FINANCIAL CONDITION
VAN WERT COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2006

Mary Taylor, CPA
Auditor of State

FINANCIAL CONDITION
VAN WERT COUNTY

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VAN WERT COUNTY

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Financial Condition
Van Wert County
121 E. Main Street
Van Wert, Ohio 45891

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, Ohio (the County), as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Thomas Edison Center, which represents sixty-seven percent of assets, seventy percent of net assets and eighty-two percent of revenues for the aggregate discretely presented component units. Other auditors audited those financial statements. They have furnished their report thereon to us and we base our opinion, insofar as it relates to the amounts included for Thomas Edison Center on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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. The other auditors audited the financial statements of Thomas Edison Center, a discretely presented component unit in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards.* An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, as of December 31, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle Gas Tax, Human Services, Thomas Edison and Brumback Library 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 October 17, 2007, 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 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 federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 17, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Van Wert County's discussion and analysis of the annual financial report provides a review of the financial performance for the year ended December 31, 2006.

FINANCIAL HIGHLIGHTS

The County's total net assets increased $1,391,383 during 2006. Net assets of governmental activities increased $1,486,736 (7 percent). Net assets of business-type activities decreased by $95,353 (10%).

The General Fund transfers out equaled $189,670. Out of total transfers out, $134,246 in transfers was for debt service obligations and $52,437 was for human services operations.

The County Home ceased operations July 15, 2006.

Business-type operations reflected an operating loss, since charges for services lagged behind expenses, while business-type unrestricted net assets are $258,073.

Capital assets used in governmental activities increased $503,275. A large portion of this was due to the bridge replacement projects. Additions also included two police vehicles, a new bus for Thomas Edison, and a new international truck, a John Deere wheel loader, a Yale Fork Lift, Broce power broom, and two trailers for the Engineer's office. The County Home building was sold in 2006.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand Van Wert County's financial situation as a whole and also give a detailed view of the County's fiscal condition.

The Statement of Net Assets and Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Major 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 the amount of funds available for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Assets and the Statement of Activities

The analysis of the County as a whole begins with the Statement of Net Assets and the Statement of Activities. These statements provide information that will help the reader to determine if Van Wert County is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes to those net assets. This change informs the reader whether the County's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the County's financial well being. Some of these factors include the County's tax base, and the condition of capital assets.

In the Statement of Net Assets and the Statement of Activities, the County is divided into two kinds of activities.

Governmental Activities – Most of the County's services are reported here including general government, public safety, public works, health, human services, economic development and assistance, and intergovernmental.

Business-Type Activities – These services include recycling. Service fees for this operation are charged based upon the amount of usage. The intent is that the fees charged recoup operational costs.

Fund Financial Statements

The analysis of the County's major funds begins on page 9. Fund financial statements provide detailed information about the County's major funds – not the County as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the County Auditor, with the approval of the County Commissioners, to help control, manage and report money received for a particular purpose or to show that the County is meeting legal responsibilities for use of grants. Van Wert County's major funds are the General, Motor Vehicle and Gas Tax, Human Services, Thomas Edison, Brumback Library, Towne Center Capital Improvement and Recycling funds. The County chose to present the Brumback Library as a major fund due to the unique nature of the fund.

Governmental Funds – Most of the County's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund – When the County charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in enterprise funds. Enterprise funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated previously, the Statement of Net Assets looks at the County as a whole. The following table provides a summary of the County's net assets for 2006 compared to 2005.

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current and Other Assets	$17,621,082	$17,226,474	$287,625	$311,904	$17,908,707	$17,538,378
Capital Assets	18,176,517	17,673,242	700,393	779,668	18,876,910	18,452,910
Total Assets	35,797,599	34,899,716	988,018	1,091,572	36,785,617	35,991,288
Liabilities						
Current and Other Liabilities	9,039,529	9,300,289	21,879	22,745	9,061,408	9,323,034
Long-Term Liabilities:						
Due Within One Year	741,258	773,711	8,062	7,878	749,320	781,589
Due in More Than One Year	2,707,728	3,003,268	84,611	92,130	2,792,339	3,095,398
Total Liabilities	12,488,515	13,077,268	114,552	122,753	12,603,067	13,200,021
Net Assets						
Invested in Capital Assets, Net of Related Debt	15,806,444	14,873,725	615,393	689,668	16,421,837	15,563,393
Restricted	9,767,772	9,420,241			9,767,772	9,420,241
Unrestricted	(2,265,132)	(2,471,618)	258,073	279,151	(2,007,059)	(2,192,467)
Total Net Assets	$23,309,084	$21,822,348	$873,466	$968,819	$24,182,550	$22,791,167

Total assets of governmental activities increased $1,026,244 million from prior year. This was primarily due to an increase in capital assets.

Long-term liabilities of governmental activities decreased as payments were made on the various debt obligations.

The County's total net assets increased $1,391,383 during 2006. Net assets of governmental activities increased $1,486,736 (7 percent), mainly due to capital asset additions and tax increment financing receivable.

Net assets of the County's business-type activities decreased by $95,353 during 2006, while also reporting an operating loss during 2006.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)

The following table shows the changes in net assets for 2006 compared with 2005:

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues:						
Charges for Services	$3,191,657	$3,245,909	$536,910	$532,270	$3,728,567	$3,778,179
Operating Grants, Contributions and Interest	10,670,495	11,765,488			10,670,495	11,765,488
Capital Grants and Contributions	515,458	486,495			515,458	486,495
Total Program Revenues	14,377,610	15,497,892	536,910	532,270	14,914,520	16,030,162
General Revenues:						
Property and Other Taxes	3,605,338	3,225,618			3,605,338	3,225,618
Permissive Sales Tax	3,753,800	3,691,052			3,753,800	3,691,052
Grants and Entitlements	947,575	515,851			947,575	515,851
Other	878,995	451,943		2,035	878,995	453,978
Total General Revenues	9,185,708	7,884,464		2,035	9,185,708	7,886,499
Total Revenues	23,563,318	23,382,356	536,910	534,305	24,100,228	23,916,661
Program Expenses:						
General Government						
Legislative and Executive	4,497,454	4,518,252			4,497,454	4,518,252
Judicial	1,410,827	1,299,977			1,410,827	1,299,977
Public Safety	3,149,680	3,060,812			3,149,680	3,060,812
Public Works	2,883,784	3,671,574			2,883,784	3,671,574
Health	94,346	82,423			94,346	82,423
Human Services	8,845,379	8,790,931			8,845,379	8,790,931
Economic Development and Assistance	821,927	690,519			821,927	690,519
Intergovernmental	312,686	3,643,736			312,686	3,643,736
Interest and Fiscal Charges	60,499	384,067			60,499	384,067
Recycling			632,263	500,395	632,263	500,395
Total Expenses	22,076,582	26,142,291	632,263	500,395	22,708,845	26,642,686
Increase (Decrease) in Net Assets	$1,486,736	($2,759,935)	($95,353)	$33,910	$1,391,383	($2,726,025)

GOVERNMENTAL ACTIVITIES

Program revenues make up 61% of total revenues for 2006. The major recipients of intergovernmental program revenues were the Motor Vehicle and Gas Tax, Human Services, Thomas Edison, and Brumback Library Funds, as well as the Children's Services and CSEA Special Revenue Funds.

Property tax revenue increased due to a new tax levy for the Brumback Library.

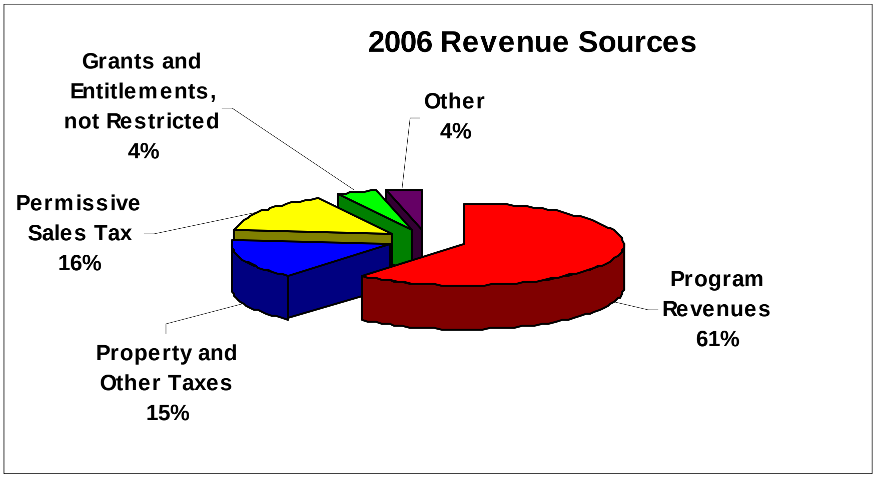
The County's direct charges to users of governmental services made up around 14% of total governmental revenues for 2006. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

Permissive sales tax is the second largest source of revenue for the County. The County received $3,753,800 in 2006 or about 16% of total revenues. Permissive sales tax revenue increased $62,748 from the prior year.

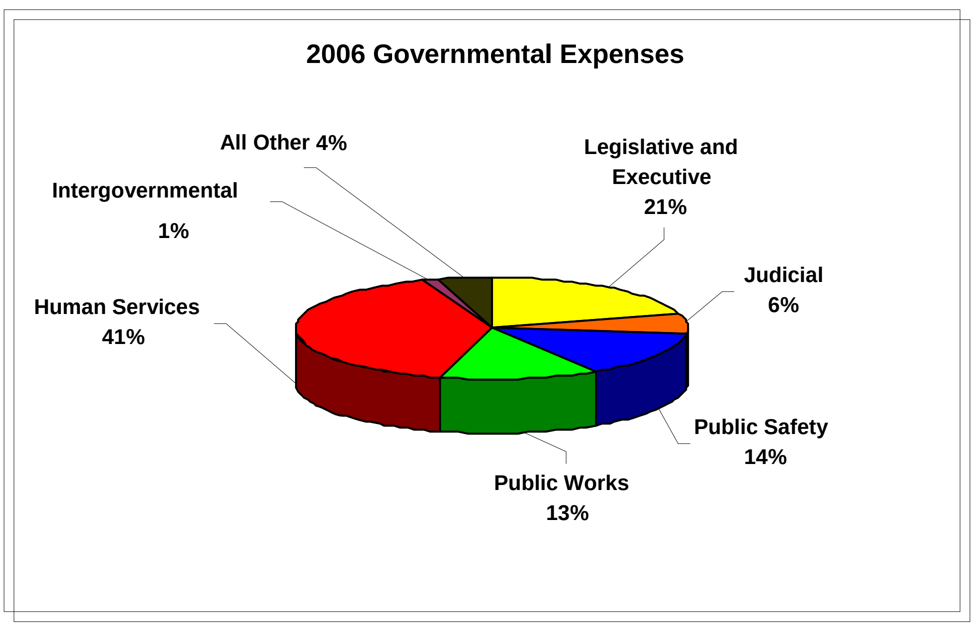
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)**

The increase in other revenue is as result of receiving tax increment financing revenue for the first time in 2006.

The County Commissioners rely on general revenues, especially taxes, to close the gap between program revenues and expenses to furnish the quality of life to businesses and citizens to which they and previous County Commissioners have always been committed.



Governmental expenses decreased $4.1 million. This decrease is primarily due to note proceeds being spent on the Town Center Project in 2005. The County has entered into an agreement with the City of Van Wert for improvements to Town Center. Expenditures for this project were recorded as intergovernmental expenses in 2005.

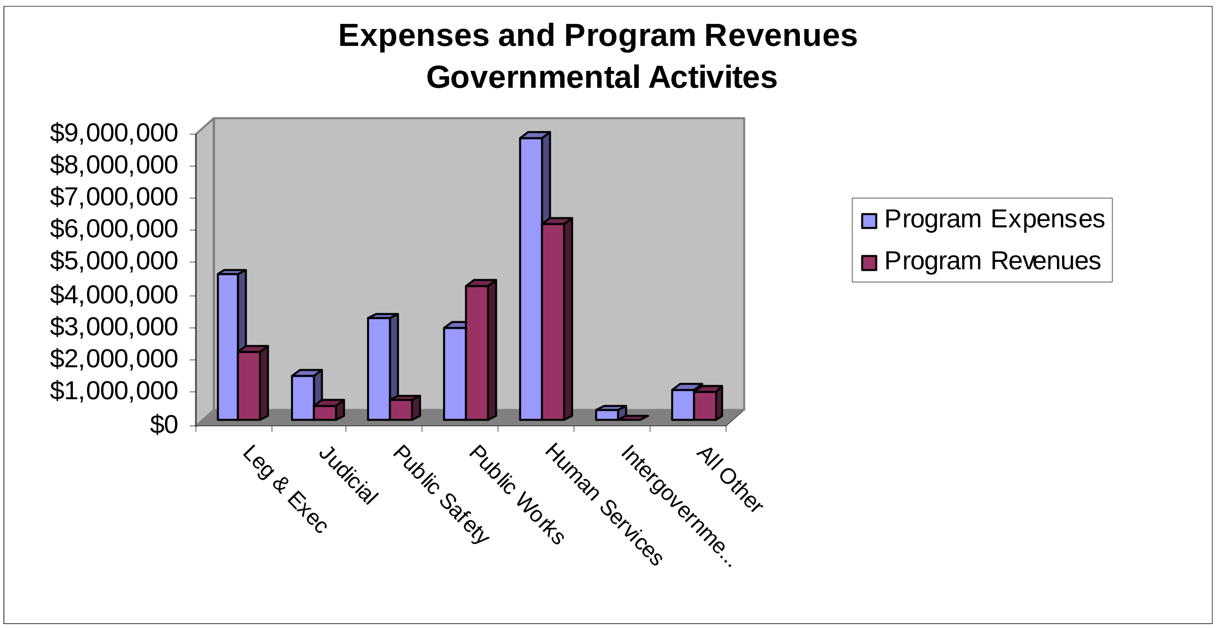


The legislative and executive expenses of the County rely heavily on general revenues to support the program. $2.4 million of legislative and executive expenses (53%) were covered by general revenues.

