



Mary Taylor, CPA
Auditor of State

**FINANCIAL CONDITION
FULTON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fulton County, Ohio (the County), as of and for the year ended December 31, 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.

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

We were unable to obtain sufficient, competent and appropriate evidence to support the accrual of accounts receivable and related deferred revenue for the EMS A & B Life Services major fund. We could not confirm with independent third parties nor were we able to perform sufficient alternative procedures to substantiate the amounts recorded for accounts receivables. EMS A & B Life Services accounts receivable and related deferred revenue totals \$208,180 and \$161,980 respectively, which represents 4% of total assets and 10% of total liabilities in this major fund. We cannot reasonably determine the amount by which this departure would affect these assets and liabilities.

In our opinion, except for the inability to obtain sufficient, competent and appropriate evidence to support the accrual of accounts receivable and related deferred revenue for the EMS A & B Life Services major fund, the financial statements referred to above present fairly, in all material respects, the financial position of the EMS A & B Life Services major fund of Fulton County, Ohio, as of December 31, 2008, and the changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund, for Fulton County, Ohio, as of December 31, 2008 and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General, Motor Vehicle and Gas Tax, County Board of Developmental Disabilities, Public Assistance, and EMS A & B Life Services funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2009, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Mary Taylor, CPA
Auditor of State

September 28, 2009

FULTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

The management's discussion and analysis of Fulton County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 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 notes to the basic financial statements and financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- The total net assets of the County increased \$415,265. Net assets of governmental activities decreased \$68,642, which represents a 0.01% decrease from fiscal year 2007. Net assets of business-type activities increased \$483,907 or 2.80% from fiscal year 2007.
- General revenues accounted for \$17,004,754 or 54.11% of total governmental activities revenue. Program specific revenues accounted for \$14,425,977 or 45.89% of total governmental activities revenue of \$31,430,731.
- The County had \$31,474,073 in expenses related to governmental activities; \$14,425,977 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$17,004,754 were not adequate to provide for these programs.
- The general fund, the County's largest major fund, had revenues and other financing sources of \$11,084,205 in 2008, a decrease of \$461,273 or 4.00% from 2007 revenues and other financing sources. The expenditures and other financing uses of the general fund were \$11,544,692 in 2008, an increase of \$213,623 or 1.89% from 2007. The decrease in revenues combined with the slight increase in expenditures contributed to the general fund balance decrease of \$460,487 from 2007 to 2008.
- The motor vehicle and gas tax fund, a County major fund, had revenues and other financing sources of \$4,943,709 in 2008. The motor vehicle and gas tax fund had expenditures of \$5,643,665 in 2008. The motor vehicle and gas tax fund balance decreased \$699,956 from 2007 to 2008.
- The county board of developmental disabilities (the "county board of DD") fund, a County major fund, had revenues of \$4,958,552 in 2008. The county board of DD had expenditures and other financing uses of \$4,164,172 in 2008. The county board of DD fund balance increased \$794,380 from 2007 to 2008.
- The public assistance fund, a County major fund, had revenues of \$3,232,136 in 2008. The public assistance fund, had expenditures of \$3,636,384 in 2008. The public assistance fund balance decreased \$404,248 from 2007 to 2008.
- The emergency medical system advanced and basic ("EMS A&B") life services fund, a County major fund, had revenues of \$2,503,995 in 2008. The EMS advanced and basic life services fund had expenditures of \$1,695,078 in 2008. The EMS A&B life services fund balance increased \$808,917 from 2007 to 2008.
- The County had two major proprietary funds. The net assets for the water fund increased in 2008 by \$577,626 or 5.25%. Net assets for the sewer fund decreased in 2008 by \$63,977 or 1.03%.
- In the general fund, the actual revenues and other financing sources came in \$1,075,462 higher than they were originally budgeted and actual expenditures and other financing uses were \$643,224 less than the amount in the original budget. These positive variances are a result of the County's conservative budgeting process.

FULTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

Using this Basic Financial Statements (BFS)

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

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

Reporting the County as a Whole

Statement of Net Assets and the Statement of Activities

The statement of net assets and the statement of activities answer the question, "How did we do financially during 2008?" These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided.

Reporting the County's Most Significant Funds

Fund Financial Statements

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

FULTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general, motor vehicle and gas tax, board of developmental disabilities (county board of DD), public assistance and EMS advanced and basic (EMS A&B) life services funds.

Governmental Funds

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

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

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

FULTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

Government-Wide Financial Analysis

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

The table below provides a summary of the County's net assets for 2008 and 2007.

	Net Assets				
	Governmental Activities 2008	Business-type Activities 2008	Governmental Activities 2007	Business-type Activities 2007	2008 Total
Assets:					
Current and other assets	\$ 32,438,153	\$ 3,717,445	\$ 35,847,728	\$ 3,832,424	\$ 36,155,598
Capital assets, net	<u>42,012,639</u>	<u>20,521,072</u>	<u>39,814,062</u>	<u>21,076,477</u>	<u>62,533,711</u>
Total assets	<u>74,450,792</u>	<u>24,238,517</u>	<u>75,661,790</u>	<u>24,908,901</u>	<u>98,689,309</u>
Liabilities:					
Long-term liabilities	3,444,474	6,266,294	3,714,451	7,346,562	9,710,768
Other liabilities	<u>7,897,469</u>	<u>171,079</u>	<u>8,769,848</u>	<u>245,102</u>	<u>8,068,548</u>
Total liabilities	<u>11,341,943</u>	<u>6,437,373</u>	<u>12,484,299</u>	<u>7,591,664</u>	<u>17,779,316</u>
Net assets:					
Invested in capital assets, net of related debt	40,578,170	15,242,711	38,292,548	14,869,365	55,820,881
Restricted	19,230,650	-	20,955,672	-	19,230,650
Unrestricted	<u>3,300,029</u>	<u>2,558,433</u>	<u>3,929,271</u>	<u>2,447,872</u>	<u>5,858,462</u>
Total net assets	<u>\$ 63,108,849</u>	<u>\$ 17,801,144</u>	<u>\$ 63,177,491</u>	<u>\$ 17,317,237</u>	<u>\$ 80,909,993</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2008, the County's assets exceeded liabilities by \$80,909,993. This amounts to \$63,108,849 in governmental activities and \$17,801,144 in business-type activities. The County's finances remained strong during 2008.

Capital assets reported on the government-wide statements represent the largest portion of the County's net assets. At year-end, capital assets represented 63.37% of total governmental and business-type assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2008, were \$55,820,881. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of December 31, 2008, the County is able to report positive balances in all three categories of net assets for the governmental activities and business-type activities.

A portion of the County's net assets, \$19,230,650 or 23.77%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$5,858,462 may be used to meet the government's ongoing obligations to citizens and creditors.

FULTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)

The table below shows the changes in net assets for fiscal years 2008 and 2007. Certain 2007 amounts have been reclassified to conform to 2008 presentation.

	Change in Net Assets					
	Governmental Activities 2008	Business-type Activities 2008	Governmental Activities 2007	Business-type Activities 2007	2008 Total	2007 Total
Revenues:						
Program revenues:						
Charges for services and sales	\$ 4,637,664	\$ 2,382,475	\$ 5,693,239	\$ 2,689,188	\$ 7,020,139	\$ 8,382,427
Operating grants and contributions	9,257,599	-	11,857,093	-	9,257,599	11,857,093
Capital grants and contributions	530,714	1,340,133	947,627	1,690,603	1,870,847	2,638,230
Total program revenues	<u>14,425,977</u>	<u>3,722,608</u>	<u>18,497,959</u>	<u>4,379,791</u>	<u>18,148,585</u>	<u>22,877,750</u>
General revenues:						
Property taxes	7,267,067	-	7,768,690	-	7,267,067	7,768,690
Sales tax	4,663,806	-	4,524,406	-	4,663,806	4,524,406
Unrestricted grants	3,115,624	-	2,675,475	-	3,115,624	2,675,475
Investment earnings	1,049,230	-	1,492,345	-	1,049,230	1,492,345
Other	909,027	55,773	956,442	41,029	964,800	997,471
Total general revenues	<u>17,004,754</u>	<u>55,773</u>	<u>17,417,358</u>	<u>41,029</u>	<u>17,060,527</u>	<u>17,458,387</u>
Total revenues	<u>31,430,731</u>	<u>3,778,381</u>	<u>35,915,317</u>	<u>4,420,820</u>	<u>35,209,112</u>	<u>40,336,137</u>
Expenses:						
Program expenses:						
General government	6,894,153	-	7,623,275	-	6,894,153	7,623,275
Public safety	6,361,977	-	6,533,419	-	6,361,977	6,533,419
Public works	4,514,970	-	4,958,398	-	4,514,970	4,958,398
Health	5,309,982	-	4,941,770	-	5,309,982	4,941,770
Human services	6,037,683	-	6,727,675	-	6,037,683	6,727,675
Economic development	1,230,456	-	1,087,633	-	1,230,456	1,087,633
Other	9,515	-	86,667	-	9,515	86,667
Intergovernmental	1,017,837	-	1,044,589	-	1,017,837	1,044,589
Interest and fiscal charges	97,500	-	65,794	-	97,500	65,794
Water	-	2,420,609	-	2,398,523	2,420,609	2,398,523
Sewer	-	526,231	-	368,528	526,231	368,528
Solid waste incinerator	-	223,753	-	239,342	223,753	239,342
Recycling	-	149,181	-	106,841	149,181	106,841
Total expenses	<u>31,474,073</u>	<u>3,319,774</u>	<u>33,069,220</u>	<u>3,113,234</u>	<u>34,793,847</u>	<u>36,182,454</u>
Transfers	<u>(25,300)</u>	<u>25,300</u>	<u>(65,472)</u>	<u>65,472</u>	<u>-</u>	<u>-</u>
Change in net assets	(68,642)	483,907	2,780,625	1,373,058	415,265	4,153,683
Net assets at beginning of year	<u>63,177,491</u>	<u>17,317,237</u>	<u>60,396,866</u>	<u>15,944,179</u>	<u>80,494,728</u>	<u>76,341,045</u>
Net assets at end of year	<u>\$ 63,108,849</u>	<u>\$ 17,801,144</u>	<u>\$ 63,177,491</u>	<u>\$ 17,317,237</u>	<u>\$ 80,909,993</u>	<u>\$ 80,494,728</u>

FULTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

Governmental Activities

Governmental net assets decreased by \$68,642 in 2008 from 2007.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2008, general government expenses totaled \$6,894,153, or 21.91% of total governmental expenses. General government programs were supported by \$2,770,097 in direct charges to users and \$11,818 in operating grants and contributions.

The County's largest program was public safety, which primarily supports the operations of the sheriff's department, E-911, emergency medical services, and the EMS advanced & basic life services. The program accounted for \$6,361,977 or 20.22% of total governmental expenses. Public safety programs are supported by revenues from charges to users of services, of \$674,620, and operating grants and contributions of \$330,091.

The next largest program is human services, which accounted for \$6,037,683 of expenses, or 19.19% of total governmental expenses of the County during 2008. Human services programs include the operations of the public assistance, public assistance trust, child support enforcement agency and the children services board. These expenses were funded in part by \$501,555 in charges to users of services and \$2,849,781 in operating grants and contributions in 2008.

Another significant County program is health, which accounted for \$5,309,982 of expenses, or 16.87% of total governmental expenses of the County during 2008. Health programs include the operation of the county board of DD, the senior center and the dog warden and kennel. These expenses were funded in part by \$413,206 in charges to users of services and \$1,170,718 in operating grants and contributions in 2008.

Operating grants and contributions were the largest type of program revenue. The State and federal government contributed revenues of \$9,257,599 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$2,849,781, or 30.79%, subsidized human services programs, \$4,218,508 or 45.57%, subsidized public works programs, and \$1,170,718, or 12.65%, subsidized health programs. Another type of program revenue is direct charges to users of governmental activities, made up \$4,637,664 or 14.76% of total governmental revenues. These charges for services and sales include fees for charges for services, licenses and permits, and fines and forfeitures related to judicial activities, and rental income.

