-insurance program for employee health benefits and prescription drugs and the County's workers' compensation program through a retrospective rating plan.



**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

***Fiduciary Funds*** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The County's fiduciary funds are all classified as agency funds. The agency funds account for assets held by the County as agent for the Board of Health and other districts and entities and for various taxes, assessments, and state shared resources collected on behalf of and distributed to other local governments.

*C. Measurement Focus*

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

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

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

*D. Basis of Accounting*

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

***Revenues - Exchange and 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 a 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 fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of year end.

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax (see Note 8), interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees, and rentals.

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

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

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

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

***E. Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by County Commissioners at the fund, program, department, and object level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original 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 issued during 2008 upon which the final appropriations were based.

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

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

*F. Cash and Cash Equivalents*

Cash balances of the County's funds, except cash held by a trustee or fiscal agent or held in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. During 2008, the County had investments in certificates of deposit, which are reported at cost, and in Federal Home Loan Bank Bonds and Federal National Mortgage Bonds accounted for in the Children Services Special Revenue Fund. These investments are reported at fair value, which is based on quoted market prices. The County Court Agency Fund certificate of deposit and the investments of the Children Services Special Revenue Fund are reflected as "Investments in Segregated Accounts".

The County has segregated bank accounts for monies held separate from the County's pooled accounts. These depository accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" since they are not deposited into the County's treasury.

Under existing Ohio statutes, all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during 2008 amounted to \$1,250,249, which includes \$960,070 assigned from other County funds.

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 considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments and are reported at cost.

Wasco, Inc. considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents. As of August 31, 2008, Wasco, Inc. had no investments.

The Authority's funds are maintained in non-interest bearing checking accounts and an interest bearing savings account.

*G. Inventory*

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

*H. Restricted Assets*

Restricted cash and cash equivalents in the General Fund represent the amount of unclaimed monies not available for appropriation.

*I. Receivables and Payables*

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2008

---

Using this criteria, the County has elected to not record child support arrearages. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

*J. Prepaid Items*

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

*K. Interfund Balances*

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

*L. Capital Assets*

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The County was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest costs incurred during the construction of capital assets utilized by the enterprise funds are also capitalized.

All reported capital assets are depreciated except for land, infrastructure, and construction in process. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activity Estimated Lives
Land Improvements	40-100 Years	n/a
Buildings and Improvements	40-100 Years	40-100 Years
Machinery and Equipment	5-10 Years	5-10 Years
Furniture and Fixtures	5-20 Years	n/a
Vehicles	8 Years	8 Years
Business-Type Infrastructure	N/A	40 Years

The County's infrastructure consists of County roads and bridges, certain culverts, and sewer systems. The County reports infrastructure acquired prior to December 31, 1980.

County road and bridges (infrastructure reported in the Governmental activities column of the statement of net assets) are presented using the modified approach and therefore these assets are not depreciated. In addition,

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

expenditures made by the County to preserve existing roads or bridges are expensed rather than capitalized. Only expenditures for additions or improvement are capitalized. Additional disclosures about the condition assessments and maintenance cost regarding the County's roads and bridges appear in the Required Supplementary Information.

WASCO, Inc. depreciates buildings, equipment and fixtures and vehicles for 10 years utilizing the straight-line method. The Authority depreciates buildings and infrastructure from 30-50 years, building improvements for 20 years, and vehicles and equipment for 5 years.

*M. Compensated Absences*

Vacation 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 the County will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation benefits payable", rather than long term liabilities, as the balances are to be used by the employees in the year following the year benefits are earned. For Wasco, Inc., all unused vacation leave at fiscal year end is accrued as a liability.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those 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 of the following departments after fifteen years of service: Recorder, Veterans, Commissioners, Auditor, Treasurer, Common Pleas Court, County Home, Juvenile/Probate Court, Clerk of Courts, and Board of Elections, and after twenty years of service for the remaining departments.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as "matured compensated absences payable" in the fund from which the employees who will receive the payment are paid.

*N. Accrued Liabilities and Long-term Obligations*

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

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

*O. Fund Balance Reserves*

The County reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, unclaimed monies, and loans (community development block grant monies loaned to local businesses). Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

*P. Net Assets*

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net assets reports \$20,326,976 of restricted net assets, none of which are restricted by enabling legislation. The restrictions for other purposes include activities related to highway and bridge maintenance, Court and Corrections activities, community development projects, and miscellaneous other activities.

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

*Q. 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 wastewater treatment and self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

*R. Internal Activity*

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

*S. Extraordinary and Special Items*

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. The County did not have any extraordinary or special items in 2008.

*T. Estimates*

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

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2008

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

The County has restated capital assets, based on corrections made to historical values in 2008. There were also restatements to Equity in Pooled Cash and Cash Equivalents based upon improper allocations made in previous fiscal years. These restatements had the following effects on fund balances and net assets as they were previously reported:

	General	Motor Vehicle and Gasoline Tax	Mental Retardation and Developmental Disabilities	Other Governmental Funds
Fund Balances at December 31, 2007	\$7,603,273	\$3,215,243	\$2,700,379	\$5,957,466
Cash Restatement	(55,038)	123,100	(4,192)	(82,355)
Restated Fund Balances at December 31, 2007	<u>\$7,548,235</u>	<u>\$3,338,343</u>	<u>\$2,696,187</u>	<u>\$5,875,111</u>

	Governmental Activities	Business-Type Activities
Net Assets at December 31, 2007	\$162,357,993	\$3,944,285
Cash Restatement	(18,485)	18,484
Capital Assets Restatement	986,886	0
Restated Net Assets at December 31, 2007	<u>\$163,326,394</u>	<u>\$3,962,769</u>

For 2008, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations" and GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments".

GASB Statement No. 49 addresses the accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligation to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. The implementation of this statement did not result in any change to the financial statements.

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

*A. Fund Deficits*

The Courthouse Addition and Renovation Capital Projects Fund had a deficit GAAP fund balance of \$316,748 as of December 31, 2008. The General Fund provides operating transfers for these funds but only as cash is required, not as deficits occur.

*B. Statutory Compliance*

The Mental Health and Addiction Recovery Board Special Revenue Fund had final appropriations in excess of estimates resources in the amount of \$497,092.

The County will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balances 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 Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) for the General and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

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 (budget basis) rather than as a reservation of fund balance.
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Unrecorded cash and unrecorded interest are reported on the balance sheet (GAAP basis), but not on the budgetary basis. The reconciled difference is reflected in the following tables as unrecorded cash.
6. Cash that is held by the 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.

Adjustments necessary to convert the results of operations at the end of the year on the Budget basis to the GAAP basis are as follows:



**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2008

Net Change in Fund Balances  
 General and Major Special Revenue Funds

	General	Job and Family Services	Motor Vehicle and Gasoline Tax	Mental Retardation and Developmental Disabilities	County Home	Mental Health and Addiction Recovery Board
GAAP Basis	(\$769,671)	(\$143,251)	\$39,794	(\$116,438)	\$364,490	\$219,651
Net Adjustment for Revenue Accruals	242,589	107,905	37,634	5,462	(1,763)	(190,619)
Beginning of the Year:						
Unrecorded Cash	15,722	0	444	0	0	150,117
Unreported Interest	97,894	0	0	0	0	0
Segregated Accounts	18,334	0	0	0	0	0
Agency Fund Cash Allocation	119,147	0	0	162,488	99,304	0
Prepaid Items	196,415	31,439	26,216	45,043	24,631	6,396
End of the Year:						
Unrecorded Cash	(30,574)	0	(300)	0	(869)	(71,252)
Unreported Interest	(96,877)	0	0	0	0	0
Segregated Accounts	(16,074)	0	0	0	0	0
Agency Fund Cash Allocation	(170,631)	0	0	(244,528)	(150,518)	0
Prepaid Items	(120,090)	(2,922)	(1,753)	(31,429)	(2,639)	(4,726)
Principal Retirement	(133,651)	12,140	0	111,880	0	0
Net Adjustment for Expenditure Accruals	(425,508)	(543,219)	(172,672)	(34,320)	3,103	162,305
Advances In	10,000	0	0	0	0	0
Encumbrances	(600,575)	(450,593)	(293,887)	(303,891)	(67,004)	(440,413)
Budget Basis	<u>(\$1,663,550)</u>	<u>(\$988,501)</u>	<u>(\$364,524)</u>	<u>(\$405,733)</u>	<u>\$268,735</u>	<u>(\$168,541)</u>

**NOTE 6 - DEPOSITS AND INVESTMENTS**

***PRIMARY GOVERNMENT***

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

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the Ohio Auditor of State:

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

1. United States Treasury Bills, bonds, notes, 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, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements in the securities listed above;
4. Bond and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposits or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Commercial paper notes, corporate notes and bankers acceptances; and
10. Debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions.