For public safety, the net cost of services of $2.5 million indicates the general purposes property tax levy and the permissive sales tax, support the operation of the Sheriff's Department and the Jail. To help reduce the tax burden and increase program revenues, the County has contracts for the housing of prisoners from other entities outside the County.

The $2.7 million in net cost of services for human services demonstrates the cost of services that are not supported from State and federal sources. As such, the taxpayers have approved property tax levies for the Thomas Edison Fund, County Home, Senior Citizens and Tri-County Mental Health Special Revenue Funds.

The increase of $.02 per gallon in the gas tax in 2004 along with the revenues received for gasoline excise tax and motor vehicle license tax enable the County to cover its expenses for Public Works.



BUSINESS-TYPE ACTIVITIES

The net assets for business-type activities decreased by $95,353 during 2006. Charges for services for recycling is the largest revenue source for business-type activities revenues. However, charges for services did not cover the cost of operations for the recycling center for 2006. The Recycling Center experienced an operating loss of $93,024 during 2006.

The County strives to control operation expenses for business-type activities in order to maintain stability in charges for services.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds

Information about the County's major governmental funds begins on page 16. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of $23.8 million and expenditures of $23.4 million. The General fund balance decreased by $163,141. Within the General Fund, expenditures exceeded revenues by $16,497. Transfers to other funds such as the Capital Improvement funds, Debt Service funds, other Special Revenue funds and the Enterprise fund totaled $189,670. The funds transferred were used for capital assets, improvements, repairs, debt and support of special revenue programs, especially human services.

After encumbrances of $11,512, unreserved undesignated fund balance equals $1,115,173, which is available for spending at the County's discretion. The remaining $26,232 fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior year or a variety of other restricted purposes. While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to expenditure restrictions mandated by the source of the resource, such as the State or federal government.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance to total fund expenditures. Unreserved fund balance represents approximately 15% of total General Fund expenditures.

The Motor Vehicle and Gas Tax fund balance increased $510,432. The increase of $.02 per gallon in gas tax in 2004 has enabled the revenues to continue to exceed expenditures. Fund balance at December 31, 2006, was $2,002,994 of which $58,802 is reserved for encumbrances. The Human Services fund balance decreased $69,956. Fund balance at December 31, 2006, was ($196,120). The Thomas Edison fund balance increased $279,411. Fund balance at December 31, 2006, was $1,528,142. The Brumback Library fund balance increased $56,970, while fund balance at year-end was $423,280. This was primarily due to property tax revenue being collected for a new levy. Finally, the Towne Center Capital Improvement Fund shows a fund balance of ($4,593,550). The County originally issued $5,000,000 for this project in notes during 2004. The note was renewed for $4,400,000 in 2006. This fund balance deficit will be eliminated when bonds are issued or the notes are paid off.

Enterprise Fund

The enterprise fund reflects an operating loss for 2006. Charges for services for Recycling services have historically been established to ensure that on a cash basis, fees are adequate to cover operations. The County Commissioners has set fees with the intention of funding operating costs and debt service. However, expenses during 2006 exceeded charges for services revenue.

Similarly, the statement of cash flows has a net cash decrease of $20,149. This occurred as result of charges for services revenue not covering expenses for 2006.

MAJOR FUNDS BUDGETING HIGHLIGHTS

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The County's budget is adopted on a line item basis. Before the budget is adopted the County Commissioners review detailed budget worksheets of each function within the General Fund and then adopts the budget at the fund, department, and object level (i.e., General Fund – Commissioners – salaries, supplies, equipment, contract repairs, travel expenses, maintenance, and other expenses).

During 2006, there were numerous revisions to the General Fund budget. The net effect of the revisions was a increase in the appropriations of $327,469. This represents a 4% increase from original appropriations and resulted from transfer and advances to other funds. Original General Fund budgeted revenues were also adjusted slightly, a 1% increase. Actual receipts were $165,037 (2%) more than what were originally estimated.

Appropriations for the Motor Vehicle and Gas Tax fund were increased almost $400,000. Over $100,000 of the increase was for health insurance. Increased appropriations for parts, supplies and gasoline contributed to over another $100,000. Appropriations were also increased for bridge materials.

Human Services anticipated receipts increased from what was originally estimated due to a increase in entitlements and grants from the Ohio Department of Job and Family Services. As a result of this increase, appropriations were also increased.

Thomas Edison decreased its appropriations $109,300 primarily due in part to decreases for health insurance.

Only slight adjustments were made to original appropriations for the Brumback Library fund. By monitoring expenditures, the Library's actual expenditures were $122,293 less than appropriated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
Land	$114,700	$114,700			$114,700	$114,700
Land Improvements	20,399	20,399			20,399	20,399
Buildings	12,975,664	13,636,518	$312,211	$320,971	13,287,875	13,957,489
Machinery and Equipment	337,175	404,940	235,706	270,452	572,881	675,392
Furniture and Fixtures	62,452	73,412	1,040	2,176	63,492	75,588
Vehicles	1,827,489	1,588,759	151,436	186,069	1,978,925	1,774,828
Infrastructure	2,838,638	1,834,514			2,838,638	1,834,514
	$18,176,517	$17,673,242	$700,393	$779,668	$18,876,910	$18,452,910

The majority of the increase to governmental capital assets was the increase in infrastructure due to the receipt of grant revenue from the Ohio Department of Transportation for bridge replacement. A large portion of this was due to the bridge replacement projects. Additions also included two police vehicles, a new bus for Thomas Edison, and a new international truck, a John Deere wheel loader, a Yale Fork Lift, Broce power broom, and two trailers for the Engineer's office. The County Home building was sold in 2006. See Note 8 of the notes to the basic financial statements for more detailed capital asset information.

LONG-TERM DEBT

At December 31, 2006, Van Wert County had $2,824,583 in long-term debt outstanding.

Outstanding Long-Term Debt at Year End

	Governmental Activities		Business-Type Activities	
	2006	2005	2006	2005
Special Assessment Notes	$125,293	$237,952		
General Obligation Notes	2,323,459	2,488,545	$85,000	$90,000
Capital Leases	290,831	325,123		
	$2,739,583	$3,051,620	$85,000	$90,000

Special Assessment notes will be paid with special assessment revenue. Special assessment debt decreased as a result of scheduled payments.

All general obligation note issues will be paid through the General Fund, Motor Vehicle and Gas Tax Fund, and debt service funds with property tax revenues, airport monies, and transfers from various funds. The Recycling Fund's note is paid from operating revenues of the recycling enterprise operation.

Obligations under capital lease will be paid from the Thomas Edison Special Revenue Fund and the Motor Vehicle and Gas Tax Fund. During 2006, the County entered into a new lease for $80,000 for a new bus for Thomas Edison.

The County's overall legal debt margin was $7,300,488 as of December 31, 2006. The more restrictive unvoted legal debt margin was $2,112,440 as of the same date. See Note 15 of the notes to the basic financial statements for more detailed information.

CONTACTING THE COUNTY AUDITOR'S OFFICE

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Nancy Dixon, County Auditor, Van Wert County, 121 East Main Street, Van Wert, Ohio 45891.

FINANCIAL CONDITION
VAN WERT COUNTY

STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$6,667,432	$68,871	$6,736,303
Cash and Cash Equivalents in Segregated Accounts	37,894		37,894
Cash and Cash Equivalents with Fiscal Agents	110,339		110,339
Short-term Investments in Segregated Accounts			
Accrued Interest Receivable	43,806		43,806
Accounts Receivable (Net, where applicable, of Uncollectible Accounts)	140,367	228,417	368,784
Permissive Sales Tax Receivable	521,553		521,553
Due from Other Governments	5,134,343		5,134,343
Internal Balances	9,796	(9,796)	
Prepaid Items	42,458	133	42,591
Supplies Inventory	249,941		249,941
Property and Other Taxes Receivable	3,605,687		3,605,687
Tax Increment Financing Receivable	252,532		252,532
Loans Receivable	303,775		303,775
Special Assessments Receivable	343,310		343,310
Investments in Segregated Accounts	157,849		157,849
Nondepreciable Capital Assets	135,099		135,099
Depreciable Capital Assets, Net	18,041,418	700,393	18,741,811
Total Assets	35,797,599	988,018	36,785,617
Liabilities			
Accounts Payable	558,608	7,226	565,834
Accrued Salaries Payable	176,142	5,154	181,296
Contracts Payable	3,875		3,875
Due to Other Governments	386,499	9,333	395,832
Notes Payable	4,400,000		4,400,000
Accrued Interest Payable	18,310	166	18,476
Compensatory Time Payable	44,398		44,398
Deferred Revenue	3,451,697		3,451,697
Long-Term Liabilities:			
Due Within One Year	741,258	8,062	749,320
Due in More Than One Year	2,707,728	84,611	2,792,339
Total Liabilities	12,488,515	114,552	12,603,067
Net Assets			
Invested in Capital Assets, Net of Related Debt	15,806,444	615,393	16,421,837
Restricted for:			
Other Purposes	9,331,471		9,331,471
Debt Service	436,301		436,301
Unrestricted (deficit)	(2,265,132)	258,073	(2,007,059)
Total Net Assets	$23,309,084	$873,466	$24,182,550

See accompanying notes to the basic financial statements.

Component Units		
Thomas Edison Center	Van Wert County Port Authority	Van Wert County Airport Authority
	$19,724	
$44,231		$11,353
106,104		
8,219		
51,201		1,621
		7,379
5,161		
5,791		11,252
1,673,379		
	204,454	244,056
624,412	2,936	728,348
2,518,498	227,114	1,004,009
12,290		2,346
1,567		
		11,894
5,279		5,107
		1,442
15,268		14,047
86,005		168,370
120,409		203,206
523,139	207,390	789,987
1,874,950	19,724	10,816
$2,398,089	$227,114	$800,803

FINANCIAL CONDITION
VAN WERT COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

		Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	$4,497,454	$1,096,212	$1,014,243	
Judicial	1,410,827	330,077	130,221	
Public Safety	3,149,680	374,642	236,152	
Public Works	2,883,784	475,740	3,148,830	$515,458
Health	94,346	48,952		
Human Services	8,845,379	847,360	5,322,911	
Economic Development and Assistance	821,927	12,634	818,138	
Intergovernmental	312,686			
Interest and Fiscal Charges	60,499	6,040		
Total Governmental Activities	22,076,582	3,191,657	10,670,495	515,458
Business-Type Activity				
Recycling	632,263	536,910		
Total Primary Government	22,708,845	3,728,567	10,670,495	515,458
Component Units				
Thomas Edison Center	572,462	586,410	21,554	
Van Wert County Port Authority	549	2,920		
Van Wert County Airport Authority	178,169	122,738	26,259	18,409
Total Component Units	$751,180	$712,068	$47,813	$18,409

General Revenues

Property and Other Taxes Levied for:

General Purposes

Thomas Edison

Other Purposes

County Permissive Motor Vehicle License Taxes Levied for Public Works

Permissive Sales Taxes Levied for General Purposes

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Investment Earnings

Tax Increment Financing

Other

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year - Restated (Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	**Business-Type Activity**	**Total**	**Thomas Edison Center**	**Van Wert County Port Authority**	**Van Wert County Airport Authority**
($2,386,999)		($2,386,999)			
(950,529)		(950,529)			
(2,538,886)		(2,538,886)			
1,256,244		1,256,244			
(45,394)		(45,394)			
(2,675,108)		(2,675,108)			
8,845		8,845			
(312,686)		(312,686)			
(54,459)		(54,459)			
(7,698,972)		(7,698,972)			
	($95,353)	(95,353)			
(7,698,972)	(95,353)	(7,794,325)			
			$35,502		
				$2,371	
					($10,763)
			35,502	2,371	(10,763)
973,257		973,257			
1,576,500		1,576,500			
953,356		953,356			
102,225		102,225			
3,753,800		3,753,800			
947,575		947,575			
489,531		489,531	159,376		
285,221		285,221			
104,243		104,243			
9,185,708		9,185,708	159,376		
1,486,736	(95,353)	1,391,383	194,878	2,371	(10,763)
21,822,348	968,819	22,791,167	2,203,211	224,743	811,566
$23,309,084	$873,466	$24,182,550	$2,398,089	$227,114	$800,803

FINANCIAL CONDITION
VAN WERT COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	General	Motor Vehicle and Gas Tax	Human Services
Assets			
Equity in Pooled Cash and Cash Equivalents	$602,318	$1,590,609	$86,651
Cash and Cash Equivalents in Segregated Accounts	10,126		53
Cash and Cash Equivalents with Fiscal Agents			
Investments in Segregated Accounts			
Receivables:			
Property and Other Taxes	1,013,368	7,403	
Permissive Sales Tax	521,553		
Accounts (Net, where applicable, of Uncollectible Accounts)	116,622	13,967	1,918
Special Assessments			
Interfund	392,388	27,727	12,198
Accrued Interest	43,054		
Tax Increment Financing Receivable			
Due from Other Governments	561,979	1,654,777	117,238
Prepaid Items	21,075	464	4,372
Supplies Inventory	14,868	225,760	672
Loans Receivable	21,000		
Total Assets	$3,318,351	$3,520,707	$223,102
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	$59,487	$41,976	$242,750
Contracts Payable			
Accrued Salaries Payable	67,677	19,453	31,369
Due to Other Governments	150,205	41,170	36,422
Notes Payable			
Accrued Interest Payable			
Interfund Payable	9,736	30,143	
Deferred Revenue	1,878,329	1,384,971	108,681
Total Liabilities	2,165,434	1,517,713	419,222
Fund Balances			
Reserved for Encumbrances	11,512	58,802	10,499
Reserved for Loans Receivable	16,000		
Reserved for Unclaimed Monies	10,232		
Unreserved:			
Undesignated, Reported in:			
General Fund	1,115,173		
Special Revenue Funds (Deficit)		1,944,192	(206,619)
Debt Service Funds			
Capital Projects Funds (Deficit)			
Total Fund Balances (Deficit)	1,152,917	2,002,994	(196,120)
Total Liabilities and Fund Balances	$3,318,351	$3,520,707	$223,102

See accompanying notes to the basic financial statements.