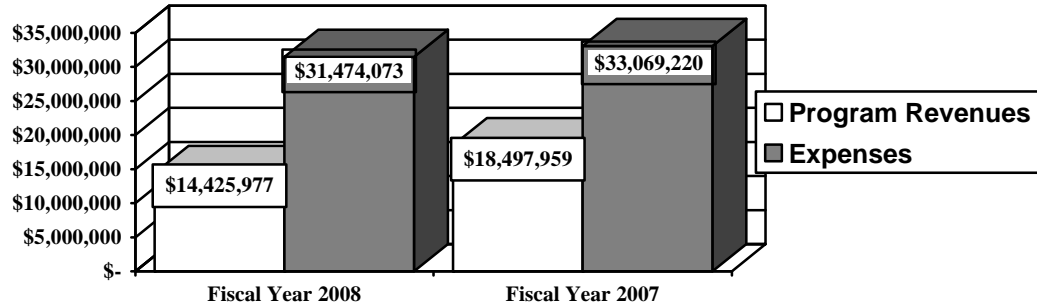
General revenues totaled \$17,004,754, and amounted to 54.11% of total revenues. These revenues primarily consist of property and sales tax revenue of \$11,930,873, or 70.17% of total general revenues in 2008. Property taxes decreased by 6.46% during 2008. Sales tax revenue increased 3.09% in 2008. The other primary source of general revenues is grants and entitlements not restricted to specific programs which include local government revenue, homestead and rollback and tangible personal property tax reimbursement revenue. Interest earnings decreased during 2008 to \$1,049,230, or 6.17%, of total general revenues.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2008. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

FULTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)

Governmental Activities – Program Revenues vs. Total Expenses



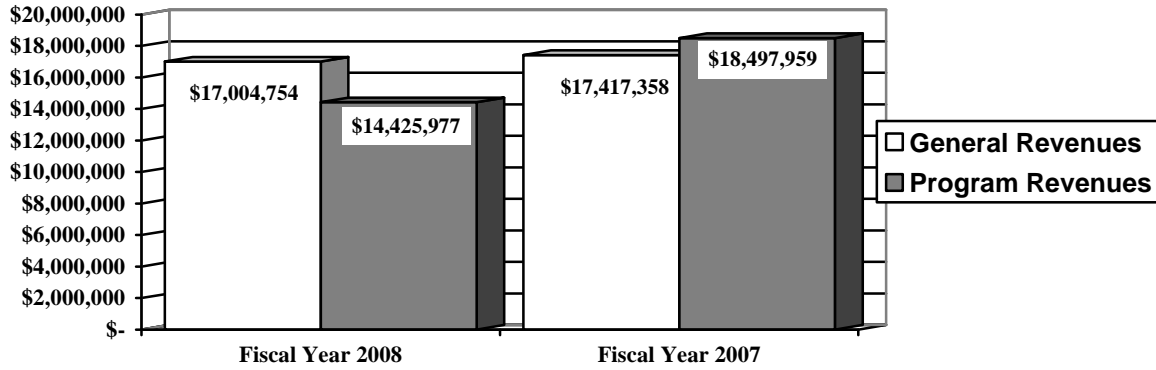
Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Program expenses:				
General government	\$ 6,894,153	\$ 4,112,238	\$ 7,623,275	\$ 4,229,311
Public safety	6,361,977	5,357,266	6,533,419	4,800,910
Public works	4,514,970	(397,106)	4,958,398	(507,329)
Health	5,309,982	3,726,058	4,941,770	3,475,360
Human services	6,037,683	2,686,347	6,727,675	1,269,382
Economic development and assistance	1,230,456	438,441	1,087,633	106,577
Other	9,515	9,515	86,667	86,667
Intergovernmental	1,017,837	1,017,837	1,044,589	1,044,589
Interest and fiscal charges	97,500	97,500	65,794	65,794
Total	\$ 31,474,073	\$ 17,048,096	\$ 33,069,220	\$ 14,571,261

The dependence upon general revenues for governmental activities is apparent; with 54.17% and 44.07% of expenses supported through taxes and other general revenues during 2008 and 2007, respectively.

Governmental Activities - General and Program Revenues

FULTON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)



Business-Type Activities

The water and sewer funds are the County's two major proprietary funds. The business-type activities had revenues of \$3,778,381 and expenses of \$3,319,774 for 2008. The net assets of these programs increased \$483,907 or 2.80% from 2007. During 2008, these programs received \$1,340,133 in capital grants and contributions.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

The County's governmental funds reported a combined fund balance of \$21,313,483, which is \$42,632 less than last year's total of \$21,356,115. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2008 and December 31, 2007, for all major and nonmajor governmental funds.

	Fund Balance <u>December 31, 2008</u>	Fund Balance <u>December 31, 2007</u>	Increase <u>(Decrease)</u>
Major funds:			
General	\$ 4,211,728	\$ 4,672,215	\$ (460,487)
Motor vehicle and gas tax	2,176,082	2,876,038	(699,956)
County board of DD	4,501,502	3,707,122	794,380
Public assistance	556,195	960,443	(404,248)
EMS A & B life services	3,543,844	2,734,927	808,917
Other nonmajor governmental funds	<u>6,324,132</u>	<u>6,405,370</u>	<u>(81,238)</u>
Total	<u>\$ 21,313,483</u>	<u>\$ 21,356,115</u>	<u>\$ (42,632)</u>

FULTON COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)**

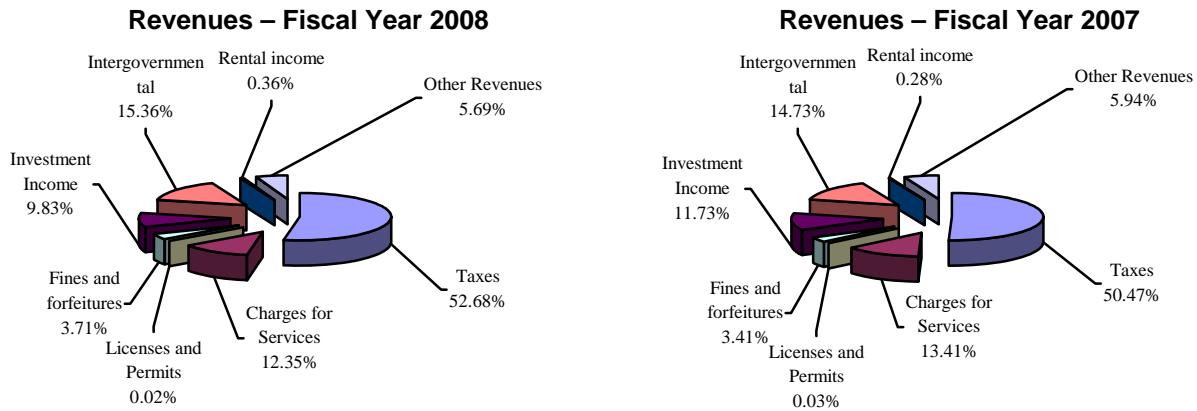
General Fund

The general fund is the operating fund of the County. At the end of the fiscal year, the fund balance of the general fund was \$4,211,728, a 9.86% decrease from 2007.

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

	<u>2008 Amount</u>	<u>2007 Amount</u>	<u>Percentage Change</u>
Revenues:			
Taxes	\$ 5,727,262	\$ 5,740,457	(0.23) %
Charges for services	1,341,994	1,514,811	(11.41) %
Licenses and permits	2,303	3,014	(23.59) %
Fines and forfeitures	403,001	389,546	3.45 %
Intergovernmental	1,670,747	1,678,552	(0.46) %
Investment income	1,068,022	1,337,201	(20.13) %
Rental income	38,529	32,681	17.89 %
Other	618,145	679,654	(9.05) %
Total	<u>\$ 10,870,003</u>	<u>\$11,375,916</u>	(4.45) %

Tax revenue represents 52.69% of all general fund revenue. Tax revenue decreased slightly by 0.23% below the prior year. This is due to the phase out of the tangible personal property tax on general businesses. The decrease in other revenue is primarily due to a decrease in reimbursements received during 2008. Charges for services revenue decreased 11.41% from 2007. This is primarily due to a decrease in charges received for services provided by the County Auditor and County Treasurer. The decrease in investment income was due to decreases in interest rates by the Federal Reserve. Intergovernmental revenue remained consistent with the prior year mainly due to the stability of local government revenue received from the State. All other revenue remained comparable to 2007.



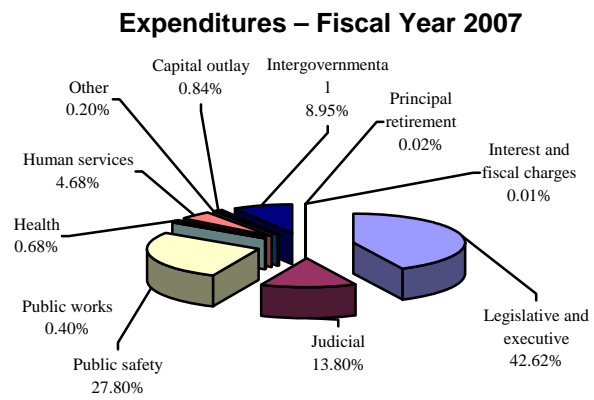
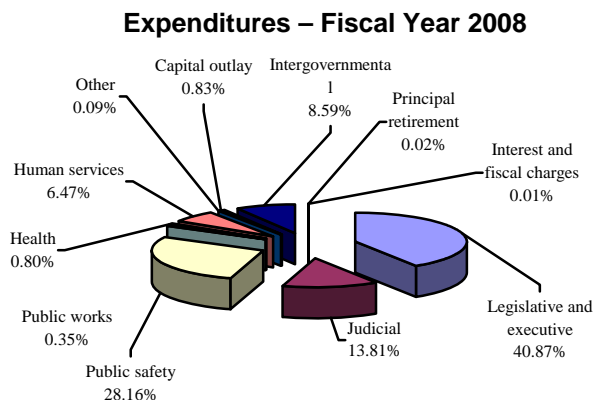
FULTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

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

	<u>2008 Amount</u>	<u>2007 Amount</u>	<u>Percentage Change</u>
Expenditures:			
General government			
Legislative and executive	\$ 4,610,676	\$ 4,746,124	(2.85) %
Judicial	1,559,148	1,536,722	1.46 %
Public safety	3,178,009	3,096,018	2.65 %
Public works	39,176	44,717	(12.39) %
Health	90,826	75,239	20.72 %
Human services	729,270	521,314	39.89 %
Other	9,515	22,806	(58.28) %
Capital outlay	92,956	93,339	(0.41) %
Intergovernmental	970,113	996,963	(2.69) %
Principal retirement	2,472	2,127	16.22 %
Interest and fiscal charges	<u>828</u>	<u>898</u>	(7.80) %
Total	<u>\$ 11,282,989</u>	<u>\$11,136,267</u>	1.32 %

Human services expenditures relate to the following services: county home, children services, soldier's relief, and veteran's services. These services saw an overall increase in contractual services related expenditures in 2008. Legislative and executive expenditures decreased 2.85% from the prior fiscal year. This is mainly due to a decrease in the demand for services provided by the County Auditor and the County Treasurer. All other expenditures remained comparable to 2007.



FULTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

Motor Vehicle and Gas Tax Fund

The motor vehicle and gas tax fund, a County major fund, had revenues and other financing sources of \$4,943,709 in 2008. The motor vehicle and gas tax fund had expenditures of \$5,643,665 in 2008. The motor vehicle and gas tax fund balance decreased \$699,956 from 2007 to 2008. The decrease is due to expenditures for public works projects exceeding revenues.

County Board of Developmental Disabilities (County Board of DD)

The county board of DD, a County major fund, had revenues of \$4,958,552 in 2008. The county board of DD had expenditures and other financing uses of \$4,164,172 in 2008. The county board of DD fund balance increased \$794,380 from 2007 to 2008. The increase is due to revenues, consisting mainly of property taxes, exceeding expenditures and other financing uses during 2008.

Public Assistance Fund

The public assistance fund, a County major fund, had revenues of \$3,232,136 in 2008. The public assistance fund, had expenditures of \$3,636,384 in 2008. The public assistance fund balance decreased \$404,248 from 2007 to 2008. The decrease is due to decreased revenues received from the State while expenditures made from public assistance services remained consistent with the prior year.

EMS Advanced and Basic Life Services Fund

The EMS A&B life services fund, a County major fund, had revenues of \$2,503,995. The EMS advanced and basic life services fund had expenditures of \$1,695,078. The EMS advanced and basic life services fund balance increased \$808,917 from 2007 to 2008. This increase is primarily due to revenues, consisting of property taxes and charges for services, exceeding expenditures.

Budgeting Highlights – General Fund

The County's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

In the general fund, actual revenues and other financing sources of \$11,423,228 exceeded original and final budgeted revenues and other financing sources by \$1,075,462 and \$1,064,293, respectively. These increases are due to the County's conservative approach to budgeting. Actual expenditures and other financing uses of \$11,748,373 were \$643,224 and \$811,301 lower than original and final budgeted appropriations, respectively.