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$26,748,979 of the County's bank balance of \$28,012,791 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2008

---

**Investments** As of December 31, 2008, the County had the following investments:

	Fair Value	Maturity
Federal Home Loan Mortgage Corporation Bonds	\$76,493	4/14/2016
Federal Farm Credit Bank Bonds	52,812	8/27/2010
Federal Home Loan Bank Bonds	50,922	5/15/2009
Federal Home Loan Bank Bonds	75,656	3/16/2011
Federal Home Loan Bank Bonds	51,469	11/13/2014
Federal National Mortgage Association Bonds	52,782	4/8/2013
Total	\$360,134	

**Interest Rate Risk** The County's investment policy does not address interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity. The intent of the policy is to avoid the need to sell securities prior to maturity.

**Credit Risk** The Federal Home Loan Bank Bonds and Federal National Mortgage Association Bonds carried a credit rating by Moody's of Aaa. The Federal Home Loan Mortgage Corporation Bonds carried a rating by Moody's of Aaa. The Federal Farm Credit Bank Bonds carries a credit rating by Moody's of Aaa. The County has no investment policy that would limit its investment choices other than the restrictions contained in State statute.

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no investment policy dealing with investment custodial credit risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**Concentration of Credit Risk** Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The County places no limit on the amount it may invest in any one issuer. The County has 49 percent of its investments in Federal Home Loan Bank Bonds, 21 percent in Federal Home Loan Mortgage Corporation Bonds, 15 percent in Federal National Mortgage Association Bonds, and 15 percent in Federal Farm Credit Bank Bonds.

**COMPONENT UNITS**

At fiscal year end, of Wasco, Inc.'s bank balance of \$243,661, \$143,661 was exposed to custodial credit risk, and \$100,000 was covered by Federal Deposit Insurance Corporation. Wasco had no investments at fiscal year end. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit corporation.

At year end, the Authority's bank balance of \$140,361 was covered by Federal Deposit Insurance Corporation.

**NOTE 7 - RECEIVABLES**

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2008 for real and public utility property taxes represents collections of 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) is for 2008 taxes.

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

2008 real property taxes are levied after October 1, 2008, on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

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

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. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible personal property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments 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 full tax rate for all County operations for the year ended December 31, 2008, was \$9.05 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	\$923,132,480
Public Utility Tangible Personal Property	123,695,920
Tangible Personal Property	<u>60,170,250</u>
Total Assessed Value	<u><u>\$1,106,998,650</u></u>

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 September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. Property taxes receivable represents real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2008, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2008 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue, while the remainder of the receivable has been deferred.

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

*B. Intergovernmental Receivables*

<b>Governmental Activities</b>	<b>Amounts</b>
Local Government	\$572,834
Homestead and Rollback	506,617
School Lunch Reimbursement	6,175
Estate Tax	271
Court Fines	58,902
Defense of Indigents	7,560
Mitigation Grants	105,814
Prisoner Care	26,428
Mediation Grant	702
TANF (ODADAS)	98,017
Sheriff Traffic Grant	5,901
Special Education Part B- IDEA	43,742
Early Childhood Special Education	11,817
Incredible Years	3,719
VOCA - Victim Assistance	25,510
Access Visitation	2,866
Ohio Peace Officer Training Grant	6,360
State Subsidy - Mental Health	1,011,570
PASARR - Mental Health	838
Motor Vehicle License Tax	1,198,405
Gas Excise Tax	1,131,072
Permissive Motor Vehicle License Tax	29,169
Childrens Services Grant	43,046
Justice Grant	23,383
Sheriff Subsidy	2,292
State Homeland Security	48,900
Emergency Management Grant	15,382
Prevention Specialist Reimbursement	14,000
Therapy Services Reimbursement	15,357
State Teachers Retirement System	40,033
Fuel Tax Refund	854
Southern Consortium	48,228
Title XIX - Medicaid	678,547
Title XX	36,282
Women's Prevention	17,166
Adult Drug Block Grant	30,133
Treatment and Prevention	97,746
Targeted Case Management	112,255
Waiver Administration	172,413

*continued*

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

	<u>Amounts</u>
<b>Governmental Activities (cont'd):</b>	
Pathways	\$11,812
Community Development Block Grants	264,893
MRDD State Subsidy	249,433
Safe Haven Grants	84,988
Retired Senior Volunteer Program	1,204
Miscellaneous	<u>30,505</u>
<b>Total Governmental Activities</b>	<b><u>\$6,893,141</u></b>

*C. Loans Receivable*

The Community Development Block Grant Special Revenue Fund reflects loans receivable of \$6,072. This amount is for the principal owed to the County for Federal Community Development Block Grant Program monies loaned to individuals for home improvements. The loans bear interest at annual rates of five percent. These loans are to be repaid over periods ranging from four to seven years. The amount not scheduled for collection during the subsequent year is \$5,525.

*D. Due from Component Unit*

In 2005, the County loaned the Authority \$50,000 to preserve and protect a portion of Kardex jobs planned for relocation to Pennsylvania. The loan is at a rate of 3% per annum to be paid in monthly installments on a 20 year amortization schedule with no prepayment penalties. A balloon payment will be due at the time of Kardex's building lease termination or in three years whichever comes last. At December 31, 2008, the County recorded a "Due from Component Unit" in the amount of \$41,380.

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

In 1983, the County Commissioners, by resolution, imposed a one percent 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, not subject to the sales tax. At the November 1989 general election, an additional one-half percent tax was approved by the voters of the County. 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 Office of Budget and Management (OBM) 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. OBM then has five days in which to draw the warrant payable to the County.

A receivable is recognized at year end for amounts that will be received from sales which occurred during 2008.

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2008, was as follows:

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

	Restated Balance 12/31/2007	Additions	Reductions	Balance 12/31/2008
<b>Governmental Activities:</b>				
Non-Depreciable Capital Assets:				
Land	\$601,861	\$25,000	\$0	\$626,861
Infrastructure	123,035,440	478,465	(397,385)	123,116,520
Total Non-Depreciable Capital Assets	<u>123,637,301</u>	<u>503,465</u>	<u>(397,385)</u>	<u>123,743,381</u>
Depreciable Capital Assets:				
Land Improvements	674,715	5,465	0	680,180
Buildings and Improvements	20,989,461	151,047	0	21,140,508
Machinery and Equipment	5,403,977	392,668	(495,839)	5,300,806
Furniture and Fixtures	1,122,195	71,488	(19,431)	1,174,252
Vehicles	6,044,487	470,014	(931,164)	5,583,337
Total Depreciable Capital Assets	<u>34,234,835</u>	<u>1,090,682</u>	<u>(1,446,434)</u>	<u>33,879,083</u>
Accumulated Depreciation:				
Land Improvements	(333,379)	(26,838)	0	(360,217)
Buildings and Improvements	(7,953,624)	(539,700)	0	(8,493,324)
Machinery and Equipment	(3,227,861)	(345,922)	406,858	(3,166,925)
Furniture and Fixtures	(604,758)	(45,841)	3,627	(646,972)
Vehicles	(4,318,912)	(406,395)	839,531	(3,885,776)
Total Accumulated Depreciation	<u>(16,438,534)</u>	<u>(1,364,696)*</u>	<u>1,250,016</u>	<u>(16,553,214)</u>
Total Depreciable Capital Assets, Net	<u>17,796,301</u>	<u>(274,014)</u>	<u>(196,418)</u>	<u>17,325,869</u>
Governmental Capital Assets, Net	<u>\$141,433,602</u>	<u>\$229,451</u>	<u>(\$593,803)</u>	<u>\$141,069,250</u>

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

General Government:	
Legislative and Executive	\$112,627
Judicial	24,245
Public Safety	448,045
Public Works	361,491
Health:	
Mental Retardation and Developmental Disabilities	89,508
County Home	87,547
Other Health	5,305
Human Services:	
Child Support Enforcement	4,513
Children Services	113,321
Job and Family Services	101,995
Other Human Services	<u>16,099</u>
Total Depreciation Expense	<u>\$1,364,696</u>

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2008

	Balance 12/31/2007	Additions	Reductions	Balance 12/31/2008
<b>Business-Type Activity:</b>				
Non-Depreciable Capital Assets:				
Land	\$189,760	\$0	\$0	\$189,760
Depreciable Capital Assets:				
Buildings and Improvements	851,885	0	0	851,885
Machinery and Equipment	459,273	0	0	459,273
Infrastructure	6,240,666	0	0	6,240,666
Vehicles	44,223	0	(27,416)	16,807
Total Depreciable Capital Assets	7,596,047	0	(27,416)	7,568,631
Accumulated Depreciation:				
Buildings and Improvements	(527,460)	(18,338)	0	(545,798)
Machinery and Equipment	(314,651)	(30,620)	0	(345,271)
Infrastructure	(2,002,447)	(145,729)	0	(2,148,176)
Vehicles	(44,223)	0	27,416	(16,807)
Total Accumulated Depreciation	(2,888,781)	(194,687)	27,416	(3,056,052)
Total Depreciable Capital Assets, Net	4,707,266	(194,687)	0	4,512,579
Business-Type Capital Assets, Net	\$4,897,026	(\$194,687)	\$0	\$4,702,339