Thomas Edison	Brumback Library	Towne Center Capital Improvement	Other Governmental Funds	Total Governmental Funds
$1,333,802	$203,589	$14,691	$2,835,772	$6,667,432
	11,826		15,889	37,894
110,339				110,339
	157,849			157,849
1,615,588	178,565		790,763	3,605,687
				521,553
2,280	52		5,528	140,367
			343,310	343,310
937			200,162	633,412
		752		43,806
		252,532		252,532
557,152	534,091		1,709,106	5,134,343
6,627	6,660		3,260	42,458
	1,506		7,135	249,941
			282,775	303,775
3,626,725	1,094,138	267,975	6,193,700	18,244,698
81,352	7,817		125,226	558,608
			3,875	3,875
28,069	9,349		20,225	176,142
52,989	11,929		93,784	386,499
		4,400,000		4,400,000
		8,831		8,831
4,161	280	200,162	379,134	623,616
1,932,012	641,483	252,532	2,655,157	8,853,165
2,098,583	670,858	4,861,525	3,277,401	15,010,736
10,015			11,268	102,096
			201,964	217,964
				10,232
				1,115,173
1,518,127	423,280		2,034,492	5,713,472
			388,319	388,319
		(4,593,550)	280,256	(4,313,294)
1,528,142	423,280	(4,593,550)	2,916,299	3,233,962
$3,626,725	$1,094,138	$267,975	$6,193,700	$18,244,698

FINANCIAL CONDITION
VAN WERT COUNTY

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2006

Total Governmental Fund Balances		$3,233,962
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets reported in governmental activities are not financial resources and therefore are not reported in the funds.		18,176,517
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property and Other Taxes	146,587	
Tax Increment Financing	252,532	
Permissive Sales Tax	271,016	
Intergovernmental	4,321,861	
Charges for Services	3,086	
Fines and Forfeitures	96,174	
Special Assessments	308,782	
Other	1,430	
Total		5,401,468
Some liabilities, including notes payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Interest	(9,479)	
General Obligation Notes	(2,323,459)	
Special Assessment Notes	(125,293)	
Capital Leases	(290,831)	
Compensatory Time Payable	(44,398)	
Compensated Absences	(709,403)	
Total		(3,502,863)
Net Assets of Governmental Activities		$23,309,084

See accompanying notes to the basic financial statements.

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FINANCIAL CONDITION
VAN WERT COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	General	Motor Vehicle and Gas Tax	Human Services
Revenues			
Property and Other Taxes	$971,649	$102,225	
Permissive Sales Tax	3,764,728		
Intergovernmental	1,235,925	3,499,481	$2,224,139
Charges for Services	765,233	189,450	
Licenses and Permits	2,150		
Fines and Forfeitures	148,588	113,692	
Special Assessments			
Interest	466,193	49,736	
Tax Increment Financing			
Other	247,491		
Total Revenues	7,601,957	3,954,584	2,224,139
Expenditures			
Current:			
General Government:			
Legislative and Executive	2,805,211		
Judicial	1,350,036		
Public Safety	2,746,260		
Public Works	57,180	3,402,899	
Health	42,602		
Human Services	240,221		2,346,532
Conservation and Recreation	64,258		
Capital Outlay			
Intergovernmental	312,686		
Debt Service:			
Principal Retirement		34,814	
Interest and Fiscal Charges		6,439	
Total Expenditures	7,618,454	3,444,152	2,346,532
Excess of Revenues Over (Under) Expenditures	(16,497)	510,432	(122,393)
Other Financing Sources (Uses)			
Sale of Fixed Assets	42,526		
Premium on Debt Issuance			
Inception of Capital Lease			
Transfers In	500		52,437
Transfers Out	(189,670)		
Total Other Financing Sources (Uses)	(146,644)		52,437
Net Change in Fund Balances	(163,141)	510,432	(69,956)
Fund Balances (Deficit) Beginning of Year - Restated (See Note 3)	1,316,058	1,492,562	(126,164)
Fund Balances (Deficit) End of Year	$1,152,917	$2,002,994	($196,120)

See accompanying notes to the basic financial statements.

Thomas Edison	Brumback Library	Towne Center Capital Improvement	Other Governmental Funds	Total Governmental Funds
$1,601,421	$178,979		$740,134	$3,594,408
				3,764,728
1,907,544	955,515		2,678,711	12,501,315
122,741	6,151		1,244,591	2,328,166
			57,074	59,224
	9,884		16,015	288,179
			282,582	282,582
	5,457	$18,776	13,300	553,462
		32,689		32,689
2,979	19,299		212,778	482,547
3,634,685	1,175,285	51,465	5,245,185	23,887,300
	1,118,315		433,917	4,357,443
			73,990	1,424,026
			286,829	3,033,089
			94,203	3,554,282
			50,972	93,574
3,192,164			2,864,163	8,643,080
			764,113	828,371
80,000			591,442	671,442
				312,686
79,478			277,745	392,037
7,914		51,637	76,757	142,747
3,359,556	1,118,315	51,637	5,514,131	23,452,777
275,129	56,970	(172)	(268,946)	434,523
			315,377	357,903
		25,388		25,388
80,000				80,000
			212,951	265,888
(75,718)			(500)	(265,888)
4,282		25,388	527,828	463,291
279,411	56,970	25,216	258,882	897,814
1,248,731	366,310	(4,618,766)	2,657,417	2,336,148
$1,528,142	$423,280	($4,593,550)	$2,916,299	$3,233,962

FINANCIAL CONDITION
VAN WERT COUNTY

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, 2006

Net Change in Fund Balances - Total Governmental Funds		$897,814
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amount are:		
Capital Outlay	$1,748,884	
Depreciation	(850,454)	
Excess of Capital Outlay Over Depreciation Expense		898,430
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(395,155)
Some revenues that will not be collected for several months after the County's year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amount this year:		
Property and Other Taxes	10,930	
Permissive Sales Tax	(10,928)	
Intergovermental	(481,819)	
Charges for Services	(17,595)	
Licenses and Permits	100	
Fines and Forfeitures	5,686	
Special Assessments	(107,480)	
Tax Increment Financing	252,532	
Other	(796)	
		(349,370)
Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consisted of:		
General Obligation Note Prinicpal Payments	165,086	
Special Assessment Note Principal Payments	112,659	
Capital Lease Principal Payments	114,292	
Total		392,037
Some capital additions were financed through capital leases. In governmental funds, a capital leasse arrangement is considered a source of financing, but in the statement of net assets, the lease is reported as a liability.		(80,000)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:		
Accrued Interest	82,248	
Compensatory Time Payable	24,776	
Compensated Absences	15,956	
Total		122,980
Change in Net Assets of Governmental Activities		$1,486,736

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
VAN WERT COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues				
Property and Other Taxes	$986,400	$982,876	$982,876	
Permissive Sales Tax	3,807,000	3,807,000	3,798,775	($8,225)
Intergovernmental	1,223,230	1,305,210	1,262,498	(42,712)
Charges for Services	719,601	712,747	755,919	43,172
Licenses and Permits	2,000	2,000	2,150	150
Fines and Forfeitures	136,500	136,500	148,245	11,745
Interest	320,500	340,500	362,852	22,352
Other	212,700	219,118	199,590	(19,528)
Total Revenues	7,407,931	7,505,951	7,512,905	6,954
Expenditures				
Current:				
General Government:				
Legislative and Executive	3,144,230	2,973,077	2,728,849	244,228
Judicial	1,327,932	1,417,199	1,385,583	31,616
Public Safety	2,632,117	2,790,877	2,761,203	29,674
Public Works	34,231	34,256	31,772	2,484
Health	49,171	43,560	42,825	735
Human Services	241,145	242,031	240,867	1,164
Convservation and Recreation		64,258	64,258	
Intergovernmental	271,227	313,283	312,686	597
Total Expenditures	7,700,053	7,878,541	7,568,043	310,498
Excess of Revenues Under Expenditures	(292,122)	(372,590)	(55,138)	317,452
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	4,000	4,000	42,526	38,526
Advances In	40,027	40,027	61,064	21,037
Advances Out		(336,135)	(354,172)	(18,037)
Transfers - In		500	500	
Transfers - Out	(381,837)	(194,683)	(189,670)	5,013
Total Other Financing Sources (Uses)	(337,810)	(486,291)	(439,752)	46,539
Net Change in Fund Balance	(629,932)	(858,881)	(494,890)	363,991
Fund Balance Beginning of Year	792,256	792,256	792,256	
Prior Year Encumbrances Appropriated	90,230	90,230	90,230	
Fund Balance End of Year	$252,554	$23,605	$387,596	$363,991

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
VAN WERT COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
MOTOR VEHICLE AND GAS TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	**Final**	**Actual**	
Revenues				
Property and Other Taxes	$100,000	$100,000	$102,236	$2,236
Intergovernmental	3,000,800	3,050,800	3,481,427	430,627
Charges for Services	56,500	106,500	260,401	153,901
Fines and Forfeitures	85,000	85,000	114,560	29,560
Interest	11,000	11,000	47,923	36,923
Total Revenues	3,253,300	3,353,300	4,006,547	653,247
Expenditures				
Current:				
Public Works	3,847,143	4,245,717	3,542,452	703,265
Net Change in Fund Balance	(593,843)	(892,417)	464,095	1,356,512
Fund Balance at Beginning of Year	919,230	919,230	919,230	
Prior Year Encumbrances Appropriated	74,307	74,307	74,307	
Fund Balance at End of Year	$399,694	$101,120	$1,457,632	$1,356,512

See accompanying notes to the basic financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL HUMAN SERVICES FUND FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$2,195,633	$2,295,746	$2,266,386	($29,360)
Expenditures				
Current:				
Human Services	2,350,843	2,451,311	2,394,056	57,255
Excess of Revenues Under Expenditures	(155,210)	(155,565)	(127,670)	27,895
Other Financing Sources				
Transfers - In	52,437	52,437	52,437	
Net Change in Fund Balance	(102,773)	(103,128)	(75,233)	27,895
Fund Balance at Beginning of Year	517	517	517	
Prior Year Encumbrances Appropriated	102,773	102,773	102,773	
Fund Balance at End of Year	$517	$162	$28,057	$27,895

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
VAN WERT COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL
THOMAS EDISON FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property and Other Taxes	$1,614,400	$1,614,400	$1,620,621	$6,221
Intergovernmental	1,640,309	1,560,551	1,705,176	144,625
Charges for Services	90,500	90,500	122,698	32,198
Other	17,500	4,479	2,979	(1,500)
Total Revenues	3,362,709	3,269,930	3,451,474	181,544
Expenditures				
Current:				
Human Services	3,492,672	3,379,154	3,338,816	40,338
Excess of Revenues Over (Under) Expenditures	(129,963)	(109,224)	112,658	221,882
Other Financing Uses				
Transfers Out	(71,500)	(75,718)	(75,718)	
Net Change in Fund Balance	(201,463)	(184,942)	36,940	221,882
Fund Balance at Beginning of Year	903,384	903,384	903,384	
Prior Year Encumbrances Appropriated	134,072	134,072	134,072	
Fund Balance at End of Year	$835,993	$852,514	$1,074,396	$221,882

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
VAN WERT COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
BRUMBACK LIBRARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues				
Property and Other Taxes	$174,000	$174,000	$175,309	$1,309
Intergovernmental	895,750	895,750	955,515	59,765
Charges for Services	3,000	3,000	6,140	3,140
Fines and Forfeitures	12,000	12,000	9,849	(2,151)
Other	6,100	6,100	17,321	11,221
Total Revenues	1,090,850	1,090,850	1,164,134	73,284
Expenditures				
Current:				
General Government:				
Legislative and Executive	1,199,444	1,226,201	1,103,908	122,293
Net Change in Fund Balance	(108,594)	(135,351)	60,226	195,577
Fund Balance at Beginning of Year	131,700	131,700	131,700	
Prior Year Encumbrances Appropriated	3,710	3,710	3,710	
Fund Balance at End of Year	$26,816	$59	$195,636	$195,577

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
VAN WERT COUNTY

STATEMENT OF FUND NET ASSETS
ENTERPRISE FUND
DECEMBER 31, 2006

	Recycling
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$68,871
Accounts Receivable	228,417
Prepaid Items	133
Total Current Assets	297,421
Non-current Assets:	
Depreciable Capital Assets, Net	700,393
Total Assets	997,814
Liabilities	
Current Liabilities:	
Accounts Payable	7,226
Accrued Salaries Payable	5,154
Interfund Payable	9,796
Due to Other Governments	9,333
Accrued Interest Payable	166
Compensated Absences Payable	6,062
Note Payable	2,000
Total Current Liabilities	39,737
Long-Term Liabilities:	
Compensated Absences Payable	1,611
Note Payable	83,000
Total Long-Term Liabilities	84,611
Total Liabilities	124,348
Net Assets	
Invested in Capital Assets	615,393
Unrestricted	258,073
Total Net Assets	$873,466

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
VAN WERT COUNTY

STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	Recycling
Operating Revenues	
Charges for Services	$536,910
Operating Expenses	
Personal Services	363,526
Contractual Services	137,306
Materials and Supplies	52,027
Depreciation	77,075
Total Operating Expenses	629,934
Operating Loss	(93,024)
Non-Operating Expenses	
Loss on Sale of Capital Assets	(2,200)
Interest and Fiscal Charges	(129)
Total Non-Operating Expenses	(2,329)
Change in Net Assets	(95,353)
Net Assets Beginning of Year	968,819
Net Assets End of Year	$873,466

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
VAN WERT COUNTY

STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	Recycling
Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities	
Cash Received from Customers and Support	$529,244
Cash Payments for Employee Services and Benefits	(365,430)
Cash Payments to Suppliers	(177,321)
Net Cash Used for Operating Activities	(13,507)
Cash Flows from Capital and Related Financing Activities	
Note Principal Payments	(5,000)
Note Interest Payments	(1,642)
Net Cash Used for Capital and Related Financing Activities	(6,642)
Net Decrease in Cash and Cash Equivalents	(20,149)
Cash and Cash Equivalents Beginning of Year	89,020
Cash and Cash Equivalents End of Year	68,871
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	($93,024)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	77,075
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(7,666)
Decrease in Supplies Inventory	2,000
Increase in Accounts Payable	2,041
Decrease in Accrued Salaries Payable	(1,278)
Decrease in Contracts Payable	(2,000)
Increase in Due to Other Governments	1,884
Increase in Interfund Payable	9,796
Decrease in Compensated Absences Payable	(2,335)
Net Cash Used for Operating Activities	($13,507)

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
VAN WERT COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2006

Assets	
Equity in Pooled Cash and Cash Equivalents	$1,489,999
Cash and Cash Equivalents in Segregated Accounts	291,940
Investments	20,000
Receivables:	
Property and Other Taxes	19,473,831
Accounts (Net of Uncollectible Accounts)	130,627
Special Assessments	532,536
Due from Other Governments	1,391,456
Supplies Inventory	123,828
Total Assets	$23,454,217
Liabilities	
Accounts Payable	$3,131
Due to Other Governments	22,092,509
Undistributed Monies	1,358,577
Total Liabilities	$23,454,217

See accompanying notes to the basic financial statements.