Proprietary Funds

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

FULTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

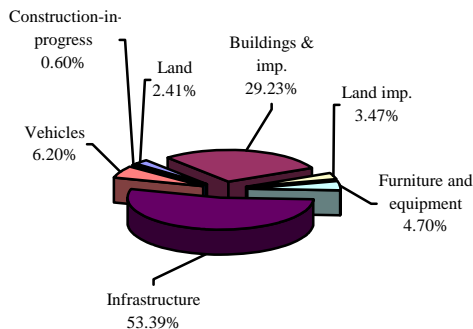
At the end of 2008, the County had \$62,533,711 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, \$42,012,639 was reported in governmental activities and \$20,521,072 was reported in business-type activities, see Note 10 to the basic financial statements for detail. The following table shows fiscal 2008 balances compared to 2007:

**Capital Assets at December 31
(Net of Depreciation)**

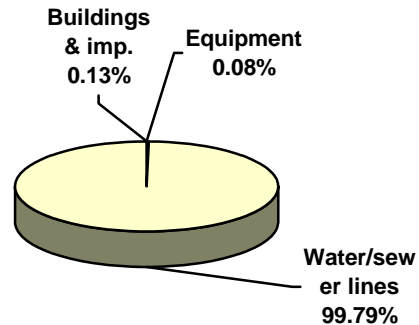
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,011,931	\$ 1,011,931	\$ -	\$ -	\$ 1,011,931	\$ 1,011,931
Construction-in-progress	251,137	-	-	-	251,137	-
Land improvements	1,456,518	1,531,669	-	-	1,456,518	1,531,669
Building and improvements	12,279,313	11,950,434	26,033	27,768	12,305,346	11,978,202
Furniture and equipment	1,978,220	2,057,631	16,347	18,862	1,994,567	2,076,493
Vehicles	2,606,090	2,614,220	-	-	2,606,090	2,614,220
Infrastructure	22,429,430	20,648,177	-	-	22,429,430	20,648,177
Water/sewer lines	-	-	20,478,692	21,029,847	20,478,692	21,029,847
Total	\$ 42,012,639	\$ 39,814,062	\$ 20,521,072	\$ 21,076,477	\$ 62,533,711	\$ 60,890,539

The following graphs show the breakdown of governmental and business-type activities capital assets by category for 2008 and 2007.

Capital Assets - Governmental Activities 2008

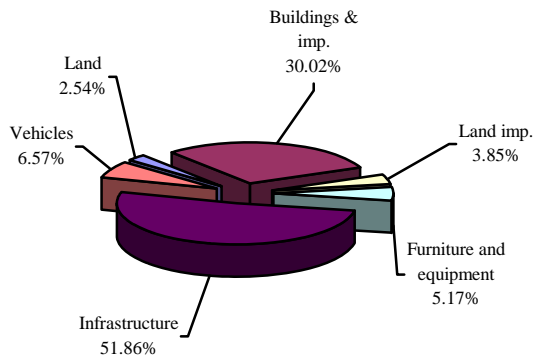


Capital Assets - Business-Type Activities 2008

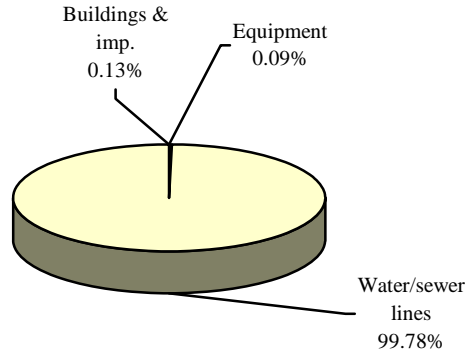


FULTON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(UNAUDITED)

Capital Assets - Governmental Activities 2007



Capital Assets - Business-Type Activities 2007



Debt Administration

The County had the following long-term obligations outstanding at December 31, 2008 and 2007:

	Governmental Activities 2008	Governmental Activities 2007
OWDA loans	\$ 562,723	\$ 682,888
Special assessment bonds	144,666	225,728
General obligation notes	238,042	259,000
General obligation bonds	840,000	1,057,028
Landfill closure/postclosure	413,467	433,605
Capital lease	16,778	11,463
OPWC loans	<u>339,649</u>	<u>194,023</u>
Total long-term obligations	<u>\$ 2,555,325</u>	<u>\$ 2,863,735</u>
	Business-Type Activities 2008	Business-Type Activities 2007
OWDA loans	\$ 5,409,617	\$ 6,430,231
Special assessment bonds	570,304	620,485
Loan payable	<u>252,430</u>	<u>265,156</u>
Total long-term obligations	<u>\$ 6,232,351</u>	<u>\$ 7,315,872</u>

FULTON COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008 (UNAUDITED)

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

Economic Factors

The County's Administration considered the impact of various economic factors when establishing the fiscal year 2008 budget. Despite the uncertainty surrounding the economy, the County continues to carefully monitor its primary sources of revenue—real estate taxes, local sales taxes, local government funds and interest income. In order to stabilize the impact of the fluctuations in these revenue sources, the County continues to pursue economic development and job creation; and adoption of a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2009 budget, the County emphasized various efforts to continue to contain costs while pursuing new sources of revenue.

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

The average unemployment rate for Fulton County in 2008 was 8.2%, which reflects an increase from 2007. Fulton County ranks higher than the state average of 6.5%. Efforts in the area of economic development are predicted to have positive results in 2009 with the addition of jobs in Fulton County. The strongest growth area in 2009 is predicted to be in the area of commercial/retail opportunities, while the manufacturing base is remaining steady. Also, new housing growth is remaining steady in the County. The overall economy of the County is anticipated to maintain at the current level over the next year.

Contacting the County's Financial Management

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

FULTON COUNTY, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and investments.	\$ 19,179,327	\$ 2,469,029	\$ 21,648,356
Cash in segregated accounts.	213,370	417	213,787
Receivables (net of allowances for uncollectibles):			
Sales taxes.	588,132	-	588,132
Real estate and other taxes	6,997,227	-	6,997,227
Accounts	411,904	105,391	517,295
Due from other governments	3,706,123	-	3,706,123
Special assessments.	248,861	1,134,544	1,383,405
Accrued interest.	313,199	-	313,199
Internal balances.	(6,693)	6,693	-
Prepayments	129,112	1,371	130,483
Materials and supplies inventory	201,737	-	201,737
Loans receivable, net	455,854	-	455,854
Capital assets:			
Land	1,011,931	-	1,011,931
Construction in progress.	251,137	-	251,137
Depreciable capital assets, net	40,749,571	20,521,072	61,270,643
Total capital assets	42,012,639	20,521,072	62,533,711
Total assets.	74,450,792	24,238,517	98,689,309
Liabilities:			
Accounts payable	338,590	11,040	349,630
Accrued wages and benefits	312,847	7,867	320,714
Due to other governments	255,995	17,956	273,951
Accrued interest payable	26,159	134,216	160,375
Unearned revenue	6,963,878	-	6,963,878
Long-term liabilities:			
Due within one year.	986,228	1,201,099	2,187,327
Due in more than one year	2,458,246	5,065,195	7,523,441
Total liabilities.	11,341,943	6,437,373	17,779,316
Net assets:			
Invested in capital assets, net of related debt	40,578,170	15,242,711	55,820,881
Restricted for:			
Capital projects	987,311	-	987,311
Debt service.	145,593	-	145,593
Public safety	4,673,821	-	4,673,821
Public works projects.	3,514,990	-	3,514,990
Human services programs	1,971,382	-	1,971,382
Health programs	5,781,461	-	5,781,461
Economic development.	696,757	-	696,757
Other purposes	1,459,335	-	1,459,335
Unrestricted	3,300,029	2,558,433	5,858,462
Total net assets	\$ 63,108,849	\$ 17,801,144	\$ 80,909,993

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government:				
Legislative and executive	\$ 5,192,540	\$ 1,957,241	\$ 11,818	\$ -
Judicial	1,701,613	812,856	-	-
Public safety	6,361,977	674,620	330,091	-
Public works	4,514,970	162,854	4,218,508	530,714
Health	5,309,982	413,206	1,170,718	-
Human services	6,037,683	501,555	2,849,781	-
Economic development and assistance.	1,230,456	115,332	676,683	-
Other	9,515	-	-	-
Intergovernmental	1,017,837	-	-	-
Interest and fiscal charges	97,500	-	-	-
Total governmental activities	<u>31,474,073</u>	<u>4,637,664</u>	<u>9,257,599</u>	<u>530,714</u>
Business-type activities:				
Water.	2,420,609	1,836,940	-	1,159,941
Sewer.	526,231	282,062	-	180,192
Other business-type activities:				
Solid waste incinerator	223,753	206,873	-	-
Recycling	149,181	56,600	-	-
Total business-type activities	<u>3,319,774</u>	<u>2,382,475</u>	<u>-</u>	<u>1,340,133</u>
Total primary government	<u>\$ 34,793,847</u>	<u>\$ 7,020,139</u>	<u>\$ 9,257,599</u>	<u>\$ 1,870,847</u>

General revenues:

Property taxes levied for:

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

Total general revenues.

Transfers.

Change in net assets.

Net assets at beginning of year

Net assets at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activity	Total
\$ (3,223,481)	\$ -	\$ (3,223,481)
(888,757)	-	(888,757)
(5,357,266)	-	(5,357,266)
397,106	-	397,106
(3,726,058)	-	(3,726,058)
(2,686,347)	-	(2,686,347)
(438,441)	-	(438,441)
(9,515)	-	(9,515)
(1,017,837)	-	(1,017,837)
(97,500)	-	(97,500)
<u>(17,048,096)</u>	<u>-</u>	<u>(17,048,096)</u>
-	576,272	576,272
-	(63,977)	(63,977)
-	(16,880)	(16,880)
-	(92,581)	(92,581)
<u>-</u>	<u>402,834</u>	<u>402,834</u>
<u>(17,048,096)</u>	<u>402,834</u>	<u>(16,645,262)</u>
1,583,252	-	1,583,252
2,871,462	-	2,871,462
829,443	-	829,443
1,358,105	-	1,358,105
305,214	-	305,214
319,591	-	319,591
4,663,806	-	4,663,806
3,115,624	-	3,115,624
1,049,230	-	1,049,230
909,027	55,773	964,800
<u>17,004,754</u>	<u>55,773</u>	<u>17,060,527</u>
<u>(25,300)</u>	<u>25,300</u>	<u>-</u>
(68,642)	483,907	415,265
<u>63,177,491</u>	<u>17,317,237</u>	<u>80,494,728</u>
<u>\$ 63,108,849</u>	<u>\$ 17,801,144</u>	<u>\$ 80,909,993</u>

FULTON COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	General	Motor Vehicle and Gas Tax	County Board of DD	Public Assistance
Assets:				
Equity in pooled cash and investments	\$ 3,273,276	\$ 1,422,411	\$ 4,494,478	\$ 549,834
Cash in segregated accounts	17,917	-	-	-
Receivables (net of allowance for uncollectibles):				
Sales taxes	588,132	-	-	-
Property taxes	1,621,607	-	2,612,451	-
Accounts	114,888	6,062	10,327	-
Special assessments	-	-	-	-
Interfund loan receivable	16,937	-	-	-
Due from other funds	19,096	-	-	33,519
Due from other governments	660,284	2,199,077	532,350	61,150
Accrued interest	313,199	-	-	-
Advances to other funds	76,109	-	-	-
Prepayments	88,841	-	7,992	5,850
Materials and supplies inventory	37,980	113,422	11,742	18,671
Loans receivable, net	-	-	-	-
Total assets	<u>\$ 6,828,266</u>	<u>\$ 3,740,972</u>	<u>\$ 7,669,340</u>	<u>\$ 669,024</u>
Liabilities:				
Accounts payable	\$ 115,215	\$ 54,924	\$ 23,723	\$ 39,619
Accrued wages and benefits	122,742	32,530	61,016	38,891
Due to other funds	9,616	-	-	10,045
Due to other governments	87,912	22,909	39,355	24,274
Interfund loan payable	-	-	-	-
Advances from other funds	-	-	-	-
Deferred revenue	667,175	1,454,527	443,744	-
Unearned revenue	1,613,878	-	2,600,000	-
Total liabilities	<u>2,616,538</u>	<u>1,564,890</u>	<u>3,167,838</u>	<u>112,829</u>
Fund balances:				
Reserved for encumbrances	106,125	49,053	46,607	309,277
Reserved for prepayments	88,841	-	7,992	5,850
Reserved for materials and supplies inventory	37,980	113,422	11,742	18,671
Reserved for advances	76,109	-	-	-
Reserved for loans	-	-	-	-
Unreserved:				
Designated for budget stabilization	500,000	-	-	-
Undesignated, reported in:				
General fund	3,402,673	-	-	-
Special revenue funds	-	2,013,607	4,435,161	222,397
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>4,211,728</u>	<u>2,176,082</u>	<u>4,501,502</u>	<u>556,195</u>
Total liabilities and fund balances	<u>\$ 6,828,266</u>	<u>\$ 3,740,972</u>	<u>\$ 7,669,340</u>	<u>\$ 669,024</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EMS A & B Life Services	Other Governmental Funds	Total Governmental Funds
\$ 3,448,397	\$ 5,970,494	\$ 19,158,890
-	195,453	213,370
-	-	588,132
1,366,513	1,396,656	6,997,227
208,180	70,438	409,895
-	248,861	248,861
-	-	16,937
-	-	52,615
84,877	168,385	3,706,123
-	-	313,199
-	-	76,109
-	26,404	129,087
-	19,453	201,268
-	455,854	455,854
<u>\$ 5,107,967</u>	<u>\$ 8,551,998</u>	<u>\$ 32,567,567</u>
\$ -	\$ 105,073	\$ 338,554
-	55,049	310,228
-	39,647	59,308
42,143	37,885	254,478
-	16,937	16,937
-	76,109	76,109
161,980	507,166	3,234,592
1,360,000	1,390,000	6,963,878
<u>1,564,123</u>	<u>2,227,866</u>	<u>11,254,084</u>
4,400	669,661	1,185,123
-	26,404	129,087
-	19,453	201,268
-	-	76,109
-	455,854	455,854
-	-	500,000
-	-	3,402,673
3,539,444	4,352,551	14,563,160
-	25,741	25,741
-	774,468	774,468
<u>3,543,844</u>	<u>6,324,132</u>	<u>21,313,483</u>
<u>\$ 5,107,967</u>	<u>\$ 8,551,998</u>	<u>\$ 32,567,567</u>