**COMPONENT UNITS**

Capital asset activity for the year ended August 31, 2008, for WASCO, Inc. was as follows:

	Balance 12/31/2007	Additions	Reductions	Balance 12/31/2008
<b>WASCO, Inc.:</b>				
Non-Depreciable Capital Assets:				
Construction in Progress	\$19,048	\$0	(\$19,048)	\$0
Depreciable Capital Assets:				
Buildings and Improvements	9,549	17,098	0	26,647
Fixtures and Equipment	185,582	80,094	(734)	264,942
Vehicles	248,548	0	0	248,548
Total Depreciable Capital Assets	443,679	97,192	(734)	540,137
Accumulated Depreciation:				
Buildings and Improvements	(3,354)	(263)	0	(3,617)
Fixtures and Equipment	(116,575)	(15,543)	447	(131,671)
Vehicles	(207,907)	(10,973)	0	(218,880)
Total Accumulated Depreciation	(327,836)	(26,779)	447	(354,168)
Total Depreciable Capital Assets, Net	115,843	70,413	(287)	185,969
WASCO, Inc. Capital Assets, Net	\$134,891	\$70,413	(\$19,335)	\$185,969



**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2008

Capital asset activity for the Port Authority for the year ended December 31, 2008, was as follows:

	Balance 12/31/2007	Additions	Reductions	Balance 12/31/2008
<b>Port Authority:</b>				
Depreciable Capital Assets:				
Equipment and Furniture	\$6,489	\$0	\$0	\$6,489
Accumulated Depreciation:				
Equipment and Furniture	(2,042)	(1,680)	0	(3,722)
Total Port Authority Capital Assets, Net	\$4,447	(\$1,680)	\$0	\$2,767

**NOTE 10 - RISK MANAGEMENT**

***PRIMARY GOVERNMENT***

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; employee injuries; and natural disasters. During 2008, the County contracted with the County Risk Sharing Authority, Inc. (CORSA), an insurance purchasing pool (see Note 21), for liability, auto, and crime insurance. CORSA, a non-profit corporation sponsored by the County Commissioners of Ohio, was created to provide affordable liability, property, casualty, and crime insurance coverage for its members and was established May 12, 1987. Coverage provided by the program and applicable deductibles are as follows:

	Coverage	Deductible
General Liability	\$1,000,000 each occurrence	\$2,500
Law Enforcement Liability	1,000,000 each occurrence	2,500
Automobile Liability	1,000,000 each occurrence	2,500
Errors and Omissions Liability	1,000,000/1,000,000	2,500
Property Damage Liability	92,862,556	2,500
Equipment Breakdown	1,000,000	2,500
Crime	1,000,000	2,500
Stop Gap Liability	1,000,000	2,500
Medical Professional Liability	1,000,000	2,500

Settled claims have not exceeded coverage in any of the last three years. There has been no significant reduction in coverage from the prior year.

Starting in 2007, the County participates in the State Workers' Compensation retrospective rating and payment program. Once the County receives notice of the 2008 claims paid by the Bureau of Workers' Compensation, the County will reimburse the State for claims paid on the County's behalf. The payable is reclassified from claims payable to intergovernmental payable. This plan involves the payment of minimum premium for administrative services and stop-loss coverage in addition to the actual claim costs for employees injured in 2008. The maintenance of these benefits is accounted for in the Workers' Compensation Internal Service Fund. The incurred but not paid claims and premium of \$361,917 at December 31, 2008, based on an estimate by the County Commissioner's Office and the Bureau of Workers' Compensation. The intergovernmental liability reported in the Workers' Compensation Internal Service Fund at December 31, 2008, is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in the fund's intergovernmental and claims liability amounts for 2007 and 2008 were:

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2008

Program	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
Self-Insurance - Health				
2007	\$147,818	\$36,342	\$180,210	\$3,950
2008	3,950	(3,950)	0	0
Self Insurance - Workers' Compensation				
2007	0	461,416	0	461,416
2008	461,416	174,427	273,926	361,917

**COMPONENT UNITS**

Professional and general liability for Wasco, Inc. is protected by the Erie Insurance Group with a \$1,000,000 per occurrence limit. Property damage is covered up to \$70,000 per scheduled property. Vehicles are also covered under the Erie Insurance Group with liability coverage up to \$1,000,000 per occurrence. Officers and directors liability is covered through Cincinnati Insurance Company at \$1,000,000. Settlement amounts have not exceeded this coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

Wasco, Inc. pays the State Workers' Compensation System a premium for employee injury coverage. The premium is based on a rate per \$100 of covered wages. This rate is calculated based on accident history and administrative costs.

The Authority has obtained commercial insurance for property, general liability, and public employee dishonesty.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

*A. Ohio Public Employees Retirement System*

Plan Description – The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 percent 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10.0% of covered payroll, public safety and law enforcement members contributed 10.1%.

The County's contribution rate for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.4 percent of covered payroll. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the County of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006, were \$1,305,676, \$1,502,459, and \$1,573,446, respectively; 90.91 percent has been contributed for 2008 and 100 percent for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$23,869 made by the County and \$17,050 made by the plan members.

*B. State Teachers Retirement System*

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service or an allowance based on member contributions and earned interest matched by STRS Ohio funds, times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits.

Funding Policy – For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the DB Plan for the fiscal years ended December 31, 2008, 2007, and 2006, were \$67,069, \$38,646, and \$69,930, respectively; 94.56 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. For fiscal year 2008, the County did not have any employees participating in either the DC or Combined Plans.

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

*A. Ohio Public Employees Retirement System*

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.0 percent of covered payroll (17.4 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 7.00 percent of covered payroll.

The Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006, were \$1,237,219, \$1,007,633 and \$821,929, respectively; 90.91 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

*B. State Teachers Retirement System*

Plan Description – Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple employer health care plan to eligible retirees who participated in the defined benefit or the combined pension plans and their eligible family members. Coverage includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligation to contribute are established by the STRS Ohio based on authority granted by State statute.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio.

STRS Ohio issues a financial report that includes financial information for the health care plan. Interested parties can view the most recent report at [www.strsoh.org](http://www.strsoh.org) or obtain a copy by calling (888) 227-7877.

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2008, 2007 and 2006. The 14 percent contribution is the maximum rate allowed under Ohio law.

The County's required contributions allocated to fund post-employment health care benefits for the fiscal years ended June 30, 2008, 2007, and 2006, were \$5,159, \$25,571, and \$5,240, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006. No contributions were made to the DC and Combined Plans for fiscal year 2008 by the County and plan members.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2008, the balance in the Fund was \$3.7 billion. For the year ended June 30, 2008, net health care costs paid by STRS were \$288.878 million and STRS had 126,506 eligible benefit recipients.

**NOTE 13 - OTHER EMPLOYER BENEFITS**

*A. Deferred Compensation Plan*

Washington County employees and elected officials may participate in a state-wide deferred compensation plan created in accordance with Internal Revenue Code Section 457 offered by the State of Ohio. 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 to employees until termination, retirement, death, or unforeseeable emergency.

*B. Compensated Absences*

County employees follow various personnel policies as established by the County Commissioners, union agreements, or departmental mandates. Some employees of the Mental Retardation and Developmental Disabilities, Child Support Enforcement, Sheriff, and Job and Family Services departments are represented by union agreements. Employees of the Engineer and County Home departments follow their own departmental policies. All other County employees follow the Commissioners policy.

Each employee accrues 4.6 hours of sick time for each two week pay period worked. Accrual continues during periods of approved paid leave. Unused sick leave is cumulative without limit. Job and Family Services, Mental Retardation and Developmental Disabilities (union employees), and Child Support Enforcement employees earn annual leave based on their length of service and can be converted to extended illness leave at the rate of three days credit for each two days of unused leave converted. Upon retirement, with 10 years (5 years for engineer employees) of service with the County, the State, or any of its political subdivisions, all employees, except for Job and Family Services, Mental Retardation and Developmental Disabilities, and Children Services employees, are paid 25% of their sick (extended illness leave for Child Support Enforcement) leave up to a maximum of 240 hours. Mental Retardation and Developmental Disabilities union employees are paid 25% of their extended illness leave not to exceed 480 hours and 50% of their annual leave balance. Job and Family Services employees are paid their total hours times 2/3 times 50% of the final rate of pay up to a maximum of three times the employee's annual leave entitlement. Mental Retardation and Developmental Disabilities non-union employees are paid 50% of their sick balance up to a maximum of 480 hours. Children Services employees with 10 years of service upon retirement or separation are paid up to 1,000 hours of accrued, unused sick leave credit.

Unused vacation time and compensatory time are paid to a terminated employee at varying rates depending on length of service and department policy.