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1. DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

Van Wert County, Ohio (The County), was created in 1820 but was not organized until 1837. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County who manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a joint Probate/Juvenile Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budgeting and taxing authority, contracting body and the chief administrators of public services for the County, including each of these departments.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For Van Wert County, this includes the Children's Services Board, the Board of Mental Retardation and Developmental Disabilities, the Child Support Enforcement Agency, the Community Corrections Planning Board, the Lincolnway Home, the Van Wert County Veterans Services, Van Wert County Election Board and all departments and activities that are directly operated by the elected County officials. Van Wert County Brumback Public Library is included as part of the primary government.

1. Van Wert County Brumback Public Library

The Brumback Library was constructed and donated to Van Wert County per the will of the late J. S. Brumback and a contract made between the heirs of the estate and the Van Wert County Commissioners in 1898. The Library was established as a free public library for the benefit of the citizens of Van Wert County, Ohio, at that time. The law was enacted under Section 891a Revised Statute. The Statute provides: "Any County accepting such a bequest, donation or gift shall be bound to faithfully carry out the agreement so made to provide and maintain such a library." It is therefore the legal duty of the Board of County Commissioners to faithfully comply with the terms of the contract and maintain and operate the library as a County Library.

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

2. Blended Component Unit

The Library Enrichment Foundation of the Brumback Library is a component unit that is blended with the primary government. It is blended with the primary government because it is so intertwined with the primary government that it is, in substance, the same as the primary government.

1. DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)

Library Enrichment Foundation of the Brumback Library – The Library Enrichment Foundation of the Brumback Library was formed for the purpose of supporting and promoting charitable, educational, scientific, and literary purposes of the Brumback Library. Membership in the Foundation consists solely of the Trustees of the Brumback Library and the Director of the Brumback Library. The board of the Foundation and the Brumback Library are the same. The Brumback Library is part of the primary government, and the primary government may affect the activities, programs and projects of the Foundation; therefore, it would be misleading to exclude the Library Enrichment Foundation of the Brumback Library from the financial statements of the primary government. The Foundation is considered a component unit and blended with the primary government.

3. Discretely Presented Component Units

The component unit column in the entity-wide financial statements identifies the financial data of the County's discretely presented component units: the Thomas Edison Center which is a consolidation of the entities of Thomas Edison Center, Thomas Edison Memorial Endowment and Van Wert Housing Services, Inc., the Van Wert County Port Authority, and the Van Wert County Airport Authority. They are reported separately to emphasize that they are legally separate from the County. Condensed financial information for the component units is presented in Note 17.

Thomas Edison Center – The Thomas Edison Center is a legally separate, not-for-profit corporation, served by a board appointed by the Van Wert County Board of MRDD. The workshop, under contractual agreement with the Van Wert County Board of Mental Retardation and Developmental Disabilities, provides sheltered employment for mentally retarded or handicapped individuals in Van Wert County. The Van Wert County Board of MRDD provides the workshop with personnel necessary for the operation of the habilitation services to the clients, land and buildings for the operation of the center, maintenance and repair of the buildings, and professional staff to supervise and train clients of the Thomas Edison Center. Based on the significant services and resources provided by the County to the workshop and the workshop's sole purpose of providing assistance to the retarded and handicapped adults of Van Wert County, the workshop is reflected as a component unit of Van Wert County. Separately issued financial statements can be obtained from the Thomas Edison Center at P.O. Box 604, Van Wert, Ohio 45891.

Van Wert Housing Services, Inc. – The Van Wert Housing Services, Inc. is a legally separate not-for-profit corporation served by a board appointed by the Van Wert County Board of MRDD. The corporation, under contractual agreement with the Van Wert County Board of MRDD, has agreed to acquire, manage and maintain residential properties. The Van Wert County Board of MRDD makes grants available to assist in the purchase of the properties. The Van Wert County Board of MRDD is financially accountable for the Van Wert Housing Services, Inc. The Van Wert County Board of MRDD has maintained a legal interest through a note and a second mortgage on the property purchased by the corporation. In the event of default or violation of the contract terms, the Van Wert County Board of MRDD has the right to assume the mortgage and the right to insist on the transfer of title of the property. Due to control arising from common membership of boards of directors, the Van Wert Housing Services, Inc. has been consolidated with the Thomas Edison Center. Separately issued financial statements can be obtained from the Van Wert Housing Services, Inc. at P.O. Box 604, Van Wert, Ohio 45891.

1. DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)

Thomas Edison Memorial Endowment – The Thomas Edison Memorial Endowment was organized in 1975 as a not-for-profit corporation. The Van Wert County Board of MRDD authorized the formation of a foundation that would build funds over the years through donations and bequests. The foundation was established in order to receive gifts and memorial monies that are intended to provide long range support for the programs of the Thomas Edison Center. The foundation was designed so only the interest of this money would be available for use as determined by a non-profit board of directors. The Van Wert County Board of MRDD called this foundation the Thomas Edison Memorial Endowment. The Board formed a non-profit board of directors to conduct the operations of the Thomas Edison Memorial Endowment. The five board members are appointed by the Van Wert County Board of Mental Retardation and Development Disabilities. Due to control arising from common membership of boards of directors, the Van Wert Housing Services, Inc. has been consolidated with the Thomas Edison Center. Separately issued financial statements can be obtained from the Van Wert Housing Services, Inc. at P.O. Box 604, Van Wert, Ohio 45891.

Van Wert County Port Authority – The Van Wert County Port Authority is a legally separate organization created to maintain and operate the rail property located within the County. The Board of the Port Authority is appointed by the Van Wert County Commissioners. The Van Wert County Commissioners have potential to receive financial benefit from the Port Authority, since the County is entitled to any surplus of the Port Authority. The County is also financially accountable for the Authority. The Van Wert County Auditor is the fiscal agent for the Port Authority.

Van Wert County Airport Authority – The Van Wert County Airport Authority is a legally separate organization created by resolution of the Van Wert County Commissioners on December 20, 1974. The Board of the Airport Authority is made up of five members, each with a term of five years. The members were originally appointed by the Van Wert County Commissioners; subsequent appointments are made by the Board of Trustees of the Regional Airport Authority, subject to the approval of the Board of Van Wert County Commissioners. The County has issued debt for the Airport Authority in the County's name, making the County financially accountable for the Airport Authority.

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

Van Wert County General Health District
Van Wert County Soil and Water Conservation District
Van Wert County Community Action Commission
Van Wert County Park District

The County participates in certain organizations which are defined as Joint Ventures, Jointly Governed Organizations, Related Organizations, and Insurance Pools.

The County's Joint Ventures, the Van Wert County Emergency Management Agency (EMA) and the Van Wert County Regional Planning Commission (the Commission) are presented in Note 18. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility.

1. DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)

The Jointly Governed Organizations of the County, the Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Paulding and Van Wert Counties (Tri County Mental Health Board), the Community Improvement Corporation of the City of Van Wert and County of Van Wert, Ohio (the CIC), the Van Wert County Council on Aging, Inc. (the Council), the West Central Partnership, Inc. (the Partnership), the Maumee Valley Resource Conservation and Development Area (the MV-RCD Area), and the Northwest Ohio Waiver Administration Council (the Council) are presented in Note 19.

A jointly governed organization is governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility on the part of the participating governments. The Related Organizations, the Van Wert County Hospital Commission (Commission) and the Local Emergency Planning Committee (LEPC) are presented in Note 20. A related organization is an organization for which the County appoints a majority of the governing board but for which there is no potential benefit or burden and no authority to impose the will of the County. The Insurance Pools, the Mid West Pool Risk Management Agency, Inc. (the Pool), the Midwest Employee Benefit Consortium (MEBC), and the County Commissioners' Association of Ohio Service Corporation (CCAOSC) are presented in Note 21. The Pool and the MEBC are risk-sharing pools, while the CCAOSC is an insurance purchasing pool. A risk-sharing pool is an organization formed by a group of governments to combine risks and resources and share in the cost of losses. An insurance purchasing pool is an organization formed by a group of governments to pool funds or resources to purchase commercial insurance policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program.

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

2. Fund Financial Statements

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

B. Fund Accounting

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

1. Governmental Funds

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

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

Motor Vehicle and Gas Tax Fund – This fund is used to account for revenue derived from motor vehicle licenses, gasoline taxes and investment income. Expenditures in this fund are restricted by State law to County road and bridge repair and improvement programs. The County Engineer currently expends the majority of the revenues in this fund for road and bridge repairs and operating costs for the Engineer's Office.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Thomas Edison Fund – This fund is used to account for money received from a County-wide property tax levy and several federal and state grants and subsidies for Mental Retardation and Developmental Disabilities, its operations and activities.

Brumback Library Fund – This fund is used to account for the operation of the Brumback Library. Revenue is received from bequests and donations and from money received from the operations of the Library. A county-wide tax levy also provides support for the Library.

Towne Center Capital Improvement Fund – This fund is used to account for note proceeds issued for capital infrastructure improvements to Towne Center. Tax increment financing revenue is used to pay the note.

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

2. Proprietary Fund

Proprietary funds focus on the determination of operating income, changes in net assets, financial position, and cash flows. The County's only proprietary fund is an enterprise fund.

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

Recycling Fund – This fund is used to account for the provision of recycling service to certain residents and businesses within the County.

3. 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 by the County to account for assets held 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 used to report resources held by the County in a purely custodial capacity. The County's only fiduciary funds are agency funds. The County's agency funds are primarily established to account for the collection of various taxes, receipts and fees and to account for funds of the County General Health District, Soil and Water Conservation District, Family and Children First, Regional Planning Commission, Community Action Commission, Homeland Security and Emergency Management.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Component Units

Component units are either legally separate organizations for which the elected officials of the County are financially accountable, or legally separate organizations for which the nature and significance of its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. Component unit disclosures represent a consolidation of various fund types.

C. Measurement Focus

1. 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. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

2. Fund Financial Statements

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

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

D. Basis of Accounting

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Revenues - Exchange and Non-exchange Transaction

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: sales tax (See Note 7), accounts, interest, federal and state subsidies, grants, and state-levied locally shared taxes.

F. Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, 2006, but were levied to finance 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

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

G. Expenses/Expenditures

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

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

H. Cash and Cash Equivalents

To improve cash management, cash received by the County is pooled. Monies for all funds, except cash held in segregated accounts and held by fiscal agents, are maintained in this pool. Individual fund integrity is maintained through County records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents that are held separately by the component units and within departments of the County and not held with the County Treasurer are recorded on the balance sheet as "cash and cash equivalents in segregated accounts."

Investments that are held separately by the Thomas Edison Center and the Library Enrichment Foundation of the Brumback Library and within the departments of the County and not held with the County Treasurer are recorded on the balance sheet as "investments in segregated accounts."

During 2006, the County invested in certificates of deposits, a Federal Home Loan Bank Note, a Federal National Mortgage Association Note and the State Treasury Asset Reserve of Ohio (STAR Ohio). The Library Enrichment Foundation of the Brumback Library invests in First Financial Bancorp, Vanguard Growth and Income Fund, Vanguard Mid-Cap InIex Fund, VangIard Small-Cap Growth Index Fund and Vanguard Value Index Fund.

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating investment contracts such as nonnegotiable certificates of deposit and nonparticipating repurchase agreements which are reported at cost.

The County has invested funds in STAR Ohio during 2006. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2006.

Interest income is distributed to the funds according to statutory requirements. Interest revenue of $466,193 was credited to the General Fund during 2006, which includes $432,294 assigned from other County funds.

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

I. Receivables and Payables

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

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

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid items using the consumption method. A current asset is recorded for the prepaid amount at the time of purchase and reflects the expenditure/expense in the year in which services are consumed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Inventory of Supplies

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when used. Inventory consists of expendable supplies held for consumption.

L. Capital Assets

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

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

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

Description	Estimated Lives
Buildings	40-100 years
Machinery and Equipment	10-20 years
Furniture and Fixtures	10-20 years
Vehicles	3-15 years
Infrastructure	10-70 years

The County has chosen not to add retroactive infrastructure until required in 2007; therefore, the County only reports the amounts acquired after 2002.