FULTON COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2008

Total governmental fund balances		\$ 21,313,483
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and therefore are not reported in the funds.		42,003,175
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes receivable	\$ 33,349	
Special assessments receivable	248,861	
Charges for services receivable	70,590	
Interest receivable	192,491	
Intergovernmental receivable	2,689,301	
Total		3,234,592
On the statement of net assets interest is accrued on outstanding loans, notes and bonds whereas in governmental funds, interest expenditures are reported when due.		(26,159)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
OWDA loans	(562,723)	
Special assessment bonds	(144,666)	
General obligation notes	(238,042)	
General obligation bonds	(840,000)	
OPWC loans	(339,649)	
Compensated absences	(881,528)	
Capital leases payable	(16,778)	
Landfill closure/postclosure	(413,467)	
Total		(3,436,853)
The internal service fund is used by management to charge the costs of the geographic information systems services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.		20,611
Net assets of governmental activities		<u>\$ 63,108,849</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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FULTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	General	Motor Vehicle and Gas Tax	County Board of DD	Public Assistance
Revenues:				
Property taxes	\$ 1,579,937	\$ -	\$ 2,866,570	\$ -
Sales taxes	4,147,325	516,481	-	-
Charges for services	1,341,994	80,670	141,403	-
Licenses and permits	2,303	-	-	-
Fines and forfeitures	403,001	82,184	-	-
Intergovernmental	1,670,747	4,181,210	1,887,682	3,158,112
Special assessments	-	-	-	-
Investment income	1,068,022	26,446	-	-
Rental income	38,529	-	-	-
Contributions and donations	14,478	-	28,929	-
Other	603,667	36,047	33,968	74,024
Total revenues	<u>10,870,003</u>	<u>4,923,038</u>	<u>4,958,552</u>	<u>3,232,136</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	4,610,676	-	-	-
Judicial	1,559,148	-	-	-
Public safety	3,178,009	-	-	-
Public works	39,176	5,603,283	-	-
Health	90,826	-	3,896,335	-
Human services	729,270	-	-	3,623,535
Economic development and assistance	-	-	-	-
Other	9,515	-	-	-
Capital outlay	92,956	22,038	114,305	12,849
Intergovernmental	970,113	-	-	-
Debt service:				
Principal retirement	2,472	18,344	-	-
Interest and fiscal charges	828	-	-	-
Total expenditures	<u>11,282,989</u>	<u>5,643,665</u>	<u>4,010,640</u>	<u>3,636,384</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(412,986)</u>	<u>(720,627)</u>	<u>947,912</u>	<u>(404,248)</u>
Other financing sources (uses):				
Sale of capital assets	31,907	20,671	-	-
Issuance of loan	-	-	-	-
Transfers in	182,295	-	-	-
Transfers out	(261,703)	-	(153,532)	-
Capital lease transaction	-	-	-	-
Total other financing sources (uses)	<u>(47,501)</u>	<u>20,671</u>	<u>(153,532)</u>	<u>-</u>
Net change in fund balances	(460,487)	(699,956)	794,380	(404,248)
Fund balances at beginning of year	4,672,215	2,876,038	3,707,122	960,443
Fund balances at end of year	<u>\$ 4,211,728</u>	<u>\$ 2,176,082</u>	<u>\$ 4,501,502</u>	<u>\$ 556,195</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EMS A & B Life Services	Other Governmental Funds	Total Governmental Funds
\$ 1,355,534	\$ 1,451,712	\$ 7,253,753
-	-	4,663,806
781,131	1,864,908	4,210,106
-	184,884	187,187
-	56,890	542,075
354,668	3,256,710	14,509,129
-	351,252	351,252
-	14,045	1,108,513
-	-	38,529
-	29,613	73,020
12,662	239,371	999,739
<u>2,503,995</u>	<u>7,449,385</u>	<u>33,937,109</u>

-	676,104	5,286,780
-	95,230	1,654,378
1,695,078	1,250,903	6,123,990
-	103,696	5,746,155
-	1,155,402	5,142,563
-	1,532,038	5,884,843
-	1,230,349	1,230,349
-	-	9,515
-	1,338,466	1,580,614
-	-	970,113
-	439,975	460,791
-	88,619	89,447
<u>1,695,078</u>	<u>7,910,782</u>	<u>34,179,538</u>

<u>808,917</u>	<u>(461,397)</u>	<u>(242,429)</u>
----------------	------------------	------------------

-	-	52,578
-	163,970	163,970
-	394,862	577,157
-	(187,222)	(602,457)
-	8,549	8,549
-	<u>380,159</u>	<u>199,797</u>

808,917	(81,238)	(42,632)
---------	----------	----------

2,734,927	6,405,370	21,356,115
<u>\$ 3,543,844</u>	<u>\$ 6,324,132</u>	<u>\$ 21,313,483</u>

FULTON COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

Net change in fund balances - total governmental funds		\$ (42,632)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital asset additions	\$ 5,260,778	
Current year depreciation	<u>(2,961,284)</u>	
Total		2,299,494
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(110,075)
Proceeds of loans and capital lease are other financing sources in the governmental funds, but increase liabilities in governmental activities.		
		(172,519)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	13,314	
Special assessments	(57,215)	
Charges for services	(445,423)	
Interest revenue	(18,792)	
Intergovernmental revenues	<u>(1,998,262)</u>	
Total		(2,506,378)
Repayment of bond, loan, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		460,791
Governmental funds report capital outlay expense for improvements related to the landfill. However, on the statement of net assets capital outlays decrease the long-term liability for the closure and postclosure cost.		
		20,138
In the statement of activities, interest is accrued on outstanding outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.		
		(8,053)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(32,574)
The internal service fund used by management to charge the costs of geographic information systems services to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>23,166</u>
Change in net assets of governmental activities		<u>\$ (68,642)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 1,768,866	\$ 1,768,866	\$ 1,571,111	\$ (197,755)
Sales taxes	4,075,000	4,075,000	4,212,547	137,547
Charges for services	1,440,000	1,440,000	1,361,826	(78,174)
Licenses and permits	3,000	3,000	2,303	(697)
Fines and forfeitures	393,000	393,000	389,370	(3,630)
Intergovernmental	1,355,000	1,355,000	1,688,160	333,160
Investment income	802,800	802,800	1,120,965	318,165
Rental income	30,000	30,000	38,529	8,529
Contributions and donations	10,000	10,000	14,478	4,478
Other	460,100	471,269	663,143	191,874
Total revenues	10,337,766	10,348,935	11,062,432	713,497
Expenditures:				
Current:				
General government:				
Legislative and executive	4,825,170	4,977,176	4,731,432	245,744
Judicial	1,581,329	1,668,326	1,559,270	109,056
Public safety	3,471,061	3,405,980	3,203,763	202,217
Public works	39,000	39,000	39,000	-
Health	109,469	109,469	107,174	2,295
Human services	843,609	862,088	719,387	142,701
Intergovernmental	1,051,409	1,026,009	968,644	57,365
Other	366,550	74,882	48,107	26,775
Capital outlay	104,000	93,104	92,956	148
Total expenditures	12,391,597	12,256,034	11,469,733	786,301
Excess (deficiency) of revenues over (under) expenditures	(2,053,831)	(1,907,099)	(407,301)	1,499,798
Other financing sources (uses):				
Sale of capital assets	10,000	10,000	31,907	21,907
Transfers in	-	-	182,295	182,295
Advances in	-	-	146,594	146,594
Transfers out	-	(286,703)	(261,703)	25,000
Advances out	-	(16,937)	(16,937)	-
Total other financing sources (uses)	10,000	(293,640)	82,156	375,796
Net change in fund balance	(2,043,831)	(2,200,739)	(325,145)	1,875,594
Fund balance at beginning of year	3,131,223	3,131,223	3,131,223	-
Prior year encumbrances appropriated	205,881	205,881	205,881	-
Fund balance at end of year	\$ 1,293,273	\$ 1,136,365	\$ 3,011,959	\$ 1,875,594

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MOTOR VEHICLE AND GAS TAX
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Sales taxes	\$ 520,000	\$ 520,000	\$ 516,481	\$ (3,519)
Charges for services.	45,000	45,000	88,363	43,363
Fines and forfeitures	71,200	71,200	79,883	8,683
Intergovernmental.	3,710,000	3,710,000	4,116,314	406,314
Investment income	35,000	35,000	26,446	(8,554)
Other	51,000	51,000	36,789	(14,211)
Total revenues.	<u>4,432,200</u>	<u>4,432,200</u>	<u>4,864,276</u>	<u>432,076</u>
Expenditures:				
Current:				
Public works	5,149,987	6,115,646	5,571,287	544,359
Capital outlay	-	23,875	22,038	1,837
Debt service:				
Principal retirement	10,000	18,344	18,344	-
Total expenditures	<u>5,159,987</u>	<u>6,157,865</u>	<u>5,611,669</u>	<u>546,196</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(727,787)</u>	<u>(1,725,665)</u>	<u>(747,393)</u>	<u>978,272</u>
Other financing sources:				
Sale of capital assets	-	-	20,671	20,671
Total other financing sources	<u>-</u>	<u>-</u>	<u>20,671</u>	<u>20,671</u>
Net change in fund balance	(727,787)	(1,725,665)	(726,722)	998,943
Fund balance at beginning of year.	1,895,553	1,895,553	1,895,553	-
Prior year encumbrances appropriated	161,487	161,487	161,487	-
Fund balance at end of year	<u>\$ 1,329,253</u>	<u>\$ 331,375</u>	<u>\$ 1,330,318</u>	<u>\$ 998,943</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY BOARD OF DEVELOPMENTAL DISABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 2,800,000	\$ 2,800,000	\$ 2,857,913	\$ 57,913
Charges for services	125,000	125,000	131,175	6,175
Intergovernmental	1,441,788	1,441,788	1,792,523	350,735
Contributions and donations	10,000	10,000	28,929	18,929
Other	10,000	10,000	38,263	28,263
Total revenues	<u>4,386,788</u>	<u>4,386,788</u>	<u>4,848,803</u>	<u>462,015</u>
Expenditures:				
Current:				
Health	4,640,501	4,602,916	3,956,405	646,511
Capital outlay	117,005	129,305	129,305	-
Total expenditures	<u>4,757,506</u>	<u>4,732,221</u>	<u>4,085,710</u>	<u>646,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(370,718)</u>	<u>(345,433)</u>	<u>763,093</u>	<u>1,108,526</u>
Other financing uses:				
Transfers out	-	(153,532)	(153,532)	-
Total other financing uses	<u>-</u>	<u>(153,532)</u>	<u>(153,532)</u>	<u>-</u>
Net change in fund balance	(370,718)	(498,965)	609,561	1,108,526
Fund balance at beginning of year	3,555,200	3,555,200	3,555,200	-
Prior year encumbrances appropriated	<u>160,106</u>	<u>160,106</u>	<u>160,106</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,344,588</u>	<u>\$ 3,216,341</u>	<u>\$ 4,324,867</u>	<u>\$ 1,108,526</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 PUBLIC ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 3,971,442	\$ 3,971,442	\$ 3,569,720	\$ (401,722)
Other	95,160	95,160	74,024	(21,136)
Total revenues	<u>4,066,602</u>	<u>4,066,602</u>	<u>3,643,744</u>	<u>(422,858)</u>
Expenditures:				
Current:				
Human services	4,422,336	4,399,201	3,965,329	433,872
Capital outlay	15,000	15,000	12,849	2,151
Total expenditures	<u>4,437,336</u>	<u>4,414,201</u>	<u>3,978,178</u>	<u>436,023</u>
Net change in fund balance	(370,734)	(347,599)	(334,434)	13,165
Fund balance at beginning of year	247,896	247,896	247,896	-
Prior year encumbrances appropriated	<u>295,129</u>	<u>295,129</u>	<u>295,129</u>	<u>-</u>
Fund balance at end of year	<u>\$ 172,291</u>	<u>\$ 195,426</u>	<u>\$ 208,591</u>	<u>\$ 13,165</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 EMS ADVANCED AND BASIC LIFE SERVICES
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 1,460,000	\$ 1,460,000	\$ 1,350,852	\$ (109,148)
Charges for services	500,000	500,000	679,661	179,661
Intergovernmental	262,866	262,866	354,668	91,802
Other	15,000	15,000	14,465	(535)
Total revenues	<u>2,237,866</u>	<u>2,237,866</u>	<u>2,399,646</u>	<u>161,780</u>
Expenditures:				
Current:				
Public safety	<u>1,894,500</u>	<u>1,894,500</u>	<u>1,698,447</u>	<u>196,053</u>
Total expenditures	<u>1,894,500</u>	<u>1,894,500</u>	<u>1,698,447</u>	<u>196,053</u>
Net change in fund balance.	343,366	343,366	701,199	357,833
Fund balance at beginning of year	2,627,881	2,627,881	2,627,881	-
Prior year encumbrances appropriated	<u>20,500</u>	<u>20,500</u>	<u>20,500</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,991,747</u>	<u>\$ 2,991,747</u>	<u>\$ 3,349,580</u>	<u>\$ 357,833</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2008