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2008

---

Insurance Benefits

The County provides employee medical/surgical benefits, life insurance, and accidental death and dismemberment insurance to employees, except Children Services, through Aultra . The plan has \$100 single and \$250 family deductible limits. Except for employees of the Mental Health, Soldiers Relief, and Health Department, the County pays 80 percent of the total monthly premium for both single and family coverage. The County pays 100 percent for both single and family coverage for employees of the Mental Health Department and Soldiers Relief. The County pays 81 percent for both single and family coverage for employees of the Health Department. Premiums are paid from the same funds that pay the employee's salaries.

Employee medical/surgical benefits, dental, life insurance, and accidental death and dismemberment insurance for employees of the Children Services Department is provided through Anthem Blue Cross/Blue Shield and Anthem Life. For MR/DD employees, the County provides life insurance and accidental death and dismemberment insurance through CBA Benefit Services, in the amount of \$20,000 for all employees.

Dental insurance is provided to employees of the Department of Job and Family Services, Child Support Enforcement Agency, the Health Department, and the Children Services Board. Vision insurance is provided to employees of the Department of Job and Family Services and the Child Support Enforcement Agency.

C. Early Retirement Incentive

In prior years, the Washington County MR/DD approved an early retirement incentive program for employees who are members of the State Teachers Retirement System (STRS). Participation was open to employees who were eligible to retire on July 1, 2005, upon purchase of service credit under the incentive program. The Board purchased five years of service credit for each eligible participant. The Board is paying the liability for the purchased credit in installments.

**NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE**

***PRIMARY GOVERNMENT***

The County has entered into capitalized leases for several copiers. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Equipment acquired by leases have been capitalized in the government wide statements for governmental activities in the amount of \$56,488, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government wide statements for governmental activities. Capitalized leased assets are reflected net of accumulated depreciation for a book value of \$29,826 as of December 31, 2008. Principal payments for all capital leases during 2008 totaled \$13,449.

Future minimum lease payments through 2011 are as follows:

Year	Governmental Activities	
	Principal	Interest
2009	\$14,367	\$1,513
2010	10,670	566
2011	1,764	184
Total	\$26,801	\$2,263

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2008

**COMPONENT UNIT**

In prior years, Wasco, Inc. entered into a capital lease for a risograph. The lease met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The item acquired by the lease has been capitalized in the amount of \$7,474, which is equal to the present value of the future minimum lease payments at the time of acquisition. Capitalized leased assets are reflected net of accumulated depreciation in the amount of \$2,617 as of December 31, 2008.

**NOTE 15 - LONG-TERM OBLIGATIONS**

Changes in the County's long-term obligations during the year consisted of the following:

	Original Issue Amount	Principal Outstanding 12/31/07	Additions	Deductions	Principal Outstanding 12/31/08	Amounts Due within One Year
<b>Governmental Activities:</b>						
General Obligation Bonds:						
1998 - Juvenile Center - 4.4%-5.9%	\$1,800,000	\$1,220,000	\$0	\$85,000	\$1,135,000	\$90,000
2004 - Capital Facilities Jail:						
Serial - 2% -4.25%	2,090,000	1,615,000	0	140,000	1,475,000	140,000
Term - 4.05%	385,000	385,000	0	0	385,000	0
Term - 5.75%	925,000	925,000	0	0	925,000	0
Bond Premium		102,354	0	6,430	95,924	0
Bond Discount		(27,576)	0	(1,733)	(25,843)	0
1996 - Courthouse Renovation - 3.75%-5.00%	1,350,000	140,000	0	140,000	0	0
1996 - Building Acquisition - Job and Family Services - 3.75%-5.5%	1,740,000	1,120,000	0	80,000	1,040,000	80,000
<b>Total General Obligation Bonds</b>		<b>5,479,778</b>	<b>0</b>	<b>449,697</b>	<b>5,030,081</b>	<b>310,000</b>
2006 Energy Conservation Bond - 5.00%	440,000	405,000	0	35,000	370,000	40,000
Bond Premium		20,797	0	2,333	18,464	0
Long-Term Bond Anticipation Notes:						
2007 Various Purpose - \$302,000 - 6.50%:						
Health Department Roof	53,200	53,200	0	53,200	0	0
Building Acquisition/Improvement	248,800	248,800	0	248,800	0	0
2008 - \$302,000 Clerk of Court						
Computerization - 3.75%:	190,000	0	190,000	0	190,000	190,000
<b>Total Long-Term Bond Anticipation Notes</b>		<b>302,000</b>	<b>190,000</b>	<b>302,000</b>	<b>190,000</b>	<b>190,000</b>
2008 OPWC Loan - 0%	160,956	0	160,956	0	160,956	8,048
Compensated Absences - Sick Leave		283,122	258,328	25,092	516,358	18,213
Early Retirement Incentive Payable		321,862	0	111,880	209,982	107,881
Capital Leases		40,250	0	13,449	26,801	14,367
<b>Total Governmental Activities</b>		<b>\$6,852,809</b>	<b>\$609,284</b>	<b>\$939,451</b>	<b>\$6,522,642</b>	<b>\$688,509</b>

*(continued)*

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2008

	Original Issue Amount	Principal Outstanding 12/31/07	Additions	Deductions	Principal Outstanding 12/31/08	Amounts Due within One Year
<b>Business-Type Activities:</b>						
OPWC Loans:						
1995 - Devola Sewer Loan - 0%	\$328,552	\$114,992	\$0	\$16,426	\$98,566	\$8,214
1999 - Cherry Blossom Sewer Loan - 2.00%	80,370	51,999	0	3,876	48,123	1,966
1998 - Barlow Vincent Sewer Plant Loan - 0%	225,000	112,500	0	11,250	101,250	5,625
Total OPWC Loans		<u>279,491</u>	<u>0</u>	<u>31,552</u>	<u>247,939</u>	<u>15,805</u>
1997 - FHA Sewer Loan - 0%	873,000	791,000	0	11,000	780,000	11,500
2004 - OWDA Sewer Loan - 3.41%	279,030	246,411	0	11,344	235,067	5,818
2008 - OWDA Sewer Planning Loan - 4.95%	818	0	818	0	818	0
Compensated Absences - Sick Leave		<u>672</u>	<u>374</u>	<u>0</u>	<u>1,046</u>	<u>0</u>
Total Business-Type Activity		<u>\$1,317,574</u>	<u>\$1,192</u>	<u>\$53,896</u>	<u>\$1,264,870</u>	<u>\$33,123</u>

**A. Governmental Activities**

The Courthouse Renovation and Juvenile Center general obligation bonds are unvoted and will be retired from the General Bond Retirement Fund with general property tax revenues. The Capital Facilities Jail Bonds are unvoted and will be retired from the General Bond Retirement Fund with permissive sales tax revenues. The Job and Family Services portion of the Building Acquisition general obligation bonds is unvoted and will be retired from the Job and Family Services Bond Retirement Fund with rental payments received from the Job and Family Special Revenue Fund. The Energy Conservation Bond are unvoted and will be retired with monies realized through energy savings. The capital leases are being paid for by the General Fund and the Job and Family Services Special Revenue Fund.

Compensated absences for sick leave liabilities will be paid from the General Fund and the Mental Health, Miscellaneous Local Funds, Job and Family Services, Child Support Enforcement Agency, Motor Vehicle and Gasoline Tax, County Home, Mental Retardation and Developmental Disabilities, Court/Corrections Funds, Sheriff's Sales Tax, Children Services, and Other Grant Special Revenue Funds.

Early retirement incentive liabilities will be paid from the Mental Retardation and Developmental Disabilities Special Revenue Fund.

The following is a summary of the County's future annual principal and interest requirements to retire general obligation bonds:



**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2008

---

Year Ended December 31,	Principal	Interest	Total
2009	\$350,000	\$255,298	\$605,298
2010	365,000	240,738	605,738
2011	385,000	224,963	609,963
2012	400,000	207,888	607,888
2013	415,000	189,893	604,893
2014-2018	2,285,000	637,143	2,922,143
2019-2023	<u>1,130,000</u>	<u>198,750</u>	<u>1,328,750</u>
Total	<u><u>\$5,330,000</u></u>	<u><u>\$1,954,673</u></u>	<u><u>\$7,284,673</u></u>

*Bond Anticipation Notes* At December 31, 2008, the County had \$190,000 outstanding in long-term bond anticipation notes.

The various purpose bond anticipation notes issued on February 27, 2007, for \$302,000 matured on February 26, 2008. The various purpose bond anticipation notes were issued for the purpose of replacing the health department roof and the acquisition of and improvements to a building used for various County purposes.

The bond anticipation notes issued on February 26, 2008, for \$190,000 will mature on February 25, 2009. The bond anticipation notes were issued for the acquisition and installation of a new computer system for the Washington County Clerk of Court.

*Ohio Public Works Commission Loan* The 2008 Ohio Public Works Commission Loan, made on September 19, 2008, in the amount of \$160,956 represent amount borrowed for the County Road 18 road base reconstruction. The loan has a zero percent interest rate is unvoted and will be retired from the General Bond Retirement Fund with permissive sales tax revenues.