The County's infrastructure system consists of roads and bridges. The County reported infrastructure for the first time in 2003.

M. Interfund Receivables/Payables

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the County's termination policy. The County records a liability for accumulated unused sick leave for all employees after 20 years of current service with the County or 5 years of service and at least 60 years of age.

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

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which the employees will be paid. In the enterprise fund, the entire amount of compensated absences is reported as a fund liability.

O. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise fund are reported on the enterprise 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, contractually required pension contributions and compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term notes and capital leases are recognized as liabilities on the governmental fund financial statements when due.

P. Capital Contributions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Net Assets

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

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

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the County, these revenues are charges for services for recycling services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as nonoperating.

S. Fund Balance Reserves

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

T. Interfund Transactions

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

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

U. Estimates

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. Budgetary information has not been presented for the Library Enrichment Foundation of the Brumback Library (blended component unit) and the Northwest Ohio Waiver Administration (jointly governed organization) because it is not included in the entity for which the "appropriated budget" is adopted nor does the entity maintain separate budgetary records. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object level (i.e., General Fund – Commissioners – salaries, supplies, equipment, contract repairs, travel expenses, maintenance, and other expenses).

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2006.

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

3. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For 2006, the County adopted the provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation. This statement requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. This statement had no effect on net assets. The County also adopted the provisions of GASB Statement No. 47, Accounting for Termination Benefits. This statement provides guidance on how employers should account for benefits associated with voluntary or involuntary terminations. This statement had no effect on net assets.

At December 31, 2005, cash and cash equivalents with fiscal agent (Northwest Ohio Waiver Administration) was omitted from the financial statements. As a result, the fund balance of the Thomas Edison fund at December 31, 2005, was restated by $128,361, from $1,120,370 to $1,248,731. Total fund balances of governmental funds increased from $2,207,787 to $2,336,148. Net assets of governmental funds increased from $21,693,987 to $21,822,348.

In prior years, the discretely presented component units of the Thomas Edison Center, the Van Wert Housing Services, Inc. and the Thomas Edison Endowment were shown in separate columns in the financial statements. For 2006, these component units have been combined under the heading Thomas Edison Center due to control arising from common membership of boards of directors.

4. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position and results of operations on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, presented for the General Fund, and Motor Vehicle and Gas Tax, Human Services, Thomas Edison and Brumback Library Special Revenue Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.

5. Although not part of the appropriated budget, the Library Enrichment Foundation of the Brumback Library Special Revenue Fund, and the Northwest Ohio Waiver Administration of the Thomas Edison Special Revenue Fund is included as part of the reporting entity when preparing financial statements that conform with GAAP.

6. The change in the fair value of investments is not included on the budget basis operating statement. This amount is included as revenue on the GAAP basis operating statement.

7. Cash that is held by the agency funds on behalf of County funds on a budget basis are al allocated and reported on the balance sheet (GAAP basis) in the appropriate County fund.

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the General Fund, and the Motor Vehicle and Gas Tax, Human Services, Thomas Edison, and the Brumback Library Special Revenue Funds are as follows:

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Change in Fund Balance

	General	Motor Vehicle and Gas Tax	Human Services	Thomas Edison	Brumback Library
GAAP Basis	($163,141)	$510,432	($69,956)	$279,411	$56,970
Revenue Accruals	(14,300)	53,725	42,247	(122,316)	157
Expenditure Accruals	230,515	29,353	69,646	(1,588)	31,350
2006 Unrecorded Cash	(95,746)	(4,374)	0	(36,808)	0
2005 Unrecorded Cash	59,530	2,612	0	121,306	0
Change in Fair Value of Investments – 2006	0	0	0	0	(1,692)
Change in Fair Value of Investments - 2005	0	0	0	0	133
Agency Fund Allocation	(38,536)	0	0	(65,652)	0
Advances	(293,108)	0	0	0	0
Activity of Non-budgeted Funds	0	0	0	18,022	(6,768)
Prepaid Items	(99,664)	950	(15,608)	1,511	(15,641)
Encumbrances	(80,440)	(128,603)	(101,562)	(156,946)	(4,283)
Budget Basis	($494,890)	$464,095	($75,233)	$ 36,940	$60,226

5. ACCOUNTABILITY

The Human Services Special Revenue Fund, the County Home Operation Levy Special Revenue Fund, the Community Development Block Grant Special Revenue Fund the Delphos Sewer Note Debt Service Fund and the South Delphos Area Sewer Capital Projects Fund had deficit fund balances of $196,120, $244,039, $18,979, $1,135 and $81,056, respectively. The General Fund is liable for any deficit in these funds and will provide operating transfers when cash is required, not when accruals occur. The Towne Center Capital Improvement Capital Projects Fund had a fund balance deficit at December 31, 2006, of $4,593,550. The deficit is the result of a bond anticipation note. The liability will be eliminated when the notes are paid off and bonds are issued.

6. 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.

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 Auditor 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.

6. DEPOSITS AND INVESTMENTS (Continued)

Inactive monies may be deposited or invested in the following securities:

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

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

4. Bonds and other obligations of the State of Ohio or its political sub-divisions, provided that such political subdivisions are located wholly or partly within the County;

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

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

7. The State Treasurer's investment pool (STAR Ohio);

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash, or both securities and cash, equal value for equal value;

9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and

10. Bankers' acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

6. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of the County's cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 % of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third parties of the financial institution.

At year-end, the carrying amount of the County's deposits was $6,546,715 and the bank balance was $6,794,603. Of the bank balance, $1,043,303 was covered by federal deposit insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", $5,751,300 of the County's bank balance of $6,794,603 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the County's name.

B. Investments

At year-end, the County had the following investments:

Investment Type	Fair Value
First Financial Bancorp	$21,958
Vanguard Growth and Income Fund	23,190
Vanguard Mid-Cap Index Fund	22,777
Vanguard Small-Cap Growth Index Fund	22,973
Vanguard Value Index Fund	23,452
Federal National Mortgage Association	502,260
Federal Home Loan Bank	249,963
STAR Ohio	1,431,036
Total	$2,297,609

The Vanguard investments listed above are held by the Brumback Library (Blended Component Unit) and thus the associated risks are not disclosed below.

Interest Rate Risk – The County's investment policy states that the maximum maturity is five years from the settlement date. All of the County's investments have a maturity within one year except the Federal National Mortgage Association and Federal Home Loan Bank investments.

Credit Risk – The County's investment policy does not address credit risk. The County's investment in STAR Ohio has an AAAm credit rating. The investment in First Financial Bancorp is a common stock and is not rated. 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 National Mortgage Association and Federal Home Loan Bank notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the County's name.

Concentration of Credit Risk – The County's investment policy states the investment authority will diversify the investments to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. The Federal National Mortgage Association, Federal Home Loan Bank, and STAR Ohio makes up 22%, 11%, and 62%, respectively, of the County's investments.

7. RECEIVABLES

Receivables at December 31, 2006, consisted of property and other taxes, permissive sales tax, tax increment financing, accounts (billings for user charged services), special assessments, accrued interest, interfund, intergovernmental receivables arising from grants, and loans. All receivables are considered collectible in full except Court receivables. A summary of accounts receivable for Court receivables, as well as other receivables owed to the County governmental funds is as follows:

	Common Pleas/ Juvenile/Probate Court Receivable	Other Accounts Receivable	Total Accounts Receivable
Receivable	$177,568	$44,192	$221,760
Allowance for Uncollectibles	(81,393)		(81,393)
Net Accounts Receivable	$96,175	$44,192	$140,367

For the agency funds, the total receivable for the Common Pleas Court was $128,874, with an allowance for uncollectibles of $2,726, making net accounts receivable of $126,148. The law library, board of health, CSBG agency funds had receivables of $898, $1,859, and $1,722, respectively, making the total agency funds receivable $130,627.

The ditch maintenance and improvement special assessments balance at December 31, 2006, was $343,310. Of that amount special assessments expected to be collected in more than one year in the Special Assessment Debt Service Fund amount to $66,327. At December 31, 2006, the amount of delinquent special assessments was $55,551.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property (other than public utility) located in the County. Property tax revenue received during 2006 for real and public utility property taxes represents collections of 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility) are for 2006 taxes.

2006 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 % of appraised market value. 2006 real property taxes are collected in and intended to finance 2006.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 % of true value. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are 18.75 % of true value.

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

7. RECEIVABLES (Continued)

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

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to each subdivision its portion of the taxes collected. Accrued property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2006, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2006 operations. The receivable is therefore offset by deferred revenue. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

The full tax rate for all County operations for the year ended December 31, 2006, was $7.9 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Category	Assessed Value	Percent
Agricultural/Residential Real Property	$344,630,340	77.29%
Other Real Property	53,173,990	11.93%
Tangible Personal Property	26,906,053	6.03%
Public Utility Personal Property	21,159,500	4.75%
Total Assessed Valuation	$445,869,883	100.00%

B. Permissive Sales and Use Tax

The County Commissioners, by resolution, imposed a 1.5% tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. 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 Department of Administrative Services (OMB) the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Department of Administrative Services (OMB) then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited entirely to the General Fund. A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2006. On a full accrual basis, the full amount of the receivable is recognized as revenue. On a modified accrual basis, the amount of the receivable that will be received outside of the available period is deferred. Sales and use tax revenue in 2006 amounted to $3,764,728 in the General Fund.

7. RECEIVABLES (Continued)

C. Due from Other Governments

A summary of intergovernmental receivables follows:

Governmental Activities:	Amounts
Boarding Fees	$9,534
Local Government	337,907
Local Government Revenue Assistance	69,450
Homestead and Rollback	366,512
Election Costs	4,001
Advertising for Delinquent Taxes	4,388
State Issue Advertising Reimbursement	2,571
Electric Deregulation Reimbursement	18,636
Motor Vehicle License Tax	509,463
Gasoline Excise Tax	740,072
Gasoline Cents per Gallon	405,242
Undivided Library	515,546
Indigent Defense Reimbursement	20,100
Ohio Job and Family Services	117,238
Child Abuse Prevention Grant	7,500
Home Weatherization Assistance Grant	50,795
PSCA Core	123,856
Title IVE Administration and Training	916
Children Services 2820 Reimbursement	42,103
SSI	562
State Foundation	120,299
Thomas Edison Subsidy Payment	188,345
Thomas Edison RFW/IO Waivers	39,339
Title XX	14,315
Title VI	16,290
CSEA Grant	30,247
Youth Bureau Reclaim Ohio Grant	69,582
Community Corrections Grant	28,257
State Help Me Grow Grant	23,825
CDBG Grant	1,219,900
Attorney General Sheriff Reimbursement	3,593
Federal HEAP Program	33,899
Probate Court Subsidy	60
Total Intergovernmental Receivables	$5,134,343

7. RECEIVABLES (Continued)

D. Loans Receivable

The County has the following loans receivable at December 31, 2006:

Date of Issue	Description	Interest Rate	Balance at 12/31/2005	Increases	Decreases	Balance at 12/31/2006	Due in One Year
1996	Airport Construction	4.64%	$33,850	$0	$2,000	$31,850	$2,000
1999	Airport Construction	4.98%	45,315	0	2,080	43,235	2,215
2001	Tractor/Mower	4.00%	8,238	0	2,406	5,832	5,832
2003	Airport Improvement	1.80%	102,600	0	1,100	101,500	4,000
2003	Fair Board	0.00%	26,000	0	5,000	21,000	5,000
various	Revolving Loans	various	73,787	73,105	46,534	100,358	17,612
			$289,790	$73,105	$59,120	$303,775	$36,659

The 1996 and 1999 Airport Construction, 2001 Tractor/Mower and the 2003 Airport Improvement are with the Van Wert County Airport Authority. Two of the loans are for construction of T-hangars, the third loan is for the removal of underground fuel tanks, and the fourth loan is for the purchase of a tractor/mower. The loans are repaid yearly as principal and interest come due. The receivable for these loans is reported in the Airport Note Debt Service Fund.

The 2003 Fair Board loan was made to the Van Wert County Fair Board for improvements at the Fair grounds. The County will receive annual payments of $5,000 until the loan is repaid. The receivable for this loan is shown in the General Fund.

The Revolving Loans are due from various businesses in the local community. Van Wert County partnered with the Van Wert County Port Authority to receive a micro-enterprise CDBG grant that was loaned to various start-up businesses in the local community. The loans have various repayment terms and interest rates. The receivable for the loan is shown in the Revolving Loan Special Revenue Fund.

8. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance at 12/31/05	Additions	Deletions	Balance at 12/31/06
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	$ 114,700			$114,700
Land Improvements	20,399			20,399
Total Assets, not being Depreciated	135,099			135,099
Depreciable Capital Assets:				
Buildings	18,557,285	$ 24,357	($815,090)	17,766,552
Machinery and Equipment	887,100		(11,294)	875,806
Furniture and Fixtures	181,070			181,070
Vehicles	4,174,746	566,857	(365,676)	4,275,927

(Continued)

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

8. CAPITAL ASSETS (Continued)

	Balance at 12/31/05	Additions	Deletions	Balance at 12/31/06
Infrastructure:				
Bridges	994,968	754,950		1,749,918
Roads	974,043	402,720		1,375,763
Total Depreciable Capital Assets	25,768,212	1,748,884	(1,192,060)	26,325,036
Less Accumulated Depreciation:				
Buildings	(4,920,767)	(302,734)	432,613	(4,790,888)
Machinery and Equipment	(482,160)	(61,695)	5,224	(538,631)
Furniture and Fixtures	(107,658)	(10,960)		(118,618)
Vehicles	(2,585,987)	(321,519)	359,068	(2,548,438)
Infrastructure:				
Bridges	(11,358)	(127,726)		(139,084)
Roads	(122,139)	(25,820)		(147,959)
Total Accumulated Depreciation	(8,230,069)	(850,454)	796,905	(8,283,618)
Depreciable Capital Assets, Net	17,538,143	898,430	(395,155)	18,041,418
Governmental Activities Capital Assets, Net	$17,673,242	$898,430	($395,155)	$18,176,517

	Balance at 12/31/05	Additions	Deletions	Balance at 12/31/06
Business-Type Activities				
Depreciable Capital Assets:				
Buildings	$361,032			$361,032
Machinery and Equipment	347,856			347,856
Furniture and Fixtures	11,357			11,357
Vehicles	383,436		($12,000)	371,436
Total Depreciable Capital Assets	1,103,681		(12,000)	1,091,681
Less Accumulated Depreciation:				
Buildings	(40,061)	($8,760)		(48,821)
Machinery and Equipment	(77,404)	(34,746)		(112,150)
Furniture and Fixtures	(9,181)	(1,136)		(10,317)
Vehicles	(197,367)	(32,433)	9,800	(220,000)
Total Accumulated Depreciation	(324,013)	(77,075)	9,800	(391,288)
Business-Type Activities Capital Assets, Net	$779,668	($77,075)	($2,200)	$700,393

Depreciation expense was charged to governmental programs as follows:

General Government	
Legislative and Executive	$118,334
Judicial	2,100
Public Safety	157,871
Public Works	403,548
Human Services	167,744
Economic Development and Assistance	857
Total Depreciation Expense	$850,454

9. DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 1.) The Traditional Pension Plan (TP) – a cost-sharing, multiple-employer defined benefit pension plan. 2.) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Members accumulate retirement assets equal to the value of the member and (vested) employer contributions, plus any investment earnings thereon. 3.) The Combined Plan (CP) – a cost-sharing, multiple-employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the MD.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701.

Member and employer contributions rates were consistent across all three plans (TP, MD and (CP). For the year ended December 31, 2006, County employees were required to contribute 9.0 % (8.5 % for 2005) of their annual covered salary. The County's contribution rate for 2006 was 13.7 of which 9.2 % was used to fund the pension benefits. For 2006, the County's contribution rate was 13.7 %, of which 9.2 % was used to fund the pension benefits. The Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the traditional plan for the years ended December 31, 2006, 2005, and 2004 were $834,026, $713,959 and $729,300 respectively; 91 % has been contributed for 2006 and 100 % for 2005 and 2004.

B. State Teachers Retirement System of Ohio

For certified teachers, employed by the school for Mental Retardation and Developmental Disabilities, the County contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090 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 DC plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation. The Combined Plan offers features of the DC plan and the DB plan. In the Combined Plan, member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions to the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a bi-weekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

9. DEFINED BENEFIT PENSION PLANS (Continued)

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years.

The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service credit over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.8 and 3307.89 of the Revised Code. For members who select the DC plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the lapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

9. DEFINED BENEFIT PENSION PLANS (Continued)

A Defined Benefit 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 members who die before retirement may qualify for survivor benefits. A death benefits of $1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

For the year ended December 31, 2006, plan members were required to contribute 10 % of their annual covered salaries. The County was required to contribute 14 %; 13 % 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 % for members and 14 % for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the DB Plan for the years ended December 31, 2006, 2005, and 2004 were $51,222, $30,735, and $31,658, respectively; 99 % has been contributed for 2006 and 100 % for 2005 and 2004. No County employees participated in the DC and Combined Plans for 2006.

10. POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

In addition to the pension benefits described in Note 9, the Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage, commonly referred to OPEB (other postemployment benefits). OPERS administers three separate pension plans, the Traditional Pension Plan (TP), the Member-Directed Plan (MD) and the Combined Plan (CP), all of which are described in Note 9.

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to age and service retirants with10 or more years of qualifying Ohio service credit for members of both the TP and CO plans. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care coverage. Health care coverage for disability recipients and qualified survivor recipients is available.

The Ohio Revised Code provides statutory authority for employer contributions. The 2006 local government employer contribution rate was 13.7 % of covered payroll; 4.50 % of covered payroll was the portion that was used to fund health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

The assumptions and calculations below are based on OPERS' latest actuarial review performed as of December 31, 2005. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 % of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 % corridor. The investment assumption rate for was 6.5 %. An annual increase of 4.00 %, compounded annually, is the base portion of the individual pay increase assumption.

10. POSTEMPLOYMENT BENEFITS (Continued)

This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4 % base increase, were assumed to range from .50 % to 6.3 %. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 6% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4.00 % (the projected wage inflation rate).

OPEBs are advanced-funded on an actuarial determined basis. The number of active contributing participants in the TP and CP was 369,214 for 2005. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were $397,065. The actual contribution and the actuarially required contribution amounts are the same.

OPERS's net assets available for payment of benefits at December 31, 2005, (the latest available information) were $11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were $31.3 billion and $20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for heath care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

B. State Teachers Retirement System of Ohio

The County provides comprehensive health care benefits through the State Teachers Retirement System of Ohio (STRS Ohio). Benefits are provided to retired teachers who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code (R.C.), the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care costs in the form of a monthly premium.

The R.C. grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 % of covered payroll. For the year ended December 31, 2006, the STRS Ohio Board allocated employer contributions equal to 1 % of covered payroll to the Health Care Stabilization Fund. For the County, this amount equaled $3,940 for 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, the balance in the Fund was $3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS Ohio were $282,743,000 and STRS Ohio had 119,184 eligible benefit recipients.

11. OTHER EMPLOYEE BENEFITS

A. Deferred Compensation Plans

County employees and elected officials may elect to participate in the Ohio Public Employees Deferred Compensation Plan or the Ohio County Commissioners Association Deferred Compensation Plan. Both plans were created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency. Beginning in 2003, the Ohio County Commissioners Association Deferred Compensation Plan allows plan participants to receive their monies for loans. The minimum loan amount is $2,500, while the maximum amount is $50,000 or 50% of the vested account balance, whichever is less. Two types of loans are available. The general purpose loan has a duration of one to five years. The principal residence loan has a duration of six to fifteen years. The interest rate for both loans is 2 % over the prime rate published in the Wall Street Journal. Scheduled loan payments are made through payroll deduction, while lump sum early loan payoffs can be done by check. If a plan participant leaves employment before the loan is fully repaid, the plan participant is required to pay off the loan at the time of separation from service.

B. Compensated Absences

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. Overtime hours can be accrued as compensatory time at one and one half times the amount of hours worked. All compensatory time must be used within 180 days; otherwise, it is paid out. All accumulated, unused vacation and compensatory time is paid upon separation if the employee has at least one year of service with the County.

The County's current leave policy states that all full-time employees working eighty hours in active pay status are entitled to 4.6 hours of sick leave with pay for every full pay period worked. Employees working less or more than the required amount for the pay period shall receive a pro-rated share of sick leave. Any County employee who has ten years of service with the state, any political subdivision, or combination thereof, will be paid for 25% of the value of his accrued but unused sick leave up to a maximum of 240 hours. The Engineer Office's employees with 10-20 years of services are paid 25% up to a maximum of 30 days, 20-30 years a maximum of 45 days, and 30+ years a maximum of 180 days. The Brumback Library's employees are paid up to 100 hours of their accrued, unused vacation balance. Such payment is based upon the employee's rate of pay at the time of his retirement and is paid to the employee in one lump sum payment upon retirement.

12. RISK MANAGEMENT

A. Insurance

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2006, the County contracted with the Mid West Pool Risk Management Agency, Inc. for liability, property and crime insurance. The listing below is a general description of insurance coverage. All policy terms, conditions, restrictions, exclusions, etc. are not included.

12. RISK MANAGEMENT (Continued)

Coverage provided by Mid West Pool Risk Management Agency, Inc. is as follows:

Liability:	
General	$7,000,000
Nursing Home	2,000,000
Employee Benefits	7,000,000
Public Officials	7,000,000
Property (per occurrence, (sub-limit @ 140% of reported value for location)	250,000,000
Automotive ($2,000,000 primary and $5,000,000 excess)	7,000,000
Earthquake	36,000,000
Flood	36,000,000
Boiler and Machinery ($1,000 deductible)	50,000,000
Crime Insurance ($1,000 deductible):	
Faithful Performance	500,000
Depositors Forgery	500,000
Money and Securities	500,000

All limits except Boiler and Machinery are inclusive of MPRMA $100,000 retention.

In addition to the coverage above, the County has insurance under the Ohio School Plan for the Van Wert County Board of MRDD.

The County pays all elected officials' bonds by statute. Settled claims have not exceeded coverage in the last three years. There have been no material reductions in this coverage from the prior year.

B. Health Care Benefits

The County participates in the Midwest Employee Benefit Consortium (MEBC), a risk-sharing pool consisting of five counties (See Note 21). Each member pays premiums to the MEBC for employee medical and life insurance premiums. The MEBC is responsible for the management and operation of the program. Upon withdrawal, the County is obligated for the payment of supplementary payments attributable to years during which the County was a member of the MEBC. Such supplementary payments may include, but are not limited to, sums sufficient to pay claims, retain reserve levels and pay for continuing claims administration. In addition, the County will continue to be responsible for all other obligations of membership attributable to such prior years. The MEBC Board of Trustees has the right to return monies to an exiting member subsequent to the settlement of all expenses and claims.

The Brumback Library contracts with Aetna U.S. Healthcare for medical insurance and with The Guardian for dental coverage, and VisionPlus for vision insurance.

The County Engineer contracts with Business Administrators and Consultants, Inc. for health care and dental coverage.

C. Workers' Compensation

For 2006, the County participated in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Program provided by the County Commissioners' Association of Ohio Service Corporation (CCAOSC), a workers' compensation insurance purchasing pool (See Note 21). The intent of the CCAOSC is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants.

12. RISK MANAGEMENT (Continued)

The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the CCAOSC. Each participant pays its workers' compensation premium to the State based on the rate for the CCAOSC rather than its individual rate. In order to allocate the savings derived by formation of the CCAOSC, and to maximize the number of participants in the CCAOSC, annually the CCAOSC's executive committee calculates the total savings which accrued to the CCAOSC through its formation. This savings is then compared to the overall savings percentage of the CCAOSC. The CCAO's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the CCAOSC is limited to counties that can meet the CCAOSC's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the CCAOSC. Each year, the County pays an enrollment fee to the CCAOSC to cover the costs of administering the CCAOSC.

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

13. LEASES

A. Operating Leases

The County entered into several non-cancelable operating leases during 2004. The County leased a copier from Xerox for 60 months. Terms of the agreement require the County to pay a base monthly charge of $130. The County leases another copier from Xerox for 60 months. The County is required to pay a base monthly charge of $203. Finally, the County entered into a lease with Perry Corporation for a third copier. The County pays a rate of $742 per month for 63 months. Total costs paid during 2006 on these leases were $12,910. The following schedule is the future minimum rental payments for the non-cancelable operating leases:

For the Year Ending:	Amount
2007	$12,910
2008	12,910
2009	11,631
2010	3,713
	$41,164

Also during 2004, the County entered into a lease with John Deere for a 2003 John Deere Wheel Loader for five years. Under the terms of the lease, the County is required to make annual payments of $12,575.

13. LEASES (Continued)

B. Capital Leases

In 2006, the County leased a bus for Thomas Edison. The County also holds leases from prior years for buses for Thomas Edison and an excavator for the Engineer's Office. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Vehicles acquired by lease have been capitalized in the governmental activities general capital assets at amounts equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the governmental activities general long term debt. Principal payments made during 2006 totaled $79,478, in the Thomas Edison Special Revenue Fund. The vehicles have a total historical cost of $363,788, with accumulated depreciation of $68,124 as of December 31, 2006, with a book value of $295,664. Principal payments in the Motor Vehicle and Gas Tax fund totaled $34,814. The excavator has a historical cost of $189,824, with accumulated depreciation of $19,774 as of December 31, 2006, with a book value of $170,050. The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2006.