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Nonmajor Funds	Total	
Assets:					
Current assets:					
Equity in pooled cash and investments	\$ 2,015,124	\$ 423,354	\$ 30,551	\$ 2,469,029	\$ 20,437
Cash in segregated accounts	-	-	417	417	-
Receivables (net of allowance for uncollectibles):					
Accounts	104,934	221	236	105,391	2,009
Special assessments	177,986	956,558	-	1,134,544	-
Due from other funds	4,808	4,808	-	9,616	-
Prepayments	491	107	773	1,371	25
Materials and supplies inventory	-	-	-	-	469
Total current assets	<u>2,303,343</u>	<u>1,385,048</u>	<u>31,977</u>	<u>3,720,368</u>	<u>22,940</u>
Noncurrent assets:					
Capital assets:					
Depreciable capital assets, net	14,363,946	6,114,746	42,380	20,521,072	9,464
Total capital assets	<u>14,363,946</u>	<u>6,114,746</u>	<u>42,380</u>	<u>20,521,072</u>	<u>9,464</u>
Total noncurrent assets	<u>14,363,946</u>	<u>6,114,746</u>	<u>42,380</u>	<u>20,521,072</u>	<u>9,464</u>
Total assets	<u>16,667,289</u>	<u>7,499,794</u>	<u>74,357</u>	<u>24,241,440</u>	<u>32,404</u>
Liabilities:					
Current liabilities:					
Accounts payable	230	2,398	8,412	11,040	36
Accrued wages and benefits	2,207	2,207	3,453	7,867	2,619
Compensated absences	8,986	8,986	6,660	24,632	4,287
Due to other funds	519	519	1,885	2,923	-
Due to other governments	10,082	5,461	2,413	17,956	1,517
Accrued interest payable	120,314	13,902	-	134,216	-
Current portion of loan payable	13,161	-	-	13,161	-
Current portion of special assessment bonds payable	20,309	30,146	-	50,455	-
Current portion of OWDA loans payable	945,025	167,826	-	1,112,851	-
Total current liabilities	<u>1,120,833</u>	<u>231,445</u>	<u>22,823</u>	<u>1,375,101</u>	<u>8,459</u>
Long-term liabilities:					
Compensated absences	1,514	1,514	6,283	9,311	3,334
Loan payable	239,269	-	-	239,269	-
Special assessment bonds payable	113,244	406,605	-	519,849	-
OWDA loans payable	3,612,487	684,279	-	4,296,766	-
Total long-term liabilities	<u>3,966,514</u>	<u>1,092,398</u>	<u>6,283</u>	<u>5,065,195</u>	<u>3,334</u>
Total liabilities	<u>5,087,347</u>	<u>1,323,843</u>	<u>29,106</u>	<u>6,440,296</u>	<u>11,793</u>
Net assets:					
Invested in capital assets, net of related debt	10,097,242	5,103,090	42,379	15,242,711	9,464
Unrestricted	1,482,700	1,072,861	2,872	2,558,433	11,147
Total net assets	<u>\$ 11,579,942</u>	<u>\$ 6,175,951</u>	<u>\$ 45,251</u>	<u>\$ 17,801,144</u>	<u>\$ 20,611</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor Funds</u>	<u>Total</u>	<u>Activities - Internal Service Fund</u>
Operating revenues:					
Charges for services	\$ 1,832,500	\$ 277,622	\$ 263,473	\$ 2,373,595	\$ 126,597
Tap-in fees	4,440	4,440	-	8,880	-
Other	1,354	-	54,419	55,773	-
Total operating revenues	<u>1,838,294</u>	<u>282,062</u>	<u>317,892</u>	<u>2,438,248</u>	<u>126,597</u>
Operating expenses:					
Personal services	102,582	102,582	157,907	363,071	92,557
Contract services	1,620,168	167,559	167,108	1,954,835	-
Materials and supplies	1,129	2,994	13,074	17,197	7,410
Depreciation	390,776	160,379	4,250	555,405	1,042
Administrative costs	4,437	4,437	14,197	23,071	2,409
Other	42,980	38,483	16,398	97,861	13
Total operating expenses	<u>2,162,072</u>	<u>476,434</u>	<u>372,934</u>	<u>3,011,440</u>	<u>103,431</u>
Operating income (loss)	<u>(323,778)</u>	<u>(194,372)</u>	<u>(55,042)</u>	<u>(573,192)</u>	<u>23,166</u>
Nonoperating expenses:					
Interest expense and fiscal charges	<u>(258,537)</u>	<u>(49,797)</u>	<u>-</u>	<u>(308,334)</u>	<u>-</u>
Total nonoperating expenses	<u>(258,537)</u>	<u>(49,797)</u>	<u>-</u>	<u>(308,334)</u>	<u>-</u>
Income (loss) before capital contributions and transfers	<u>(582,315)</u>	<u>(244,169)</u>	<u>(55,042)</u>	<u>(881,526)</u>	<u>23,166</u>
Capital contributions	1,159,941	180,192	-	1,340,133	-
Transfers in	-	-	25,300	25,300	-
Change in net assets	<u>577,626</u>	<u>(63,977)</u>	<u>(29,742)</u>	<u>483,907</u>	<u>23,166</u>
Net assets (deficit) at beginning of year	<u>11,002,316</u>	<u>6,239,928</u>	<u>74,993</u>	<u>17,317,237</u>	<u>(2,555)</u>
Net assets at end of year	<u>\$ 11,579,942</u>	<u>\$ 6,175,951</u>	<u>\$ 45,251</u>	<u>\$ 17,801,144</u>	<u>\$ 20,611</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Water	Sewer	Nonmajor Funds	Total	
Cash flows from operating activities:					
Cash received from sales/service charges	\$ 1,878,848	\$ 309,155	\$ 267,267	\$ 2,455,270	\$ 124,588
Cash received from tap-in fees	4,440	4,440	-	8,880	-
Cash received from other operating revenue	6,327	-	54,419	60,746	-
Cash payments for personal services	(100,838)	(100,838)	(155,706)	(357,382)	(84,347)
Cash payments for contract services	(1,617,078)	(173,439)	(169,971)	(1,960,488)	-
Cash payments for materials and supplies	(1,100)	(2,903)	(11,186)	(15,189)	(7,356)
Cash payments for administrative costs	(3,775)	(3,775)	(14,197)	(21,747)	(2,409)
Cash payments for other expenses	(43,433)	(40,152)	(16,398)	(99,983)	(38)
Net cash provided by (used in) operating activities	<u>123,391</u>	<u>(7,512)</u>	<u>(45,772)</u>	<u>70,107</u>	<u>30,438</u>
Cash flows from noncapital financing activities:					
Cash received from special assessments	23,474	65,729	-	89,203	-
Transfers in	-	-	25,300	25,300	-
Net cash provided by noncapital financing activities	<u>23,474</u>	<u>65,729</u>	<u>25,300</u>	<u>114,503</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	-	(53,686)	-	(53,686)	(10,200)
Capital contributions	1,159,941	180,192	-	1,340,133	-
Principal retirement on bonds	(20,280)	(29,901)	-	(50,181)	-
Principal retirement on loans	(919,647)	(151,593)	-	(1,071,240)	-
OWDA loan issuance	-	37,900	-	37,900	-
Interest and fiscal charges	(271,083)	(52,760)	-	(323,843)	-
Net cash used in capital and related financing activities	<u>(51,069)</u>	<u>(69,848)</u>	<u>-</u>	<u>(120,917)</u>	<u>(10,200)</u>
Net increase (decrease) in cash and cash equivalents	95,796	(11,631)	(20,472)	63,693	20,238
Cash and investments at beginning of year	<u>1,919,328</u>	<u>434,985</u>	<u>51,440</u>	<u>2,405,753</u>	<u>199</u>
Cash and investments at end of year	<u>\$ 2,015,124</u>	<u>\$ 423,354</u>	<u>\$ 30,968</u>	<u>\$ 2,469,446</u>	<u>\$ 20,437</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (323,778)	\$ (194,372)	\$ (55,042)	\$ (573,192)	\$ 23,166
Adjustments:					
Depreciation	390,776	160,379	4,250	555,405	1,042
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	52,131	32,342	3,794	88,267	(2,009)
Decrease in materials and supplies inventory	-	-	-	-	18
(Increase) in due from other funds	(810)	(809)	-	(1,619)	-
(Increase) decrease in prepayments	23	23	(148)	(102)	(25)
Increase (decrease) in accounts payable	(5,932)	(11,435)	(2,712)	(20,079)	36
Increase in due to other funds	519	519	1,885	2,923	-
Increase in accrued wages and benefits	584	584	587	1,755	2,009
Increase in due to other governments	8,854	4,233	409	13,496	342
Increase in compensated absences payable	1,024	1,024	1,205	3,253	5,859
Net cash provided by (used in) operating activities	<u>\$ 123,391</u>	<u>\$ (7,512)</u>	<u>\$ (45,772)</u>	<u>\$ 70,107</u>	<u>\$ 30,438</u>

At December 31, 2008 and December 31, 2007, the sewer fund had \$0 and \$53,686 respectively, in retainage payable.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2008

	<u>Agency</u>
Assets:	
Equity in pooled cash and investments	\$ 4,324,554
Cash in segregated accounts	286,357
Receivables:	
Real estate and other taxes	41,076,541
Due from other governments	2,165,205
Special assessments	7,204,026
Deferred assessments receivable.	1,263,107
	<hr/>
Total assets	<u>\$ 56,319,790</u>
 Liabilities:	
Deposits held and due to others.	\$ 4,610,911
Due to other governments.	50,445,772
Deferred loan payments.	1,263,107
	<hr/>
Total liabilities	<u>\$ 56,319,790</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1 - DESCRIPTION OF THE COUNTY

Fulton County, Ohio (the "County") was created in 1850. The County is governed by a Board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body, and the chief administrators of public services for the County. Other officials elected by the voters of the County that manage various segments of the County's operations are: the county auditor, county treasurer, recorder, clerk of courts, coroner, engineer, prosecuting attorney, sheriff, common pleas court judge, a probate court judge and two county municipal court judges.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the County have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The County has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and proprietary funds, subject to this same limitation. The County has elected not to apply these FASB Statements and Interpretations.

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

A. Reporting Entity

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

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

EXCLUDED POTENTIAL COMPONENT UNITS

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

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

MVPO is governed by a Board consisting of fifteen members. The Board is made up of one County Commissioner from each member county as well as one township representative and one municipal representative for each of the five member counties. The main sources of revenue are fees charged by MVPO to administer Community Development Block Grants and a per capita amount from each county. In 2008, the County paid per capita charges of \$82,558 to MVPO.

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

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

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

The Authority is governed by a Board consisting of twelve appointed members. Each member county's Board of County Commissioners shall appoint three members. Each respective Board of County Commissioners shall appoint one member of the Board whose initial term expires December 31, 2008, one member of the Board whose initial term expires December 31, 2009 and one member of the Board whose initial term expires December 31, 2010. Upon the expiration of the initial terms, each subsequent member of the Board shall serve a four year term commencing on January 1 of each year.

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

During 2008, the County contributed \$5,000 to the Authority. Financial information of the Authority can be obtained by contacting Jerry J. Arkebauer, Executive Director, 1300 E. 2nd Street, Suite 200, Defiance, Ohio 43512.