The following is a summary of the County's future annual principal and interest requirements to retire the governmental Ohio Public Works Commission Loan:

Year Ended December 31,	Principal
2009	\$8,048
2010	16,096
2011	16,096
2012	16,096
2013	16,096
2014-2018	80,476
2019	<u>8,048</u>
Total	<u><u>\$160,956</u></u>

*Mandatory Redemptions* The 2004 Jail bond issue consists of serial and term bonds. The term bonds maturing on December 1, 2018, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption of the Authorizing Legislation. The mandatory redemption is to occur on December 1, 2017, (with the balance of \$195,000 to be paid at stated maturity on December 1, 2018) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2008

---

Year	Amount
2017	\$190,000

The bonds maturing on December 1, 2023, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation. The mandatory redemption is to occur on December 1 in each of the years 2020 through 2022 (with the balance of \$250,000 to be paid at stated maturity on December 1, 2023) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Year	Amount
2020	\$210,000
2021	225,000
2022	240,000

Term bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement.

*Optional Redemption* The bonds maturing on or after December 1, 2015, are also subject to prior redemption on or after December 1, 2014, by and at the sole option of the County, either in whole on any date or in part (as selected by the County) on any date and in integral multiples of \$5,000, at par plus accrued interest to the redemption date.

***B. Business-Type Activity***

The Ohio Public Works Commission Devola loan and part of the Cherry Blossom loan will be repaid using revenue from a special assessment assessed upon property owners. In the event of default of the property owners, the County would pay the loan using the operating revenues of the sewer district. The Barlow Vincent Sewer loan, parts of the Cherry Blossom loan, the OWDA Loans, and the FHA loans will be repaid using operating revenues of the sewer district. All of the loans are recorded in the Sewer Enterprise Fund. All of the loans are general obligation except the OWDA Loans.

The Ohio Water Development Authority (OWDA) Sewer Planning Loan relates to a project for engineering design of various Sewer projects. As of December 31, 2008, this loan had not been fully drawn down and no amortization schedule exists. The County has pledged future sewer customer revenues, net of specified operating expenses, to repay \$235,067 in a sewer system OWDA loan. The loan is payable solely from net revenues along with a one time charge of \$1,000 per household to the residents in the Oxbow area. The loan is payable through 2024. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the loan are expected to require less than 75 percent of net revenues in future years. The total principal and interest remaining at to be paid on the loan is \$304,590. Principal and interest payments for the current year were \$19,651, net revenues were \$26,391, and total revenues were \$507,161.

The following is a summary of the County's future annual principal and interest requirements to retire the loans:

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2008

---

Year Ended December 31,	Principal	Interest	Total
2009	\$33,123	\$39,589	\$72,712
2010	55,604	43,203	98,807
2011	57,095	42,171	99,266
2012	58,101	41,172	99,273
2013	59,624	39,950	99,574
2014-2018	254,945	181,016	435,961
2019-2023	203,354	144,569	347,923
2024-2028	162,660	105,816	268,476
2029-2033	187,000	69,266	256,266
2034-2037	191,500	22,153	213,653
Total	<u>\$1,263,006</u>	<u>\$728,905</u>	<u>\$1,991,911</u>

*C. Debt Margin*

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total valuation of the County. The Code further provides that the total shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The County's total debt margin was \$26,174,716 and the unvoted debt margin was \$21,024,716 at December 31, 2008.

*D. Conduit Debt*

Pursuant to State statute, various industrial revenue bonds have been issued for private industry within the County. The proceeds of the industrial revenue bonds are used by the various private industries for new construction or improvements. The bonds are to be repaid by the recipients of the proceeds and do not represent an obligation of the County. As of December 31, 2008, \$91,330,000 of industrial revenue bonds had been issued, and \$73,534,176 of those remained outstanding.

*E. Component Unit*

During 2004, the County loaned the Authority \$50,000 to preserve and protect a portion of Kardex jobs. The loan is at a rate of 3% per annum to be paid in monthly installments on a 20 year amortization schedule with no prepayment penalties. A balloon payment will be due at the time of Kardex's building lease termination or in three years whichever comes last. Maturities of long-term debt are as follows:

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2008

Year Ended December 31,	Principal	Interest	Total
2009	\$2,294	\$1,311	\$3,605
2010	2,185	1,143	3,328
2011	2,251	1,077	3,328
2012	2,320	1,008	3,328
2013	2,390	938	3,328
2014-2018	13,088	3,556	16,644
2019-2023	15,203	1,441	16,644
2024	1,649	14	1,663
Total	<u>\$41,380</u>	<u>\$10,488</u>	<u>\$51,868</u>

**NOTE 16 - SHORT-TERM OBLIGATIONS**

A summary of the note transactions for the year ended December 31, 2008, follows:

	Outstanding 12/31/2007	Additions	Deductions	Outstanding 12/31/2008
<b>Governmental Activities:</b>				
2008 - \$302,000 Bond Anticipation Notes - 5.75%:				
Building Acquisition and Improvement	\$0	\$248,800	\$0	\$248,800
Health Department Roof	0	53,200	0	53,200
2007 - \$250,500 Bond Anticipation Note - 7.00%:				
Building Acquisition and Improvement	246,200	0	246,200	0
Health Department Roof	4,300	0	4,300	0
2007 - \$156,940 Bond Anticipation Note - 5.50%:				
County Vehicles - \$21,980	21,980	0	21,980	0
Various Purposes - \$51,360	51,360	0	51,360	0
Computer Equipment - \$83,600	83,600	0	83,600	0
<i>Total Governmental Funds</i>	<u>\$407,440</u>	<u>\$302,000</u>	<u>\$407,440</u>	<u>\$302,000</u>

The building acquisition and improvement bond anticipation notes issued on February 27, 2007, for \$246,200 matured on February 26, 2008. These notes were issued for the purpose of acquiring and improving a building for county purposes.

The health department roof bond anticipation notes issued on February 27, 2007, for \$4,300 matured on February 26, 2008. These notes were issued to replace the roof of the county health department.

The county vehicles bond anticipation notes issued on May 10, 2007, for \$21,980 matured on May 10, 2008. These notes were issued for the purpose of buying new county vehicles.

The various purpose bond anticipation notes issued on May 10, 2007, for \$51,360 matured on May 10, 2008. These notes were issued for various purposes.

The computer equipment bond anticipation notes issued on May 10, 2007, for \$83,600 matured on May 10, 2008. These notes were issued for the purpose of buying new computer equipment.

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2008

The various purpose bond anticipation notes issued on February 26, 2008, for \$302,000 will mature on February 25, 2009. The various purpose bond anticipation notes were issued to retire the \$53,200 health department roof bond anticipation note and the \$248,800 building acquisition and improvement bond anticipation note, both of which matured on February 28, 2008.

**NOTE 17 - INTERNAL BALANCES**

Interfund balances, as of December 31, 2008, consist of the following individual interfund receivables and payables:

<u>Interfund Payable</u>	Interfund Receivable			
	Major Fund	Other Governmental Funds	Self Insurance - Workers' Compensation	Total
Major Funds:				
General	\$0	\$204	\$219,112	\$219,316
Job and Family Services	1,374	0	24,803	26,177
Motor Vehicle and Gasoline Tax	0	0	145,120	145,120
Mental Retardation and Developmental Disabilities	0	0	74,324	74,324
County Home	0	0	30,818	30,818
Mental Health and Addiction Recovery Board	0	0	4,272	4,272
Sewer	0	0	1,002	1,002
Other Governmental Funds	11,438	0	33,634	45,072
	\$12,812	\$204	\$533,085	\$546,101

The interfund receivable in the Self Insurance - Workers' Compensation Fund, which is due from all the funds listed above, except the Self Insurance - Health Fund, is a result of the liability from County Funds to the Self Insurance - Workers' Compensation Fund for the payment of premiums. The remaining interfund receivables/payables are due to lags between the dates interfund goods and services are provided, transactions were recorded in the accounting system, and payments between funds were made.