For the Year Ending	Amount
2007	$ 88,611
2008	88,611
2009	88,611
2010	44,479
2011	9,600
Total	319,912
Less: Amount Representing Interest	(29,081)
Present Value of Minimum Lease Payments	$290,831

14. SHORT-TERM OBLIGATIONS

A summary of the short-term transactions for the year ended December 31, 2006, follows:

	Balance at 12/31/05	Increases	Decreases	Balance at 12/31/06
2005 Towne Center Capital Facilities Note – 3.65%	$4,500,000		$4,500,000	
2006 Towne Center Capital Facilities Note – 4.25%		$4,400,000		$4,400,000
Total	$4,500,000	$4,400,000	$4,500,000	$4,400,000

The note will be paid from revenues received under a City tax financing agreement entered into with the City of Van Wert on October 5th, 2004. The note was originally issued in the amount of $5,000,000 in 2004.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

15. LONG-TERM OBLIGATIONS

The changes in the County's long-term obligations of the governmental activities of the County during 2006 follow:

Date of Issue	Description	Interest Rate	Balance at 12/31/2005	Increases	Decreases	Balance at 12/31/2006	Amounts Due in One Year
	General Obligation Notes						
1996	Airport Construction	4.64%	$ 33,850		$ 2,000	$ 31,850	$ 2,000
1999	Airport Construction	4.39%	45,315		2,080	43,235	2,215
2001	Tractor/Mower	5.75-6.75%	8,238		2,406	5,832	5,832
2002	County Annex	2.97-3.38%	1,105,000		65,000	1,040,000	65,000
2002	Thomas Edison Improvement	2.97-3.38%	280,000		40,000	240,000	40,000
2003	Airport Improvement	1.80%	102,600		1,100	101,500	4,000
2003	South Delphos Area Sewer	1.80%	62,200			62,200	62,200
2003	Probate Court Computer	1.80%	34,600		7,700	26,900	2,000
2003	County Annex/County Home	1.80%	456,742		24,800	431,942	12,000
2003	Thomas Edison Improvement	1.80%	360,000		20,000	340,000	17,000
	Total General Obligation Notes		2,488,545		165,086	2,323,459	212,247
	Special Assessment Notes						
1999	Cable Ditch	3.98%	1,952		1,952		
1999	Dog Creek	3.98%	11,494		11,494		
1999	Feigert Ditch	3.98%	598		598		
1999	Maddox Creek	3.98%	29,052		29,052		
1999	Price Ditch	3.98%	5,974		5,974		
1999	Wallace Ditch	3.98%	504		504		
2000	27 Mile Creek	3.98-4.87%	127,787		42,799	84,988	42,200
2000	James Adams Ditch	3.98-4.87%	445		246	199	199
2000	Kimmett Ditch	3.98-4.87%	19,826		6,233	13,593	6,604
2000	Monkey Run Ditch	3.98-4.87%	30,218		11,462	18,756	10,650
2000	Pottawatome Ditch	3.98-4.87%	9,858		2,207	7,651	2,300
2000	Wortman Ditch	3.98-4.87%	244		138	106	106
	Total Special Assessment Notes		237,952		112,659	125,293	62,059
	Total Notes		2,726,497		277,745	2,448,752	274,306
	Other Long-Term Obligations:						
	Compensated Absences		725,359		15,956	709,403	391,048
	Capital Leases		325,123	$80,000	114,292	290,831	75,904
	Total – Other Long-Term Obligations		1,050,482	80,000	130,248	1,000,234	466,952
	Total – General Long-Term Obligations		$3,776,979	$80,000	$407,993	$3,448,986	$741,258

15. LONG-TERM OBLIGATIONS (Continued)

The following table discloses the original issue amounts for the debt issued:

Issue	Amount
General Obligation Notes:	
1996 Airport Construction	$49,850
1999 Airport Construction	55,390
2001 Tractor/Mower	20,610
2002 County Annex	1,300,000
2002 Thomas Edison Improvements	400,000
2003 South Delphos Area Sewer	66,627
2003 Airport Improvement	108,000
2003 Probate Court Computer	50,000
2003 County Annex/County Home	495,334
2003 Thomas Edison Improvement	400,000
Special Assessment Notes:	
1999 Cable Ditch	$16,700
1999 Dog Creek	191,583
1999 Feigert Ditch	8,162
1999 Maddox Creek	221,257
1999 Price Ditch	44,263
1999 Wallace Ditch	4,289
2000 27 Mile Creek	515,870
2000 James Adams Ditch	1,880
2000 Kimmett Ditch	80,634
2000 Monkey Run Ditch	193,961
2000 Pottawatome Ditch	95,307
2000 Wortman Ditch	1,205

All of the notes are bond and revenue anticipation notes and they are backed by the full faith and credit of Van Wert County. All other note issues will be paid through the debt service funds from special assessments and transfers from the General Fund. The note liability is reflected as long-term since the notes are similar to serial bonds where annual payments are made each year and there is no rollover of principal from year to year. In the event that an assessed property owner fails to make payments, the County will be required to pay the related debt. All of the notes are prepayable without penalty at the option of the County at any time prior to maturity.

The compensated absences payable will be paid from the General, Motor Vehicle and Gas Tax, Human Services, Thomas Edison, Brumback Library, Youth Bureau, CSEA, County Home, Real Estate Assessment, Certificate of Title Administration, 9-1-1 Equipment and Maintenance, Community Corrections, and Combined Miscellaneous Special Revenue Funds. Obligations under capital lease will be paid from the Thomas Edison Special Revenue Fund and the Motor Vehicle and Gas Tax fund.

15. LONG-TERM OBLIGATIONS (Continued)

Changes in the long-term obligations reported in business-type activities of the County during 2006 were as follows:

	Interest Rate	Balance at 12/31/2005	Increases	Decreases	Balance at 12/31/2006	Amounts Due in One Year
Recycling Bldg and Trucks	1.80%	$90,000	$0	$5,000	$85,000	$2,000
Compensated Absences		10,008	0	2,335	7,673	6,062
Totals		$100,008	$0	$7,335	$92,673	$8,062

The note payable for the recycling building and trucks was issued in 2003 for $100,000 and will be paid from the Recycling Enterprise Fund with operating revenues. The note is prepayable without penalty at the option of the County at any time prior to maturity. The note will mature in 2023.

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt should not exceed a sum equal to three percent of the first $100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of $100,000,000 and not in excess of $300,000,000, plus two and one-half percent of such valuation in excess of $300,000,000. The effects of the debt limitations at December 31, 2006, are an overall debt margin of $7,300,488 and an unvoted debt margin of $2,112,440.

Principal and interest requirements to retire the County's long-term obligations outstanding at December 31, 2006, were as follows:

	Governmental Activities			
	General Obligation Notes		Special Assessment Notes	
Year	Principal	Interest	Principal	Interest
2007	$212,247	$64,199	$62,059	$6,102
2008	148,360	94,623	63,234	3,080
2009	154,510	90,057		
2010	159,680	87,328		
2011	165,850	82,587		
2012-1016	781,060	345,228		
2017-2021	614,810	243,050		
2022	86,942	37,636		
Totals	$2,323,459	$1,044,708	$125,293	$9,182

15. LONG-TERM OBLIGATIONS (Continued)

	Business-Type Activities	
	General Obligation Notes	
Year	Principal	Interest
2007	$2,000	$1,593
2008	2,000	1,557
2009	2,500	1,521
2010	2,500	1,476
2011	3,000	1,431
2012-1016	22,500	6,165
2017-2021	38,500	3,627
2022	12,000	432
Totals	$85,000	$17,802

During 1996, the County issued a health care facilities revenue bond with the principal amount of $293,000 outstanding at December 31, 2006, for facilities used by the Stepping Stones Center, Inc. A health care facilities revenue bond was issued for the Van Wert Area Visiting Nurses Association, with the principal amount of $1,281,000 outstanding at December 31, 2006. During 2004, $3,604,000 in Series 2004A Hospital Facilities Revenue Refunding Bonds was issued in order to refund and retire the outstanding Series 1997 bonds and Series 2000 bonds. At December 31, 2006, $2,183,031 was outstanding. Also during 2004, $4,750,000 in Series 2004B Hospital Facilities Revenue Refunding and Improvement Bonds were issued in order to refund and retire the outstanding Series 1991 Bonds and finance the acquisition, construction, installation, renovation and equipping the second floor of the Hospital's facilities. At December 31, 2006, $4,750,000 was outstanding. Payments on the Series 2004 B bonds will begin in 2009.

The proceeds of the bonds do not constitute a general obligation, debt or bonded indebtedness of the County. The County is not obligated in any way to pay debt charges on the bonds from any of its funds; therefore, they have been excluded entirely from the County's debt presentation. Neither is the full faith and credit or taxing power of the County pledged to make repayment.

16. INTERFUND ASSETS/LIABILITIES

Interfund balances at December 31, 2006, consisted of the following amounts and resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting, and (3) payments between funds are made. All are expected to be paid within one year.

		Interfund Receivable					
		General	Motor Vehicle and Gas Tax	Human Services	Thomas Edison	Other Govt	Total
Interfund Payable	General	$5,615	$4,121				$9,736
	Motor Vehicle and Gas Tax	30,143					30,143
	Thomas Edison	1,323	2,838				4,161
	Brumback Library	280					280
	Towne Center					$200,162	200,162
	Other Governmental	346,765	19,234	$12,198	$937		379,134
	Recycling	8,262	1,534				9,796
	Total	$392,388	$27,727	$12,198	$937	$200,162	$633,412

16. INTERFUND ASSETS/LIABILITIES (Continued)

Interfund transfers for the year ended December 31, 2006, consisted of the following:

Transfers to	Transfers From: General	Thomas Edison	Other Governmental	Total
General	$0	$0	$500	$500
Human Services	52,437	0	0	52,437
Other Governmental	137,233	75,718	0	212,951
Total	$189,670	$75,718	$500	$265,888

The General Fund transfers out equaled $189,670. Out of total transfers out, $134,246 in transfers was for debt service obligations and $52,437 was to the Department of Job and Family Services and $2,987 was to Children Services. The Thomas Edison Capital Projects transferred money to the Thomas Edison Special Revenue for the payment of principal and interest. The Indigent Guardianship transferred $500 to the General Fund to correct an error.

17. DISCRETELY PRESENTED COMPONENT UNITS

Summary of Significant Accounting Policies

A. Nature of Organizations

1. **The Thomas Edison Center** – Due to control arising from common membership of boards of directors, the Thomas Edison Center financial statements include the accounts of the Thomas Edison Center and those of closely related entities of Thomas Edison Memorial Endowment and Van Wert Housing Services, Inc. Inter-company transactions and balances have been eliminated in consolidation.

   (a) The Thomas Edison Center is a non-profit sheltered workshop providing residential, vocational, habilitation and family resource services to mentally retarded and developmentally disabled adults in Van Wert County and other counties. The Thomas Edison Center is primarily funded by the Van Wert County Board of MRDD as disclosed in Note 22. The Thomas Edison Center is exempt under Internal Revenue Code Section 501(c)(3) from federal income tax. It is also currently exempt from federal unemployment tax and Ohio franchise, personal property, and sales taxes. The payroll of the Thomas Edison Center became subject to social security (FICA) coverage due to the Social Security Amendments of 1983.

   (b) Van Wert Housing Services, Inc. was organized in 1992 as a not-for-profit corporation. The purpose is to develop dwellings and provide affordable housing in Van Wert County or other counties for occupancy by disabled persons from Van Wert County. Van Wert Housing Services, Inc. is primarily funded by the Van Wert County Board of MRDD as disclosed in Note 22. Van Wert Housing Services, Inc. is exempt under Internal Revenue Code Section 501(c)(3) from federal income tax. It is also currently exempt from federal unemployment tax and Ohio franchise, personal property, and sales taxes. The payroll of Van Wert Housing Services, Inc. became subject to social security (FICA) coverage due to the Social Security Amendments of 1983.

17. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

(c) The Thomas Edison Memorial Endowment is a not-for-profit corporation organized in 1975. The organization is classified as a public charity by the Internal Revenue Service Code Section 501I(3) and 509(a)(1).

2. **The Port Authority** is a legally separate organization created to maintain and operate the rail property located within the County.

3. **The Airport Authority** is a legally separate organization. It was created in 1974 by resolution of the Van Wert County Commissioners.

B. Classification of Net Assets

Unrestricted net assets are comprised of the amount upon which donors have placed no restriction on expenditure of these assets themselves or their investment income.

Temporarily restricted net assets and investment income generated by these assets comprise those amounts the expenditure of which has been restricted by donors for use during a specific time period or for a particular purpose. When such a restriction expires; that is, when a stipulated time restriction ends or a program restriction is accomplished, temporarily restricted capital assets are released to unrestricted net assets and are reported in the statement of activities and changes in net assets.

Permanently restricted net assets comprise those assets contributed to the component units by donors who have indicated an intention that the assets are to remain in perpetuity as permanent endowments of the component units. Investment income generated by these assets is reported as unrestricted or temporarily restricted, depending upon whether the donors have limited the expenditure of income to a particular purpose or purposes or have indicated that such income is to be available for the general purposes of the component units. At December 31, 2006, all of the assets of the component units are unrestricted.

C. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. All of the component units' contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. Contributed services have been recognized as contributions to the extent the total amount that could have been charged for these services exceeds the amount actually charged.

D. Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended for short periods of time to customers of the sheltered workshop. These receivables do not bear interest or finance charges. Management periodically reviews open receivables for collection issues. Accounts are written off only after reasonable collection efforts have been made and require board approval. At December 31, 2006, accounts receivable consisted of:

Due from workshop program customers	$ 44,992
Due from consumers for utility charges	1,560
Expense reimbursement due	4,649
	$ 51,201

At December 31, 2006, $341 of accounts receivable were in excess of 90 days past due.

17. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

E. Inventories

Inventories are valued at the lower of cost or market using the average cost method of determining cost.

F. Capital Assets

It is the component units' policy to capitalize expenditures in excess of $500 with an estimated life of more than one year. Property, equipment, and vehicle accounts are stated at cost. Donations of property and equipment and vehicle are recorded as contributions at their estimated fair value. Thomas Edison Center uses a 12-40 year useful life for buildings and improvements and 10-12 years for equipment and fixtures. The Port Authority depreciates its capital assets over an estimated useful life of 40 years, and 5 to 20 years for the Airport Authority. When sold, retired, or otherwise disposed of, the related cost and accumulated depreciation are removed from the applicable accounts and any gain or loss resulting there from is included in the statement of activities. Routine maintenance, repairs and renewals are charged to operating cost and expenses as incurred. Property and equipment additions and expenditures which materially increase values or extend useful lives are capitalized. During the year ended December 31, 2006, depreciation expense for Thomas Edison Center, Port Authority, and the Airport Authority is $36,735, $196, and $81,293, respectively.

A summary of the component units' capital assets at December 31, 2006, follows:

Thomas Edison Center	
Work shop equipment	$152,307
Delivery equipment	35,249
Houses and related improvements	651,068
Home furnishings	20,697
Total	859,321
Accumulated Depreciation	(234,909)
Book Value	$624,412

	Port Authority	**Airport Authority**
Capital Assets not being depreciated:		
Land	$204,454	$222,216
Construction in Progress		21,840
Total Capital Assets, not being depreciated	204,454	244,056
Capital Assets Being Depreciated:		
Buildings	7,834	116,270
Equipment, Improvements, and Furnishings		838,919
Vehicles		37,510
Capital Assets Being Depreciated	7,834	992,699
Less: Accumulated Depreciation		
Buildings	(4,898)	(47,298)
Equipment, Improvements, and Furnishings		(185,695)
Vehicles		(31,358)
Accumulated Depreciation	(4,898)	(264,351)
Total Capital Assets Being Depreciated, Net	2,936	728,348
Total Capital Assets, Net	$207,390	$972,404

17. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

G. Use of Estimates

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

H. Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was $2,425 for the year ended December 31, 2006, for Thomas Edison Center.