JOINT VENTURES WITHOUT EQUITY INTEREST

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

The CCNO is governed by a commission team made up of 18 members. These members consist of one judge, one chief law enforcement officer, and one county commissioner or administrative official from each entity. Sources of revenue include operating costs and capital costs contributed by members and rental revenue. The County does not have explicit, measurable right to the net resources of the CCNO. Total expenditures made by the County to the CCNO in 2008 were \$1,226,396. Complete financial statements for the CCNO can be obtained from the CCNO's administrative office on County Road 24 in Stryker, Ohio.

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

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

Quadco is governed by an eight member Board composed of two appointees made by each of the four County Boards of Mental Retardation and Developmental Disabilities (County Boards of MR/DD). This Board in conjunction with the County Boards of MR/DD assesses the need of the adult mentally retarded and developmentally disabled residents in each County and set priorities based on available funds. The County provides subsidies to Quadco based on units of service provided to it. For the year ended December 31, 2008 the County remitted \$17,166 to Quadco to supplement its operations.

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

Four County Solid Waste District - The County is a member of the Four County Solid Waste District (District), which is a joint venture between Fulton, Defiance, Paulding, and Williams counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and landfilling. The District was created in 1989.

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

The County has an ongoing financial interest in the District. The County Commissioners are able to influence the Board of Directors to use the District's surplus resources to undertake special projects of interest of the County's citizens. In the event that a county withdraws from the District, this access to the net resources has not been explicitly defined, nor is it currently measurable. The County has no ongoing financial responsibility for the District. No contributions were made by the County to the District in 2008. Grant monies received by the County from the District are reported in a special revenue fund.

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

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

NWOJDD is governed and operated by a thirteen member board of trustees consisting of three trustees from each county and one at large member. Revenue sources are from member counties and rental revenue. The County has no ongoing financial responsibility for NWOJDD. The County remitted \$274,751 to NWOJDD in 2008.

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

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

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

B. Basis of Presentation

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

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

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

C. Fund Accounting

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

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

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

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

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

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

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

Other governmental funds of the County are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) for the

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs and (c) for grants and other resources, the use of which is restricted to a particular purpose.

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

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

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

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

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

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

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's only fiduciary funds are agency funds. The County's agency funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent and for taxes, State-levied shared revenues, and fines and for forfeitures collected and distributed to other political subdivisions.

D. Measurement Focus

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

E. Basis of Accounting

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

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

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On a full accrual basis, revenue from sales taxes is recognized in the year in which the sales are made. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from all other nonexchange transactions must also be available before it can be recognized.

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2009 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as unearned revenue. Special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2008, are recorded as deferred revenue in the governmental funds.

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

Expense/Expenditures - On the full accrual basis of accounting, expenses are recognized at the time they are incurred.

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

F. Budgetary Data

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

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

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The County Budget Commission certifies its actions to the County by

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimates and the County Budget Commission find the revised estimates to be reasonable. The amounts set forth in the budgetary statements represent estimates from the original and final amended certificate of estimated resources issued during 2008.

Appropriations - A temporary appropriation resolution to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The County legally adopted several supplemental appropriations during the year. The original budget and all budgetary amendments and supplemental appropriations necessary during 2008 are included in the original and final budget amounts in the budget-to-actual comparisons.

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

G. Cash and Investments

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

During 2008, investments were limited to federal agency securities, nonnegotiable certificates of deposit, U.S. Government money market mutual funds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

The County has invested funds in STAR Ohio during 2008. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on December 31, 2008.

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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 fiscal year 2008 amounted to \$1,068,022 which includes \$927,429 assigned from other County funds.

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

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

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

H. Inventories of Materials and Supplies

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

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

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of \$2,500. The County's infrastructure consists of roads, bridges, culverts and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is also capitalized.

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

Capitalized interest is amortized on the straight-line method over the estimated useful life of the asset. For 2008, the net interest expense incurred on proprietary fund construction projects was not material.

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at December 31, 2008, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the vesting method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2008, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

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

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Prepaid Items

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

L. Accrued Liabilities and Long-term Obligations

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

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

M. Interfund Transactions

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

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

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

N. Fund Balance Reserves and Designations

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

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

O. Operating Revenues and Expenses

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

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. During 2008, the water and sewer funds received \$1,159,941 and \$180,192 in contributions, respectively.

Q. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes primarily consist of amounts restricted for real estate assessment, court computerization and special projects at the Western and Eastern District Courts. At December 31, 2008, there were no net assets restricted by enabling legislation.

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The County had no extraordinary or special items during 2008.

S. Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2008, the County has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the County; however, certain disclosures related to postemployment benefits (see Note 16) have been modified to conform to the new reporting requirements.

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations 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 GASB Statement No. 49 did not have an effect on the financial statements of the County.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the County.

B. Deficit Fund Balance

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
CDBG formula grant FY05	\$ 7,614
CDBG formula grant FY07	8,509
Ditch bond retirement	11,129

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.
9. High grade commercial paper for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio; and
10. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio.

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash in Segregated Accounts

At year-end, the County had \$500,144 cash and cash equivalents deposited separate from the County's internal investment pool. This amount is included in the amount of deposits with fiscal institutions below.

B. Deposits with Financial Institutions

At December 31, 2008, the carrying amount of all County deposits was \$18,103,735. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2008, \$13,683,201 of the County's bank balance of \$18,500,405 was exposed to custodial risk as discussed below, while \$4,817,204 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the County's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

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

Investment type	Fair value	Investment maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
STAR Ohio	\$ 3,322,076	\$ 3,322,076	\$ -	\$ -	\$ -	\$ -
U.S. Government money market funds	10,100	10,100	-	-	-	-
FNMA	2,018,763	-	-	1,008,651	1,010,112	-
FFCB	1,014,332	-	-	-	-	1,014,332
FHLMC	1,004,048	-	-	1,004,048	-	-
FHLB	1,000,000	-	-	-	-	1,000,000
Total	\$ 8,369,319	\$ 3,332,176	\$ -	\$ 2,012,699	\$ 1,010,112	\$ 2,014,332

The weighted average maturity of investments is 1.08 years.

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

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

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

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2008:

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
FNMA	\$ 2,018,763	24.12%
FHLMC	1,004,048	12.00%
FFCB	1,014,332	12.12%
STAR Ohio	3,322,076	39.69%
U.S. Government money market funds	10,100	0.12%
FHLB	<u>1,000,000</u>	<u>11.95%</u>
Total	<u>\$ 8,369,319</u>	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2008:

Cash and investments per note

Carrying amount of deposits	\$ 18,103,735
Investments	<u>8,369,319</u>
Total	<u>\$ 26,473,054</u>

Cash and investments per statement of net assets

Governmental activities	\$ 19,392,697
Business-type activities	2,469,446
Agency funds	<u>4,610,911</u>
Total	<u>\$ 26,473,054</u>

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund transfers for the year ended December 31, 2008, consisted of the following, as reported on the fund financial statements:

Transfers to general fund from:		
Nonmajor governmental funds	\$ 182,295	
Transfers to nonmajor governmental funds from:		
General fund	236,403	
County board of DD	153,532	
Nonmajor governmental funds	4,927	
Total transfers to nonmajor governmental funds	394,862	
Transfers to nonmajor enterprise fund from:		
General fund	25,300	
Total transfers	\$ 602,457	

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

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

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

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

- B.** Long-term advances to and from other funds at December 31, 2008, consisted of the following, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 76,109
Total long-term advances		\$ 76,109

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

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- C. Interfund loans receivable/payable at December 31, 2008, consisted of the following, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 16,937
Total interfund loans		<u>\$ 16,937</u>

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

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

- D. Due to/from other funds consisted of the following at December 31, 2008, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 6,128
General	Public assistance	10,045
General	Water	519
General	Sewer	519
General	Nonmajor enterprise funds	1,885
Public assistance	Nonmajor governmental funds	33,519
Water	General	4,808
Sewer	General	<u>4,808</u>
Total due to/from other funds		<u>\$ 62,231</u>

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

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 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. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 6.25% for 2008. This percentage will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the County due to the phasing out of the tax. In calendar years 2008-2010, the County will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

The full tax rate for all County operations for the year ended December 31, 2008 was \$10.45 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:

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 6 - PROPERTY TAXES - (Continued)

<u>Real property</u>	
Residential/agricultural	\$ 652,250,120
Commercial/industrial/mineral	157,047,590
Tangible personal property	78,898,388
<u>Public utility</u>	
Real	470,320
Personal	<u>35,585,730</u>
Total assessed value	<u>\$ 924,252,148</u>

NOTE 7 - PERMISSIVE SALES AND USE TAX

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

Proceeds of the sales tax are credited to the general fund and the motor vehicle and gas tax fund and amounts that have been collected by the State and are to be received within the available period are accrued as revenue to the extent they are intended to finance the 2008 operations. Sales tax revenue for 2008 amounted to \$4,663,806.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2008, consisted of taxes, special assessments, accounts (billings for user charged services), interest, and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2008, as well as intended to finance 2008 operations.

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 8 - RECEIVABLES

Governmental activities:

Sales taxes	\$ 588,132
Real estate and other taxes	6,997,227
Accounts	411,904
Due from other governments	3,706,123
Special assessments	248,861
Accrued interest	313,199

Business-type activities:

Accounts	105,391
Special assessments	1,134,544

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

NOTE 9 - LOANS RECEIVABLE

Loans receivable represents low interest loans made by the County for development projects and small businesses under the Federal Community Development Block Grant (CDBG) program. The loans bear interest at annual rates ranging between 3 and 5 percent. The loans are to be repaid over periods ranging from 5 to 10 years. A summary of the CDBG loan activity for 2008 is as follows:

	<u>Balance at 12/31/2007</u>	<u>Issued/ Additions</u>	<u>Payments/ Reductions</u>	<u>Balance at 12/31/2008</u>
Revolving loans	\$ 447,266	\$ 245,000	\$ (115,434)	\$ 576,832
Allowance for doubtful accounts	<u>-</u>	<u>(120,978)</u>	<u>-</u>	<u>(120,978)</u>
Revolving loans, net	<u>\$ 447,266</u>	<u>\$ 124,022</u>	<u>\$ (115,434)</u>	<u>\$ 455,854</u>

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 10 - CAPITAL ASSETS

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

	<u>Balance 12/31/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/08</u>
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,011,931	\$ -	\$ -	\$ 1,011,931
Construction in progress	<u>-</u>	<u>251,137</u>	<u>-</u>	<u>251,137</u>
Total capital assets not being depreciated	<u>1,011,931</u>	<u>251,137</u>	<u>-</u>	<u>1,263,068</u>
<i>Capital assets being depreciated:</i>				
Land improvements	2,163,257	8,271	-	2,171,528
Buildings and improvements	18,367,591	867,921	-	19,235,512
Machinery and equipment	4,753,346	346,572	(193,048)	4,906,870
Vehicles	4,717,357	391,111	(428,243)	4,680,225
Infrastructure	<u>36,010,906</u>	<u>3,405,966</u>	<u>-</u>	<u>39,416,872</u>
Total capital assets being depreciated	<u>66,012,457</u>	<u>5,019,841</u>	<u>(621,291)</u>	<u>70,411,007</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(631,588)	(83,422)	-	(715,010)
Buildings and improvements	(6,417,157)	(539,042)	-	(6,956,199)
Machinery and equipment	(2,695,715)	(411,174)	178,239	(2,928,650)
Vehicles	(2,103,137)	(303,975)	332,977	(2,074,135)
Infrastructure	<u>(15,362,729)</u>	<u>(1,624,713)</u>	<u>-</u>	<u>(16,987,442)</u>
Total accumulated depreciation	<u>(27,210,326)</u>	<u>(2,962,326)</u>	<u>511,216</u>	<u>(29,661,436)</u>
Total capital assets being depreciated, net	<u>38,802,131</u>	<u>2,057,515</u>	<u>(110,075)</u>	<u>40,749,571</u>
Governmental activities capital assets, net	<u>\$ 39,814,062</u>	<u>\$ 2,308,652</u>	<u>\$ (110,075)</u>	<u>\$ 42,012,639</u>

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 10 - CAPITAL ASSETS - (Continued)

Capital assets of the business-type activities for fiscal year December 31, 2008, was as follows:

	<u>Balance</u> <u>12/31/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/08</u>
Business-type activities:				
<i>Capital assets being depreciated:</i>				
Buildings and improvements	\$ 69,416	\$ -	\$ -	\$ 69,416
Machinery and equipment	25,150	-	-	25,150
Vehicles	20,989	-	-	20,989
Waterlines/sewerlines	<u>27,557,749</u>	-	-	<u>27,557,749</u>
Total capital assets being depreciated	<u>27,673,304</u>	-	-	<u>27,673,304</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(41,648)	(1,735)	-	(43,383)
Machinery and equipment	(6,288)	(2,515)	-	(8,803)
Vehicles	(20,989)	-	-	(20,989)
Waterlines/sewerlines	<u>(6,527,902)</u>	<u>(551,155)</u>	-	<u>(7,079,057)</u>
Total accumulated depreciation	<u>(6,596,827)</u>	<u>(555,405)</u>	-	<u>(7,152,232)</u>
Total capital assets being depreciated, net	<u>21,076,477</u>	<u>(555,405)</u>	-	<u>20,521,072</u>
Business-type activities capital assets, net	<u>\$ 21,076,477</u>	<u>\$ (555,405)</u>	<u>\$ -</u>	<u>\$ 20,521,072</u>

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

Governmental activities:	
Legislative and executive	\$ 420,328
Judicial	96,037
Public safety	211,742
Public works	1,896,977
Health	145,510
Human services	142,621
Economic development	345
Intergovernmental	47,724
Depreciation of internal service fund capital assets	<u>1,042</u>
Total depreciation expense - governmental activities	<u>\$2,962,326</u>
Business-type activities:	
Water	\$ 390,776
Sewer	160,379
Nonmajor	<u>4,250</u>
Total depreciation expense - business-type activities	<u>\$ 555,405</u>

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE

In 2008 and in prior years, the County entered into capital lease agreements for the acquisition of copier equipment. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. At inception, capital lease transactions are accounted for as a capital outlay expenditure and other financing source in the appropriate fund.