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
 December 31, 2008

Interfund transfers for the year ended December 31, 2008, consisted of the following:

<u>Transfer Out</u>	Transfer In			<u>Total</u>
	Major Funds			
	<u>General</u>	<u>Mental Health and Addiction Recovery Board</u>	<u>Other Nonmajor Governmental</u>	
Major Funds:				
General Fund	\$0	\$30,000	\$235,036	\$265,036
Other Nonmajor				
Governmental	80,000	0	0	80,000
Total All Funds	\$80,000	\$30,000	\$235,036	\$345,036

Transfers were 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; to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, to move monies back to the General Fund from the Certificate of Title Special Revenue Fund, and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 18 - CONTRACTUAL COMMITMENTS**

As of December 31, 2008, the County had contractual purchase commitments as follows:

<u>Projects</u>	<u>Fund</u>	<u>Purchase Commitments</u>	<u>Amounts Paid as of 12/31/2008</u>	<u>Amount Remaining on Contracts</u>
County-Wide Property	Real Estate			
Value Reappraisal	Assessment Fund	\$1,015,000	\$274,604	\$740,396
Web Hosting	Real Estate			
	Assessment Fund	17,560	2,500	15,060
Real Estate and Mass	Real Estate			
Appraisal System	Assessment Fund	117,400	0	117,400
		\$1,149,960	\$277,104	\$872,856

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

*A. Buckeye Hills-Hocking Valley Regional Development District*

The Buckeye Hills-Hocking Valley Regional Developmental District serves as the Area Agency on Aging for Washington, Athens, Hocking, Meigs, Monroe, Morgan, Noble, and Perry Counties. The District was created to foster a cooperative effort in regional planning, programming, and implementing plans and programs. The District is governed by a fifteen member board of directors. The board is composed of one County Commissioner from each county, one member from the City of Athens Council, one member from the City of Marietta Council, four at-large members appointed from the ten government members, and one member from the minority sector. The board has total control over budgeting, personnel, and all other financial matters. The District administers County Community Development Block Grant and Issue II monies. During 2008, the District received \$37,682 in administrative fees from Washington County. The continued existence of the District is not dependent on the County's continued participation and no equity interest exists.

*B. Joint Solid Waste District*

The County is a member of the Joint Solid Waste District which consists of Washington, Guernsey, Monroe, Morgan, Muskingum, and Noble Counties. The purpose of the District is to make disposal of waste in the six-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989 as required by the Ohio Revised Code.

The Joint Solid Waste District is governed and operated through three groups. An eighteen-member board of directors, composed of the three Commissioners from each County, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no contributions were received from the County in 2008. No future contributions by the County are anticipated. A thirty-one member policy committee composed of five members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the Policy Committee. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

*C. Washington-Morgan Community Action Corporation*

The Community Action Corporation of Washington-Morgan Counties is operated as non-profit organization formed to provide various programs in Washington and Morgan Counties. Currently, the Corporation administers the Family Service and Outreach Program, the Community Action Bus Line (CABL), the Child Development Program, the Senior Nutrition Program, Women, Infants and Children's Supplemental Nutrition Program, the Home Weatherization Assistance and Energy Program, the Job Training and Partnership Act Program, Housing and Urban Development Section 8 Existing Housing Voucher/Certificate Program, and various other state and federal programs. The Corporation is the direct recipient of the federal and state monies. The Corporation is governed by a fifteen member council. The council is composed of the Mayor of the City of Marietta, the Mayor of the City of Belpre, two commissioners from Washington County, one Commissioner from Morgan County, five lower income representatives, and five private sector representatives from Washington and Morgan Counties selected by outreach workers. Currently, the Corporation, by contract with the City of Marietta and Washington and Morgan Counties, provides administrative services to these governments in specific programs. The continued existence of the Corporation is not dependent on the County's continued participation and no equity interest exists.

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

*D. Washington County Family and Children First Council*

The Washington County Family and Children First Council provides services to multi-need youth in Washington County. Members of the Council include the Washington County Health Department, the Regional Office of Youth Services, the Washington County Juvenile Court, the Washington County Mental Health Board, Washington County Children Services, the General Health District, a representative from the City of Marietta Health Department, and a representative of the Washington County School Districts. The operation of the Council is controlled by an advisory committee which consists of a representative from each agency. In 2008, the County contributed \$313,524.

*E. Wood, Washington, and Wirt Planning Commission*

The Wood, Washington, and Wirt Planning Commission was created to fulfill the requirements governing urban transportation planning under the Federal Highway Administration and Urban Mass Transportation Administration program regulations in Wood, Washington, and Wirt Counties. The Commission was formed pursuant to West Virginia Code Sections and Ohio Revised Code Section 713.30 and serves as a form of a regional planning commission. The Commission is composed of representatives from county and city governments and a cross section of members from the community appointed by the governmental units. Currently, the Commission has eight governmental representatives and one Washington County Commissioner serves on the Commission. Revenues are derived from Federal Highway and Federal Transportation Administration Grants distributed by the States of Ohio and West Virginia. Local governments contribute a ten percent local match. In 2008, the County contributed \$7,563 to the Commission. The continued existence of the Commission is not dependent on the County's continued participation and no equity interest exists.

*F. Buckeye Hills Resource Conservation and Development Project*

The Buckeye Hills Resource Conservation and Development Project was organized to lead local efforts directed toward improving social and economic conditions of the Buckeye Hills RC&D Area through development, conservation, and proper use of all the resources of the area. It serves Athens, Belmont, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The Project is governed by an executive council. The Council is composed of one County Commissioner from each county, one member from the Soil and Water Conservation District of each county, a representative chosen jointly by the county commissioners and Soil and Water Conservation Districts of each county, a member from the Muskingum Watershed Conservancy District, and one member from the Rush Creek Conservancy District. The Council has total control over budgeting, personnel, and all other financial matters. During 2008, the Council received \$1,000 in administrative fees from Washington County. The continued existence of the District is not dependent on the County's continued participation and no equity interest exists.

*G. Mid Eastern Ohio Regional Council of Governments (MEORC)*

The Mid Eastern Ohio Regional Council of Governments is a regional council of governments created pursuant to Ohio Revised Code Chapter 167. Participating counties include Belmont, Carroll, Coshocton, Fairfield, Guernsey, Harrison, Hocking, Holmes, Jefferson, Knox, Monroe, Morgan, Muskingum, Noble, Perry, Tuscarawas, and Washington Counties. MEORC was created to provide the best possible services to persons with mental retardation and disability in their respective counties. Each county has representation on the MEORC board. Member counties have a contract between its county MR/DD board and the MEORC for MEORC to provide supported living services or housing to eligible persons in the member counties.



**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

*H. Ohio Valley Employment Resource (OVER)*

The Ohio Valley Employment Resource (OVER) is a jointly governed organization whereby the three county commissioners from Monroe, Morgan, Noble, and Washington Counties serve on the governing board. OVER was formed for the purpose of creating and providing employment and training programs in response to local need, a part of which is implementation of the Workforce Investment Act, P.L. 105-220. The continued existence of OVER is not dependent upon the County's continued participation and no equity interest or debt exists.

**NOTE 20 - RELATED ORGANIZATION**

The Washington County Public Library is statutorily created as a separate and distinct political subdivision of the State governed by a board of trustees consisting of seven members. The Washington County Commissioners appoint three members and the Court of Common Pleas appoints the remaining members. The County made no contributions to the Public Library. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the County for operational subsidies. Although the County does serve as the taxing authority of the Library, this is strictly a ministerial function. Once the board of trustees has determined that a levy is necessary, its amount, and its duration, the County must place the levy before the voters. The Library may issue debt or the County may provide facilities for the Library through the issuance of debt if the voters agree.

**NOTE 21 - INSURANCE PURCHASING POOL**

*County Risk Sharing Authority, Inc. (CORSA)*

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among fifty-five 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 losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in or a financial responsibility for CORSA. Any additional premium or contribution amounts and estimates of losses are not reasonably determinable. The County's payment for insurance to CORSA in 2008 was \$303,037.

**NOTE 22 - RELATED PARTY TRANSACTIONS**

Wasco, Inc., a discretely presented component unit of Washington County, received contributions from the County for facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its program. These contributions are reflected as operating revenues and operating expenses at cost or fair market value, as applicable, in the Basic Financial Statements in the amount of \$571,062. Additional habitative services provided directly to the component unit's clients by the County amounted to \$1,064,991.

**Washington County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2008*

---

**NOTE 23 - FOOD STAMPS**

The County's Department of Job and Family Services distributes, through contracting issuance centers, federal food stamps to entitled recipients within Washington County. The receipt and issuance of the stamps have the characteristics of a federal grant. However, the Department of Job and Family Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements, as the only economic interest related to these stamps rests with the ultimate recipient.

**NOTE 24 - CONTINGENT LIABILITIES**

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

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

**NOTE 25 - SUBSEQUENT EVENTS**

On February 6, 2009, the County refinanced bond anticipation notes and issued new capital facilities bonds in the amount of \$193,850 to pay for the computerization of the Washington County Clerk of Court's office. The bonds have an interest rate of 3.75 percent with payments being due each February 1 through 2013.

On February 25, 2009, the County paid off various purposes bond anticipation notes in the amount of \$302,000.

**Washington County, Ohio**  
*Required Supplementary Information*  
*Condition Assessments of the County's Infrastructure*  
*Reported Using the Modified Approach*  
*December 31, 2008*

---

The County reports its roads and bridges infrastructure assets using the modified approach. The following disclosures pertain to the condition assessments and budgeted versus actual expenditures for the preservation of these assets.

**County Roads**

The condition of road pavement is measured using a Pavement Management system, which assigns a numerical ranking to each road based on the following criteria: pavement surface type, condition, traffic factors, maintenance history and professional judgment. The system rates the condition as follows:

Condition Category	Condition Index Range	Description of Condition
Failed	<30	Impassable, unsafe, needs major reconstruction
Poor	30-45	Passable, marginally safe, needs major repair
Fair	46-60	Average, functions as designed, needs routine maintenance and repair
Good	61-85	Safe and very suitable for its purpose, needs preventative maintenance
Excellent	>85	New or like new, no repair needed

It is the goal of the Washington County Engineer that 90% of the County roads are rated at fair or better condition.

**Bridges**

Bridges are evaluated annually as required by law and following the Ohio Department of Transportation inspection and inventory guidelines. Bridges are rated by a general appraisal as follows:

Bridge General Appraisal Rating	Description of Condition
9	Excellent, new or like new
8	Very good, no problems
7	Good, minor maintenance deterioration of structural elements
6	Satisfactory, minor deterioration of structural elements
5	Fair, still functioning as designed, minor section loss to structural elements, non-structural deterioration
4	Poor, needs major repair or manitenance, to continue to function, load reduction may be needed.
3	Serious, needs major rehabilitation to continue to function, may need load reduction
2	Critical, not functioning as designed, load reduction, replacement needed
1	Closed

**Washington County, Ohio**  
*Required Supplementary Information*  
*Condition Assessments of the County's Infrastructure*  
*Reported Using the Modified Approach*  
*December 31, 2008*

It is the goal to maintain the Washington County bridges such that 90% have general appraisals of 5 or higher.

The following summarized the road and bridge conditions as of December 31, 2008, 2007, 2006, and 2005:

Condition Category	Road Condition as of December 31,							
	2008		2007		2006		2005	
	Percent of Roads	Percent Accumulation	Percent of Roads	Percent Accumulation	Percent of Roads	Percent Accumulation	Percent of Roads	Percent Accumulation
Excellent	39%	100%	44%	100%	38%	100%	42%	100%
Good	57%	61%	43%	56%	47%	62%	56%	58%
Fair	3%	4%	9%	13%	15%	15%	2%	2%
Poor	1%	1%	4%	0%	0%	0%	0%	0%
Failed	0%	0%	0%	0%	0%	0%	0%	0%

Bridge General Appraisal	Bridge Condition as of December 31,							
	2008		2007		2006		2005	
	Percent of Bridges	Percent Accumulation	Percent of Bridges	Percent Accumulation	Percent of Bridges	Percent Accumulation	Percent of Bridges	Percent Accumulation
9	2%	2%	1%	1%	1%	1%	1%	1%
8	6%	8%	6%	7%	5%	6%	4%	5%
7	23%	31%	23%	30%	22%	28%	18%	22%
6	42%	73%	42%	72%	43%	71%	44%	66%
5	18%	91%	18%	90%	18%	89%	22%	88%
4	8%	99%	8%	98%	9%	98%	10%	98%
3	1%	100%	1%	99%	1%	99%	1%	99%
2	0%	100%	1%	100%	1%	100%	1%	100%
1	0%	100%	0%	100%	0%	100%	0%	100%

Budget versus actual expenditures for roads and bridges maintenance for 2008, 2007, 2006, and 2005:

Total Road and Bridge Maintenance Expense	Budgeted	Actual	Difference
2008	\$4,692,793	\$4,076,340	\$616,453
2007	2,089,066	1,665,705	423,361
2006	3,824,501	2,615,157	1,209,344
2005	3,679,063	3,085,138	593,925

WASHINGTON COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number or Grant Year	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed through the Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Cash Assistance:			
School Breakfast Program	10.553	2008	\$ 16,706
		2009	8,257
National School Lunch Program	10.555	2008	28,399
		2009	13,217
Summer Food Service Program for Children	10.559	2008	28,960
Total Child Nutrition Cluster			<u>95,539</u>
Total U.S. Department of Agriculture			95,539
<b><u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed through the Ohio Department of Development:</i>			
Community Development Block Grants - State's Program	14.228	B-F-06-077-1	106,668
		B-F-07-077-1	56,586
		B-P-06-077-2	64,000
		B-W-07-077-1	273,492
Total Community Development Block - State's Program			<u>500,746</u>
Total U.S. Department of Housing and Urban Development			500,746
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Direct Award:</i>			
Supervised Visitation, Safe Havens for Children	16.527	2005-CW-AX-0010	106,000
Public Safety Partnership and Community Policing Grants	16.710	2008CKWX0797	23,383
<i>Passed through the Ohio Attorney General's Office:</i>			
Crime Victim Assistance	16.575	2008SAGENE253	20,177
		2009SAGENE253	5,246
		2008VAGENE616	4,932
Total Crime Victim Assistance			<u>30,355</u>
<i>Passed through the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Drug Court Discretionary Grant Program	16.585	2004-DC-BX-0061	15,823
Total U.S. Department of Justice			175,561
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
<i>Passed through the Ohio Department of Development:</i>			
WIA Adult - Ohio Third Frontier Internship Program	17.258	N/A	52,270
Total U.S. Department of Labor			52,270
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed through the Ohio Department of Transportation:</i>			
Federal Transit - Formula Grants	20.507	N/A	287,757
<i>Passed through Ohio Department of Public Safety:</i>			
State and Community Highway Safety	20.600	HVEO-2008-84-00-00-00250-00	17,211
		HVEO-2009-84-00-00-00438-00	5,901
Total State and Community Highway Safety			<u>23,112</u>
Total U.S. Department of Transportation			310,869

WASHINGTON COUNTY

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i>	Federal CFDA Number	Pass-Through Entity Number or Grant Year	Disbursements
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Direct Award:</i>			
Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126	N/A	\$ 55,425
<i>Passed through the Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education - Grants to States	84.027	2008	48,781
Special Education - Preschool Grants	84.173	2008	18,203
Total Special Education Cluster			<u>66,984</u>
State Grants for Innovative Programs	84.298	2008	<u>222</u>
Total U.S. Department of Education			122,631
<b><u>U.S. ELECTION ASSISTANCE COMMISSION</u></b>			
<i>Passed through the Ohio Secretary of State:</i>			
Help America Vote Act Requirements Payments	90.401	04-SOS-HAVA-84	<u>3,024</u>
Total U.S. Election Assistance Commission			3,024
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Social Services Block Grant	93.667	N/A	55,288
State Children's Insurance Program	93.767	N/A	631
Medical Assistance Program - TCM	93.778	N/A	164,055
<i>Passed through the Ohio Department of Alcohol and Drug Addiction Services:</i>			
Block Grants for Prevention and Treatment of Substance Abuse -			
Substance Abuse Prevention and Treatment Block Grant	93.959	2008	97,746
		2009	95,515
Women's Setaside		84-2293-WOMENP-P-08-9011	17,167
		84-2293-WOMENP-P-09-9011	17,166
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>227,594</u>
State Children's Insurance Program	93.767	N/A	38,656
Medical Assistance Program	93.778	N/A	153,390
<i>Passed through the Ohio Department of Mental Health:</i>			
Promoting Safe and Stable Families	93.556	N/A	3,720
Social Services Block Grant	93.667	N/A	60,275
State Children's Insurance Program	93.767	N/A	317,997
Medical Assistance Program	93.778	N/A	1,702,617
Block Grants for Community Mental Health Services	93.958	2008	30,133
		2009	30,134
Total Block Grants for Community Mental Health Services			<u>60,267</u>

WASHINGTON COUNTY

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i>	Federal CFDA Number	Pass-Through Entity Number or Grant Year	Disbursements
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u></b>			
<i>Passed through the Ohio Department of Job and Family Services:</i>			
Promoting Safe and Stable Families	93.556	N/A	\$ 79,778
Child Welfare Services - State Grants	93.645	N/A	56,265
Grants to States for Access and Visitation Programs	93.597	G-89-09-0189 G-89-09-1210	8,498 <u>6,782</u>
Total Grants to States for Access and Visitation Programs			<u>15,280</u>
<i>Passed through the Ohio Secretary of State:</i>			
Voting Access for Individual's with Disabilities - Grants to States	93.617	06-SOS-HHHS-84	12,190
<i>Passed through the Ohio Office of Criminal Justice Services:</i>			
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	93.671	2007-VP-003-4157	<u>22,500</u>
Total U.S. Department of Health and Human Services			2,970,503
<b><u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u></b>			
<i>Passed through the North Central Service Center:</i>			
Retired and Senior Volunteer Program	94.002	07SRNOH003	<u>51,157</u>
Total Corporation for National and Community Service			51,157
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<i>Passed through the Ohio Department of Public Safety:</i>			
Emergency Management Performance Grants	97.042	2007-EM-E7-0085	37,580
Homeland Security Grant Program	97.067	2006-GE-T6-0051	4,370
<i>Passed through the Ohio Emergency Management Agency:</i>			
Hazard Mitigation Grant	97.039	DR-1519.22R	<u>70,869</u>
Total U.S. Department of Homeland Security			<u>112,819</u>
<b>Total Federal Awards Expenditures</b>			<b><u>\$ 4,395,119</u></b>

The Notes to the Federal Awards Expenditures Schedule are an integral part of this Schedule.