Capital assets consisting of copier equipment have been capitalized in the amount of \$22,139. This amount represents the present value of minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2008 was \$3,405, leaving a current book value of \$18,734. A corresponding liability was recorded in the government-wide financial statements. Principal payments made in the 2008 totaled \$2,472 and \$762, paid by the general fund and the workforce investment act fund, a nonmajor governmental fund, respectively.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2008:

<u>Year Ending December 31,</u>	<u>Amount</u>
2009	\$ 5,366
2010	5,367
2011	5,366
2012	2,342
2013	<u>1,033</u>
Total future minimum lease payments	19,474
Less: amount representing interest	<u>(2,696)</u>
Present value of net minimum lease payments	<u>\$ 16,778</u>

NOTE 12 - COMPENSATED ABSENCES

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

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 12 - COMPENSATED ABSENCES - (Continued)

At December 31, 2008, vested benefits for vacation leave for governmental activities employees totaled \$619,095 and vested benefits for sick leave totaled \$98,859. These amounts represent the non-current portion of the vested benefits and are reported in the government-wide financial statements. For business-type activities, vested benefits for vacation leave totaled \$24,632 and vested benefits for sick leave totaled \$6,282. These amounts represent the current and non-current portion of the vested benefits and are reported as a liability of the fund from which the employee is paid. In accordance with GASB Statement No. 16, an additional liability of \$171,195 for governmental activities employees and \$3,029 for business-type activities employees was accrued to record termination (severance) payments for employees expected to become eligible to retire in the future.

NOTE 13 - LONG-TERM OBLIGATIONS

A. Governmental Long-Term Obligations

During 2008, the following changes occurred in the County's governmental long-term obligations:

	Issue Date	Maturity Date	Balance 12/31/07	Additions	Reductions	Balance 12/31/08	Amount Due in One Year
<u>Ohio Water Development Authority loans:</u>							
<u>Delta/Worthington Steel</u>							
Waterlines - 6.36%	7/1/96	1/1/13	\$ 303,351	\$ -	\$ (53,341)	\$ 250,010	\$ 53,666
Sewerlines - 1%	1/1/96	7/1/12	379,537	-	(66,824)	312,713	71,074
Total OWDA loans			682,888	-	(120,165)	562,723	124,740
<u>Special assessment bonds:</u>							
Elmira & Assumption waterlines	12/31/92	12/1/11	75,000	-	(15,000)	60,000	20,000
Ditch #2093 - 4.95%	7/30/04	10/1/09	21,227	-	(10,357)	10,870	10,870
Ditch #2091 - 3.95%	7/30/04	10/1/09	85,544	-	(42,047)	43,497	43,497
Smith Kellogg Ditch - 3.45%	7/30/04	10/1/09	9,790	-	(4,812)	4,978	4,978
Ditch Bond, Ditch #2096	3/17/05	10/1/10	11,923	-	(3,788)	8,135	3,971
Ditch Bond, Ditch #2100	6/30/06	10/1/11	22,244	-	(5,058)	17,186	5,380
Total special assessment bonds			225,728	-	(81,062)	144,666	88,696
<u>General obligation notes:</u>							
<u>Fulton County</u>							
solid waste building	1/10/03	12/1/17	259,000	-	(20,958)	238,042	21,933
Total general obligation notes			259,000	-	(20,958)	238,042	21,933
<u>General obligation bonds:</u>							
County Board of DD renovations	12/23/04	12/1/24	142,028	-	(142,028)	-	-
Various purposes	8/30/07	8/15/17	300,000	-	(25,000)	275,000	25,000
Various purposes	8/30/07	8/15/17	615,000	-	(50,000)	565,000	55,000
Total general obligation bonds			1,057,028	-	(217,028)	840,000	80,000

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FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

	Issue Date	Maturity Date	Balance 12/31/07	Additions	Reductions	Balance 12/31/08	Amount Due in One Year
<u>OPWC loans:</u>							
Issue II Loan - Co Rd C project	12/1/06	1/1/27	\$ 90,488	\$ -	\$ (4,763)	\$ 85,725	\$ 4,762
Issue II Loan - Co Rd 14 project	12/1/06	1/1/27	78,535	-	(4,133)	74,402	4,134
Issue II Loan - Co Rd C reconstruction	1/1/07	1/1/28	25,000	-	(1,250)	23,750	1,250
Issue II Loan - Co Rd A reconstruction	7/24/08	7/1/18	-	163,970	(8,198)	155,772	16,397
Total OPWC loans			<u>194,023</u>	<u>163,970</u>	<u>(18,344)</u>	<u>339,649</u>	<u>26,543</u>
<u>Other long-term obligations:</u>							
Landfill closure/postclosure costs			433,605	-	(20,138)	413,467	22,000
Capital lease obligations			11,463	8,549	(3,234)	16,778	4,175
Compensated absences			850,716	629,467	(591,034)	889,149	618,141
Total other long-term obligations			<u>1,295,784</u>	<u>638,016</u>	<u>(614,406)</u>	<u>1,319,394</u>	<u>644,316</u>
Total governmental activities long-term liabilities			<u>\$ 3,714,451</u>	<u>\$ 801,986</u>	<u>\$ (1,071,963)</u>	<u>\$ 3,444,474</u>	<u>\$ 986,228</u>

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

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

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

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

General obligation bonds: On December 23, 2004, the County issued general obligation bonds for the additions and renovations of the County Board of DD building in the amount of \$190,000. On August 30, 2007 the County issued two general obligation bonds for various purposes in the amount of \$915,000. These bonds are supported by the full faith and credit of the County. The County Board of DD bond was retired during 2008. Repayment will be made with tax levy revenues in the nonmajor governmental funds.

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

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

Year Ending	Special Assessment Bonds			OWDA Loans		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 88,696	\$ 7,806	\$ 96,502	\$ 124,740	\$ 24,617	\$ 149,357
2010	29,885	3,692	33,577	130,339	19,017	149,356
2011	26,085	1,756	27,841	136,247	13,108	149,355
2012	-	-	-	142,485	6,872	149,357
2013	-	-	-	28,912	289	29,201
Total	\$ 144,666	\$ 13,254	\$ 157,920	\$ 562,723	\$ 63,903	\$ 626,626

Year Ending	OPWC Loans			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 26,543	\$ -	\$ 26,543	\$ 80,000	\$ 33,210	\$ 113,210
2010	26,543	-	26,543	80,000	29,969	109,969
2011	26,542	-	26,542	85,000	26,730	111,730
2012	26,543	-	26,543	90,000	23,187	113,187
2013	26,543	-	26,543	95,000	19,439	114,439
2014 - 2018	124,517	-	124,517	410,000	38,476	448,476
2019 - 2023	50,730	-	50,730	-	-	-
2024 - 2027	31,688	-	31,688	-	-	-
Total	\$ 339,649	\$ -	\$ 339,649	\$ 840,000	\$ 171,011	\$ 1,011,011

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

<u>Year Ending</u>	<u>General Obligation Notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 21,933	\$ 11,285	\$ 33,218
2010	22,952	10,265	33,217
2011	24,020	9,198	33,218
2012	25,137	8,081	33,218
2013	26,165	6,912	33,077
2014 - 2017	117,835	14,472	132,307
Total	\$ 238,042	\$ 60,213	\$ 298,255

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

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was \$18,769,173 at December 31, 2008 and the unvoted legal debt margin was \$8,433,373 at December 31, 2008.

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

C. Business-Type Activities

During the fiscal year 2008, the following changes occurred in the County's business-type long-term obligations:

	Issue Date	Maturity Date	Balance 12/31/07	Additions	Reductions	Balance 12/31/08	Amount Due in One Year
<u>Ohio Water Development Authority loans:</u>							
Waterline - Lucas County/North Star Steel	1996	2012	\$ 3,532,843	\$ -	\$ (557,457)	\$ 2,975,386	\$ 592,911
Waterline - Lucas County/North Star Steel	1996	2012	1,864,222	-	(327,668)	1,536,554	329,665
Waterline - Teleflex extension	2000	2009	67,368	-	(21,796)	45,572	22,449
Sewerline - Worthington/North Star Steel	1996	2012	595,318	-	(109,735)	485,583	114,212
Sewer Infrastructure - Fulton County	2002	2012	198,580	-	(41,858)	156,722	43,124
Sewer - Wastewater collection/treatment	2007	2028	171,900	37,900	-	209,800	10,490
Total OWDA loans			6,430,231	37,900	(1,058,514)	5,409,617	1,112,851
<u>Special assessment bonds:</u>							
Pettisville waterline	9/1/97	12/1/14	140,000	-	(20,000)	120,000	20,000
Waterline extension assessment	6/15/06	6/15/26	13,833	-	(280)	13,553	309
Exit 3 sewer improvement	1/13/99	12/1/18	340,000	-	(25,000)	315,000	25,000
Industrial corridor sewer district	12/23/04	12/1/24	126,652	-	(4,901)	121,751	5,146
Total special assessment bonds			620,485	-	(50,181)	570,304	50,455
<u>Other long-term obligations:</u>							
Loan payable			265,156	-	(12,726)	252,430	13,161
Compensated absences			30,690	19,628	(16,375)	33,943	24,632
Total other long-term obligations			295,846	19,628	(29,101)	286,373	37,793
Total business-type activities long-term liabilities			\$ 7,346,562	\$ 57,528	\$ (1,137,796)	\$ 6,266,294	\$ 1,201,099

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

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

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

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

Year Ended	Special Assessment Bonds			OWDA Loans		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 50,455	\$ 30,755	\$ 81,210	\$ 1,112,851	\$ 242,550	\$ 1,355,401
2010	50,744	28,154	78,898	1,163,824	191,576	1,355,400
2011	51,049	25,461	76,510	1,193,762	137,822	1,331,584
2012	56,371	22,723	79,094	1,225,997	81,835	1,307,832
2013	56,710	19,693	76,403	555,833	25,108	580,941
2014 - 2018	239,372	55,979	295,351	52,450	-	52,450
2019 - 2023	51,331	13,096	64,427	52,450	-	52,450
2024 - 2028	14,272	1,086	15,358	52,450	-	52,450
Total	<u>\$ 570,304</u>	<u>\$ 196,947</u>	<u>\$ 767,251</u>	<u>\$ 5,409,617</u>	<u>\$ 678,891</u>	<u>\$ 6,088,508</u>

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

<u>Year Ended</u>	<u>Loan Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 13,161	\$ 8,447	\$ 21,608
2010	13,611	7,997	21,608
2011	14,076	7,532	21,608
2012	14,557	7,050	21,607
2013	15,055	6,553	21,608
2014 - 2018	83,358	24,682	108,040
2019 - 2023	<u>98,612</u>	<u>9,424</u>	<u>108,036</u>
Total	<u>\$ 252,430</u>	<u>\$ 71,685</u>	<u>\$ 324,115</u>

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

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

NOTE 14 - RISK MANAGEMENT

A. County Risk Sharing Authority, Inc.

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

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

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any one time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board.

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 14 - RISK MANAGEMENT - (Continued)

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

B. Fulton-Henry Counties Employee Insurance Benefits Program

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

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

The degree of control exercised by any participating member is limited to its representation on the board. Upon withdrawal from the Program, a program agreement shall govern the disposition of any contributions by the withdrawing member to each program of the Council in excess of that member's share of the costs of that program. In fiscal year 2008, the County contributed a total of \$2,531,808 for this plan.

NOTE 15 - PENSION PLANS

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 15 - PENSION PLANS - (Continued)

amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2008 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%.

The County's contribution rate for 2008 was 14.00%, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.40% of covered payroll. For 2008, a portion equal to 7.00% of covered payroll was allocated to fund the post-employment health care plan.

The County's contribution rate for pension benefits for 2008 was 7.00%, except for those plan members in law enforcement and public safety. For those classifications, the County's pension contributions were 10.40% of covered payroll. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2008, 2007, and 2006 were \$819,610, \$855,794, and \$908,086, respectively; 100% has been contributed for 2008, 2007 and 2006. Contributions to the member-directed plan for 2008 were \$15,352 made by the County and \$10,966 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 STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.50% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 15 - PENSION PLANS - (Continued)

lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For 2008, plan members were required to contribute 10.00% of their annual covered salaries. The County was required to contribute 14.00%; 13.00% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2008, 2007, and 2006 were \$29,017, \$29,708, and \$29,932, respectively; 100% has been contributed for fiscal years 2008, 2007 and 2006.

NOTE 16 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

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

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

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

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.00% of covered payroll (17.40% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare for 2008 was 7.00% of covered payroll.

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

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$788,847, \$544,611, and \$430,944, respectively; 100% has been contributed for 2008, 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates 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 - The County contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1.00% of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the fiscal years ended December 31, 2008, 2007, and 2006 were \$2,232, \$2,285, and \$2,302, respectively; 100% has been contributed for fiscal years 2008, 2007 and 2006.

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as payables (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balances

	<u>General</u>	<u>Motor Vehicle Gas Tax</u>	<u>County Board of DD</u>	<u>Public Assistance</u>	<u>EMS A and BLS</u>
Budget basis	\$ (325,145)	\$ (726,722)	\$ 609,561	\$ (334,434)	\$ 701,199
Net adjustment for revenue accruals	(192,429)	58,762	109,749	(411,608)	104,349
Net adjustment for expenditure accruals	22,862	(124,089)	7,576	551	(42,031)
Net adjustment for other financing sources/(uses) accruals	(129,657)	-	-	-	-
Encumbrances (budget basis)	<u>163,882</u>	<u>92,093</u>	<u>67,494</u>	<u>341,243</u>	<u>45,400</u>
GAAP basis	<u>\$ (460,487)</u>	<u>\$ (699,956)</u>	<u>\$ 794,380</u>	<u>\$ (404,248)</u>	<u>\$ 808,917</u>

FULTON COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 18 - CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

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

NOTE 19 - LANDFILL

State laws and regulations require that the County perform certain maintenance and monitoring functions at the closed landfill site for thirty years after closure. The landfill was closed in 1983. The estimated liability for landfill postclosure care has a balance of \$413,467 as of December 31, 2008. The estimated cost of landfill postclosure care expenses is based on the amount that would be paid if all materials and services required to monitor and maintain the closed landfill were acquired as of December 31, 2008. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The costs will be paid from current County revenues.

NOTE 20 - CONDUIT DEBT OBLIGATIONS

To provide for the financing of certain expenditures at the Fulton County Health Center, the Health Center has issued special facility revenue bonds. These consist of \$5,200,000 in 1995 and \$7,000,000 in 1999, Fulton County, Ohio, Tax-Exempt Variable Rate Demand Bonds, with final maturity in 2021. The special facility bonds were refunded and new bonds were issued in the amount of \$28,500,000. These bonds do not constitute a debt or pledge of the faith and credit of the County and have not been reported in the accompanying financial statements. As of December 31, 2008, \$28,500,000 was still outstanding.

NOTE 21 - FEDERAL TRANSACTIONS

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

**FINANCIAL CONDITION
FULTON COUNTY**

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

FEDERAL GRANTOR <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Project Number	Expenditures
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through the Ohio Department of Development</i>			
Community Development Block Grants			
Water/Sewer Grants-05	14.228	B-W-05-024-01	\$ 31,286
Formula Grants-07	14.228	B-F-07-024-01	146,300
Community Housing Improvement Program (CHIP)	14.228	B-C-06-024-01	28,465
Community Development Block Grant - Revolving Loans	14.228		<u>248,422</u>
Total Community Development Block Grants			<u>454,473</u>
Home Improvement Programs	14.239	B-C-06-024-02	<u>207,785</u>
Total U.S. Department of Housing and Urban Development			<u>662,258</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through Ohio Department of Job and Family Services</i>			
Special Programs for the Aging - Title III -B	93.044		21,752
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities</i>			
Targeted Case Management Received by County	93.778		113,477
Day Habilitation Reimbursement Received by County	93.778		899,634
Waiver Administration	93.778		12,571
Medicaid Admin. Claiming	93.778		<u>122,059</u>
Total Medicaid Assistance Programs			1,147,741
Targeted Case Management (SCHIP)	93.767		4,449
Social Services Block Grant (Title XX)	93.667		<u>38,541</u>
Total U.S. Department of Health and Human Services			<u>1,212,483</u>
UNITED STATES DEPARTMENT OF LABOR			
<i>Passed through Area 7, Workforce Investment Board (Montgomery County)</i>			
<u>Workforce Investment Act Cluster</u>			
Workforce Investment Act - Adult	17.258		108,010
Workforce Investment Act - Youth	17.259		88,562
Workforce Investment Act - Dislocated Worker	17.260		<u>156,112</u>
Total Workforce Investment Act Cluster			<u>352,684</u>
Employment Serv/Wagner-Peyser Funded Activities	17.207		<u>6,881</u>
Total U.S. Department of Labor			<u>359,565</u>

(Continued)

**FINANCIAL CONDITION
FULTON COUNTY**

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

FEDERAL GRANTOR <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Project Number	Expenditures
UNITED STATES DEPARTMENT OF HOMELAND SECURITY			
<i>Pass-Through the Ohio Emergency Management Agency</i>			
Emergency Management Performance Grant-07	97.042		31,904
<i>Pass-Through the Ohio Office of Domestic Preparedness</i>			
Fiscal Year 2006 State Homeland Security Program	97.073		956
Fiscal Year 2007 State Homeland Security Program	97.073		<u>33,573</u>
Total State Homeland Security Program			<u>34,529</u>
FY06 Citizen Corps	97.053		12,000
FY07 Citizen Corps	97.053		<u>611</u>
Total Citizen Corps			<u>12,611</u>
Total U.S. Department of Homeland Security			<u>79,044</u>
 UNITED STATES DEPARTMENT OF TRANSPORTATION, FEDERAL AVIATION ADMINISTRATION			
Airport Improvement Program	20.106	3-39-0087-0405	2,474
Airport Improvement Program	20.106	3-39-0087-0607	104,725
Airport Improvement Program	20.106	3-39-0087-0708	<u>100,626</u>
Total U.S. Department of Transportation			<u>207,825</u>
 TOTAL FEDERAL AWARDS EXPENDITURES			 <u>\$ 2,521,175</u>

THE ACCOMPANYING NOTES ARE A INTEGRAL PART OF THIS SCHEDULE

**FINANCIAL CONDITION
FULTON COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Activity in the CDBG revolving loan fund during 2008 is as follows:

Beginning loans receivable balance as of January 1, 2008:	\$447,266
Loans made:	245,000
Loan principal repaid on loans issued prior to 2008:	(87,717)
Loan principal paid on 2008 loans issued:	<u>(27,717)</u>
Ending loans receivable balance as of December 31, 2008:	576,832
Cash balance on hand in the revolving loan fund as of December 31, 2008:	193,635
Interest subsidies and administrative costs expended during 2008	<u>3,422</u>
Total value of RLF portion of the CDBG 14.228 program	773,889
Other grants administered through the 14.228 program	<u>206,051</u>
Total CDBG 14.228 program	<u>\$979,940</u>

NOTE C - MATCHING REQUIREMENTS

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



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*

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

To the Board of Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fulton County as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 28, 2009. We qualified our report for the EMS A & B Life Services major fund because we could not obtain sufficient, competent and appropriate support for the accrual of accounts receivable and related deferred revenue for the EMS A & B Life Services major fund. Except as described in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion 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 the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2008-001 and 2008-002.

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. However, we believe the significant deficiencies described above are also material weaknesses.

We also noted certain internal control matters that we reported to the County's management in a separate letter dated September 28, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance matters that we reported to the County's management in a separate letter dated September 28, 2009.

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

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



Mary Taylor, CPA
Auditor of State

September 28, 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

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

To the Board of Commissioners:

Compliance

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

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

In our opinion, Fulton County, Ohio complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

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

the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results 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 and would not 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.

We intend this report solely for the information and use of the financial report review committee, management, 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

September 28, 2008

**FINANCIAL CONDITION
FULTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
December 31, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Qualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Medical Assistance Program - CFDA # 93.778 Airport Improvement Program – CFDA # 20.106
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2008-001

Material Weakness - Grants Receivable

Governmental Accounting Standards Board (GASB) Statement No. 33; Accounting and Financial Reporting for Nonexchange Transactions clarifies the timing requirements of recognizing assets, liabilities, revenues and expenditures/expenses associated with nonexchange transactions.

The County did not evaluate whether all grants outstanding and awarded during the audit period (mandated or voluntary nonexchange) were required to be accrued in accordance with GASB Statement No. 33. As a result, intergovernmental receivables were overstated by \$2,769,758. The accompanying financial statements have been adjusted to correct this error.

We recommend the County review GASB Statement 33 and Auditor of State Bulletin 2001-004 when accruing for grants receivable. All grants awarded during the audit period should be evaluated. A schedule should be prepared supporting the following factors and eligibility tests for each grant:

- Is this a voluntary or mandatory non exchange transaction?
- Is this a reimbursement or non reimbursement type grant?
- Does the recipient have the characteristics specified by the grant?
- Have the time requirements been met?
- Have expenditures occurred for reimbursable grants?
- Are there contingencies (i.e., matching) for voluntary grants; if so were they met?

Official's Response

We did not receive a response from Officials to this finding.

FINDING NUMBER 2008-002

Material Weakness - EMS Billing Procedures

The County has levied a tax on County residents to provide Advanced Life Support (ALS) and Basic Life Support (BLS) services. The County assesses a fee for each ALS or BLS service run.

The following control deficiencies were identified concerning the County's EMS billing procedures:

- Formalized policies or procedures have not been established to address the handling of non cash adjustments to the billing system; and
- No formalized policies exist which establish procedures for determining which runs will be billed ALS versus those that will be billed BLS. In addition, no policies have been established as to the monitoring of such billing determination.
- Ambulance runs were not always billed or billed in a timely manner.
- There is no monitoring, management or otherwise, over timely billing of charges for services.
- There is no control procedures in place to record date payment was received and entered into the system, in order to prevent duplicate entry into the system and appropriate cutoff.

**FINDING NUMBER 2008-002
(Continued)**

These deficiencies have resulted in EMS accounts receivable that are not substantiated by the County. As a result, we were unable to obtain sufficient, competent and appropriate evidence to support the accrual of accounts receivable and related deferred revenue for the EMS A&B Life Services major fund. EMS A&B Life Services accounts receivable and related deferred revenue represent 4% of total assets and 10% of total liabilities in this major fund.

We recommend:

- County establish policies and procedures to address:
 - Non cash adjustments, including when adjustments should be made (i.e. Medicare at the time remittance advice indicating contractual allowance is received or Fulton county resident after "X" number of days of no response from those billed);
 - Monitoring procedures over timely billing of charges for services; and
 - The determination of which runs will be billed ALS versus those that will be billed BLS.
- EMS Director periodically reviews detail listing of billings and non cash adjustments for accuracy and appropriateness.
- EMS Department establish control procedures over the recording of payments (i.e. write/stamp receipt date on the remittance, tick mark remittance upon entry into the accounting system) in order to prevent duplicate entry into the system and ensure an appropriate cutoff.

Official's Response

- Formalized policies or procedures have been adopted to address the handling of non cash adjustments to the billing system;
- Based upon Medicare rules, condition codes entered in the system based upon the medical services required dictate which runs will be billed ALS versus those that will be billed BLS.
- Formalized policies or procedures have been adopted to address ambulance runs being billed and billed in a timely manner.
- Formalized policies or procedures have been adopted to record date payment was received and entered into the system, in order to prevent duplicate entry into the system and appropriate cutoff.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

**FINANCIAL CONDITION
FULTON 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; <i>Explain</i>
2007-001	Material Weakness; Monitoring Financial Statements – Financial statements contained material errors requiring audit adjustments.	Yes	
2007-002	Material Weakness; EMS Billing Procedures – Weaknesses included lack of formalized policies and procedures, monitoring of timeliness of billing, and control procedures to ensure accuracy and cut off of data entered into the system.	No	Not Corrected. Reissued as Finding 2008-002, in this report.



Mary Taylor, CPA
Auditor of State

FINANCIAL CONDITION

FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 5, 2009**