## WASHINGTON COUNTY

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

#### **NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

#### **NOTE B – SUBRECIPIENTS**

The County passes certain federal awards received from the Ohio Department of Job and Family Services and Ohio Department of Development to other governments or not-for-profit agencies (subrecipients). As Note A describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

#### **NOTE C – NUTRITION CLUSTER**

The County commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the County assumes it expends federal monies first.

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

The County has a revolving loan fund (RLF) program to provide low-interest loans to eligible persons for water and sewer rehabilitation. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. Loans repaid, including interest, are used to make additional loans. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property. At December 31, 2008, the gross amount of loans outstanding under this program was \$6,072.

#### **NOTE E – MATCHING REQUIREMENTS**

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



**WASHINGTON COUNTY**

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

**NOTE F – U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES GRANT PROGRAMS**

The County has several U.S. Department of Health and Human Services grants that pass through different state agencies. The following schedule combines these amounts to show the total by grant program:

CFDA #	Program	Pass-Through Agency	Amount
93.667	Social Services Block Grant	Ohio Department of Mental Retardation and Developmental Disabilities	\$ 55,288
		Ohio Department of Mental Health	60,275
	Total Social Services Block Grant		<u>\$ 115,563</u>
93.767	State Children's Insurance Program	Ohio Department of Mental Retardation and Developmental Disabilities	\$ 631
		Ohio Department of Alcohol and Drug Addiction Services	38,656
		Ohio Department of Mental Health	317,997
	Total State Children's Insurance Program		<u>\$ 357,284</u>
93.778	Medical Assistance Program	Ohio Department of Mental Retardation and Developmental Disabilities	\$ 164,055
		Ohio Department of Alcohol and Drug Addiction Services	153,390
		Ohio Department of Mental Health	1,702,617
	Total Medical Assistance Program		<u>\$ 2,020,062</u>
93.556	Promoting Safe and Stable Families	Ohio Department of Mental Health	\$ 3,720
		Ohio Department of Job and Family Services	79,778
	Total Promoting Safe and Stable Families		<u>\$ 83,498</u>

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

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

Washington County  
205 Putnam Street  
Marietta, Ohio 45750

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the Southeastern Ohio Port Authority, a discretely presented component unit, each major fund, and the aggregate remaining fund information of Washington County, Ohio (the County), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of Wasco, Inc., a discretely presented component unit, as described in our opinion on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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

We consider findings 2008-001 and 2008-002 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe finding numbers 2008-001 and 2008-002 are also material weaknesses.

We also noted certain internal control matters that we reported to the County's management in a separate letter dated November 5, 2009.

### **Compliance and Other Matters**

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2008-001 and 2008-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated November 5, 2009.

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

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



**Mary Taylor, CPA**  
Auditor of State

November 5, 2009



# Mary Taylor, CPA

## Auditor of State

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

Washington County  
205 Putnam Street  
Marietta, Ohio 45750

To the Board of County Commissioners:

#### Compliance

We have audited the compliance of Washington County, Ohio (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2008. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of Wasco, Inc., a discretely presented component unit. Our audit of Federal awards, described below, did not include the operations of Wasco, Inc., because the component unit is legally separate from the primary government which this report addresses, and because it expended less than \$500,000 of Federal awards for the year ended December 31, 2008, it was not subject to OMB Circular A-133 audit requirements.

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

In our opinion, Washington County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2008. In a separate letter to the County's management dated November 5, 2009, we reported other matters related to federal noncompliance not requiring inclusion in this report.

### Internal Control Over Compliance

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section that would necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we noted matters involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated November 5, 2009.

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



**Mary Taylor, CPA**  
Auditor of State

November 5, 2009

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

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Medical Assistance Program CFDA # 93.778  State Children's Insurance Program CFDA # 93.767  Block Grants for Prevention and Treatment of Substance Abuse CFDA #93.959
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

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

**FINDING NUMBER 2008-001**

**Noncompliance Citation and Material Weakness**

Ohio Admin. Code Section 117-2-01(D)(5) states, in part, that when designing the public office's system of internal control and the specific control activities, management should verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

Ohio Rev. Code Section 325.31(A) states that on the first business day of each month, and at the end of the officer's term of office, each officer named in Section 325.27 of the Ohio Rev. Code shall pay into the County treasury, to the credit of the general county fund, all fees, costs, penalties, percentages, allowances, and perquisites collected by the officer's office during the preceding month or part thereof for official services.

Ohio Rev. Code Section 325.33 states that notwithstanding Sections 325.27 and 325.31 of the Revised Code, all fees retained by the Clerk of Courts under Chapters 1548, 4505, and 4519 of the Revised Code and all fees the Clerk of Courts receives in the capacity of deputy registrar under Section 4503.03 of the Revised Code shall be paid into the County treasury to the credit of the certificate of title administration fund.

Monthly bank reconciliations of the Clerk of Courts Title Department were not timely prepared for the Title Department's main and wildlife accounts from May 2008 through December 2008. Reconciliations for these accounts, for these months, were performed in January of 2009. During that time period, reconciliations for the watercraft account were not performed at all. This was the result of the vacancy in the Chief Deputy position and nobody assuming the responsibility of performing the reconciliations.

The lack of timely performance of monthly bank reconciliations could, and did, allow errors or irregularities to occur and remain undetected for an extended period. There was \$20,494 in Clerk of Courts Title Department April 2008 revenues deposited into the depository of the Clerk of Courts but was not paid into the County until January 2009.

In addition, the Clerk of Courts Legal Department did not prepare accurate monthly reconciliations of bank balances to book balances. Outstanding checks, deposits in transit and/or other reconciling items were either not prepared or not supported by source documentation to enable a proper reconciliation to be performed. The lack of proper reconciliations among the bank accounts and the Court's accounting ledgers resulted in errors which remained undetected and/or uncorrected until the audit was performed.

We recommend the Clerk of Courts establish procedures governing the preparation and independent review of monthly bank reconciliations. These procedures should include the recalculation of amounts to ensure the validity and completeness of the reconciliations. In addition, we recommend the reconciliations and reports be reviewed by the Clerk of Courts and her review be documented by initialing the reports.

**Officials' Response:** The procedures so advised have been instituted and are producing the necessary results.



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

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

**FINDING NUMBER 2008-002**

**Noncompliance Citation and Material Weakness**

Ohio Rev. Code Section 2335.25 states that each clerk of a court of record, the sheriff, and the prosecuting attorney shall enter in a journal or cashbook, provided at the expense of the county, an accurate account of all moneys collected or received in his official capacity, on the days of the receipt, and in the order of time so received, with a minute of the date and suit, or other matter, on account of which the money was received. The cashbook shall be a public record of the office, and shall, on the expiration of the term of each such officer, be delivered to his successor in office. The clerk shall be the receiver of all moneys payable into his office, whether collected by public officers of court or tendered by other persons, and, on request, shall pay the moneys to the persons entitled to receive them.

The clerk of the court of common pleas or of the county court may deposit moneys payable into his office in a bank or a building and loan association, as defined in section 1151.01 of the Revised Code, subject to section 131.11 of the Revised Code. Any interest received upon the deposits shall be paid into the treasury of the county for which the clerk performs his duties.

During 2008, the Clerk of Courts paid \$15,631 into the County Treasurer that was thought to represent interest earned on a certificate of deposit which was invested with monies received from open cases. However, the Clerk of Court's office had already made a total of \$14,142 in payments of interest earned on their certificate of deposit to the County Treasurer since 2001. The \$14,142 was to remain in the Clerk of Courts account to cover open items. In 2009, the County returned the \$14,142 to the Clerk of Courts and has posted this adjustment to the County's records.

This error was not noted during the reconciliation process since monthly bank reconciliations had not been properly performed in 2008 (see Finding Number 2008-001).

We recommend the Clerk of Courts only pay interest in to the County that has not already been paid. We also recommend the Clerk of Courts prepare detailed bank reconciliations that include all bank account balances and certificates of deposit being reconciled to the Court's accounting ledgers.

**Officials' Response:** The previous Clerk of Courts was under pressure to find revenues to cover excess payroll that had not been allowed for in the Clerk's 2008 budget. Change in office holder has given new emphasis on living within the Clerk of Courts means.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	A finding for recovery for public monies illegally expended was issued against Jolena Best, CSEA Fiscal Communication Supervisor, in the amount of \$468, in favor of the CSEA Fund of Washington County.	No	Not Corrected; per Jolena Best's sentencing agreement, she has three years to make full restitution. As of December 31, 2008, no payments have been made.



**Mary Taylor, CPA**  
Auditor of State

**FINANCIAL CONDITION**

**WASHINGTON 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  
NOVEMBER 24, 2009**