I. Major Customer and Concentration of Credit Risk

Approximately 58% of Thomas Edison Center's workshop program revenues were derived from service contracts with one industrial customer. Loss of this customer would have a significant impact on workshop operations. The Thomas Edison Center grants credit to the customers of its workshop operations most of whom are based in western Ohio.

J. Bad Debts

For the Thomas Edison Center, management periodically reviews receivables for collection status. Since at the balance sheet date management as determined that all receivables would be collected, no allowance for doubtful accounts was made. The Center does not charge interest on past due accounts. Should any receivable become past due, management's policy if to write-off accounts only after all reasonable collection efforts have been made. Such write-offs require board approval.

K. Deposits and Investments

Cash and cash equivalents held by the Thomas Edison Center and the Airport Authority are classified as "Cash and Cash Equivalents in Segregated Accounts," meaning any investment with an original maturity of three months or less. Cash and cash equivalents held by the Port Authority is presented in the account "Equity in Pooled Cash and Cash Equivalents" because its funds are included in the County Treasurer's cash management pool. Investments held by the Thomas Edison Center are classified as "Investments in Segregated Accounts."

1. At year-end, the carrying amount of deposits for Thomas Edison Center was $150,335 and the bank balance was $119,921. The entire balance was covered by federal deposit insurance. There are no statutory guidelines regarding the deposit and investment of funds for the not-for-profit corporation. Investments consisted of:

	Cost	Fair Value	Unrealized Gain (Loss)
Money Market Funds	$ 28,686	$ 28,686	
Corporate Bonds	694,710	685,831	($8,879)
Common Stocks	621,406	847,802	226,396
Real Estate Investment Trusts	97,749	111,060	13,311
	$1,442,551	$1,673,379	$230,828

The stocks and bonds are not rated.

17. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

2. Since the County Auditor is the fiscal agent for the Port Authority, the Port Authority follows the same investment guidelines as the County Treasurer. Information concerning deposits for the Port Authority can be found in Note 6.

3. At year-end, the carrying amount of deposits for the Airport Authority was $11,353, and the bank balance was $10,562. The entire bank balance was covered by federal depository insurance.

The Airport Authority follows the same investment guidelines as the County Treasurer which can be found in Note 6.

L. Due from Other Governments

The Airport Authority had a receivable for $7,379 for federal capital grants. The grant is for ramp widening plans.

M. Notes Payable

A summary of the note transactions for the component units for the year ended December 31, 2006, follows:

	Interest Rate	Balance at December 31, 2005	Increases	Decreases	Balance at December 31, 2006
Thomas Edison Center					
Residential Property #1	8.38%	$7,408	$0	$3,438	$3,970
Residential Property #2	7.00%	9,709	0	3,229	6,480
Residential Property #3	8.00%	18,976	0	2,344	16,632
Residential Property #4	8.00%	24,146	0	1,759	22,387
Residential Property #5	7.00%	21,515	0	1,475	20,040
Residential Property #6	5.75%	33,603	0	1,839	31,764
Total		$115,357	$0	$14,084	$101,273

Terms on residential property #1 note call for monthly payments of $355. It is secured by a consumer residential house with a book value of $65,870. Terms on residential property #2 note call for monthly payments of $315. It is secured by a consumer residential house with a book value of $66,462. Terms on residential property #3 note call for monthly payments of $325. It is secured by a consumer residential house with a book value of $54,402. Terms on residential property #4 note call for monthly payments of $306. It is secured by a consumer residential house with a book value of $69,277. Terms on residential property #5 note call for monthly payments of $243. It is secured by a consumer residential house with a book value of $54,402. Terms on residential property #6 note call for monthly payments of $309. It is secured by a consumer residential house with a book value of $86,242.

17. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Following are the maturities of the of notes payable in the aggregate for each of the next five years for the Thomas Edison Center:

2007	$15,268
2008	11,559
2009	9,138
2010	9,838
2011	10,592
Beyond	44,878
	$101,273

N. Loans Payable

A summary of the loan transactions for the Airport Authority component unit for the year ended December 31, 2006, follows:

	Interest Rate	Balance at December 31, 2005	Increases	Decreases	Balance at December 31, 2006
Airport Hangar #1	4.64%	$33,850	$0	$2,000	$31,850
Fuel Tank Removal	1.80%	102,600	0	1,100	101,500
Airport Hangar #2	4.39%	45,315	0	2,080	43,235
Tractor/Mower Airport Notes	3.50%	8,238	0	2,406	5,832
Total Loans Payable		$190,003	$0	$7,586	$182,417

The interest rates on the airport loans are adjusted annually on the date that the annual payment is due. The adjusted rate is the prime rate multiplied by 65 %. The interest rate shall never exceed the lesser of 12 % or the maximum interest rate permitted by law. Terms on the Airport Hangar loan #1 due to the County call for a total of 20 annual payments starting on August 1, 1997, at varying amounts based on the interest rate and principal due at that time. Terms on the Fuel Tank loan due to the County call for five annual payments starting on August 2, 2001, at varying amounts based on the interest rate and principal due at that time. Terms on the Airport Hangar loan #2 due to the County call for a total of 20 annual payments starting on October 1, 2001, at varying amounts based on the interest rate and principal due at that time. In 2005, the terms on the Tractor/Mower Loan were modified. The new terms call for one principal payment due to the County of $8,238 on December 13, 2006. In addition, the County is due interest based on a 3.50% interest rate.

18. JOINT VENTURES

A. Van Wert County Emergency Management Agency

The Van Wert County Emergency Management Agency (EMA) is a joint venture among Van Wert County, the City of Van Wert, and townships and villages within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is composed of the following seven members: one County Commissioner representing the board of county commissioners entering into the agreement; five chief executives representing the municipal corporations and townships entering into the agreement; and one non-elected representative.

During 2006, the County contributed $30,000 for the operation of the agency. The EMA is a joint venture since it cannot continue to exist without the financial support of the County. The County does not have an equity interest in the joint venture. The EMA is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial statements can be obtained from the EMA located at 1300 Old Route 30, Post Office Box 602, Van Wert, Ohio 45891.

B. Van Wert County Regional Planning Commission

The Van Wert County Regional Planning Commission (the Commission) is a joint venture among the County, the City of Van Wert, and townships and villages within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of thirty members of which two-thirds are elected officials. The County must be represented by the three County Commissioners, a County Health Official, the County Engineer, the County Recorder, the County Auditor, the Sheriff and the County Extension Agent. Other members include: a representative from all participating Boards of Township Trustees; the Mayor or a Council member of each participating incorporated village; two representatives from the City of Van Wert, one being the Mayor or his designee and one being appointed by City Council. The remaining members of the Commission are representatives from public utility, minority groups, business, industry, Ministerial Association, farm organizations, Chamber of Commerce and other representatives as deemed necessary by the Commission.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. The County contributed $5,000 during 2006 for the operations of the Commission. The Commission is a joint venture since it cannot continue to exist without the financial support of the County. The County does not have an equity interest in the joint venture. The Commission is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial statements can be obtained from the Commission located at 719 East Crawford Street, Van Wert, Ohio 45891.

19. JOINTLY GOVERNED ORGANIZATIONS

A. Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Paulding and Van Wert Counties (Tri County Mental Health Board)

The Tri County Mental Health Board is a jointly governed organization among Mercer, Paulding and Van Wert counties. The Tri County Mental Health Board provides leadership in planning for and supporting community-based alcohol, drug addiction and mental health services in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming while respecting, protecting and advocating for the rights of persons as consumers of alcohol, drug addiction and mental health services.

The ability to influence operations depends on the County's representation on the Board. The Board of Trustees consists of eighteen members: four members are appointed by the Director of the Ohio Department of Mental Health, four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services and the remaining ten members are appointed by the County Commissioners of Mercer, Paulding and Van Wert counties in the same proportion as the County's population bears to the total population of the three counties combined. The majority of the Tri County Mental Health Board's revenue comes from a property tax levied by the Tri County Mental Health Board. During 2006, the tax levy provided $318,517 for the operations of the organization. These monies were collected and distributed by the County on behalf of the Tri County Mental Health Board. There were no County contributions.

B. Community Improvement Corporation of the City of Van Wert and County of Van Wert, Ohio

The Community Improvement Corporation of the City of Van Wert and County of Van Wert, Ohio (the CIC) is a jointly governed organization between the City and the County. The general purpose of the CIC is to pursue and maintain economic development within the County. The CIC is governed by a Board of Trustees made up of fifteen members, who include: three elected or appointed officers of the City, to be designated annually by the City Council; three elected or appointed officers of the County, to be designated annually by the Board of County Commissioners; six people to be designated annually by the Board of Trustees of The Van Wert Area Chamber of Commerce; the President of the Van Wert Industrial Development Corporation (in ex officio status); and two people who are residents of the County, to be elected at the annual meeting of the members by a majority of the members listed previously. During 2006, the County contributed $11,500 to the CIC.

C. Van Wert County Council on Aging, Inc.

The Van Wert County Council on Aging, Inc. (the Council) is a jointly governed organization among the County, the City of Van Wert, neighboring townships, and local related organizations. The Council was formed to secure and maintain maximum independence and dignity for older persons (1) in a home environment for older persons capable of self-care with appropriate supportive services by providing such services and to remove individual and social barriers to economic and personal independence, (2) in a home-like environment for older persons not capable of self-care with adequate institutional situations by providing assistance to these institutions in developing policy. The Board of Directors consists of thirteen members, who represent, as nearly as possible, a cross section of the entire county population. Representatives of local health services, low income persons, the clergy, government officials, consumers and other concerned citizens shall be appointed to the Board. The majority of the Council's revenue comes from a property tax levied by the Council. During 2006, the tax levy provided $163,507 for the operations of the organization. These monies were collected and distributed by the County on behalf of the Council. There were no County contributions.

19. JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. West Central Partnership, Inc.

The West Central Partnership, Inc. (the Partnership) is a jointly governed organization among Allen, Auglaize, Darke, Hancock, Hardin, Mercer, Miami, Logan, Paulding, Putnam, Shelby, Union and Van Wert counties. The Partnership was formed to administer local loan programs in these counties for the State of Ohio Department of Development using 166 funds and locally raised money. The Board of Trustees consists of nine members, including a County Commissioner from each of the member counties and the Director of Region 3, West Central SBDC Partnership. The counties do not contribute any money for the operation of the Partnership.

E. Maumee Valley Resource Conservation and Development Area

The Maumee Valley Resource Conservation and Development Area (the MV-RCD Area) is a jointly governed organization among the Counties of Allen, Defiance, Fulton, Henry, Paulding, Putnam, Van Wert, and Williams. The MV-RCD Area is organized to accelerate local efforts toward improving the social and economic conditions of the area through the conservation, development and utilization of natural resources. The Executive Council consists of twenty-four members. Each county appoints three members, with a member from each of the following: Board of County Commissioners, Soil and Water Conservation District, and a member at large. The member at large may represent one of the following interests: cities and villages, township trustees, Regional Planning, business, industry, labor, Chamber of Commerce, economic development, environmental groups, league of women voters, specialty growers, farm organizations, and concerned citizens. For 2006, the County contributed $500 to the MV-RCD Area for its operation.

F. Northwest Ohio Waiver Administration Council

The Northwest Ohio Waiver Administration Council (NOWAC) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. NOWAC is a council of governments directed by a seven-member Board of Council Members. The Board consists of the Superintendents of the member County Boards of Mental Retardation and Developmental Disabilities (County Boards of MR/DD). The member County Boards of MR/DD include: Allen, Defiance, Fulton, Henry, Paulding, Van Wert and William Counties. NOWAC provides quality assurance reviews for various member County Boards of MR/DD residential programs and also administers the residential programs for Defiance, Van Wert, and Williams County Boards of MR/DD. NOWAC provides investigation of Major Unusual Incidents (MUIs) for the Defiance, Henry, Fulton, Paulding, Van Wert and Williams County Boards of MR/DD.

20. RELATED ORGANIZATIONS

A. Van Wert County Hospital Commission

The Van Wert County Hospital Commission (Commission) is a legally separate body politic. The nine board members of the Commission are appointed by the Van Wert County Commissioners: one member each from the townships of Willshire-Liberty, Harrison-Pleasant, Tully-Union, Hoaglin-Jackson, Ridge-Washington, and York-Jennings, along with three members from the City of Van Wert. The County is not able to impose its will on the Commission and no financial benefit and/or burden relationship exists. The Commission is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. The Commission was organized under Ohio Revised Code 339.14. The purpose is to oversee the total operation of the Van Wert County Hospital to insure the residents of the County are receiving total care.

20. RELATED ORGANIZATIONS (Continued)

B. Local Emergency Planning Committee

The Local Emergency Planning Committee (LEPC) is a legally separate body politic. The fifteen committee members of the LEPC are appointed by the Van Wert County Commissioners. As near as practical, the LEPC will be comprised of an equal number of representatives from the following categories: Elected Officials, Law Enforcement, Emergency Management, Fire Fighter, First Aid/Red Cross, Health, Local Environmental, Hospital, Transportation, Broadcast or Print Media, Community Group, Facility Owner/Operator. The County is not able to impose its will on the LEPC and no financial benefit and/or burden relationship exists. The LEPC is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. The LEPC was organized under the Superfund Amendments and Reauthorization Act (SARA TITLE III), United States Public Law 99-499, and the Emergency Planning and Community Right-to-Know Act (EPCRA) Section 301c. The purpose is to prepare a comprehensive and coordinated chemical emergency response plan for the County; to receive and process requests from the public for information under SARA TITLE II; to implement the LEPC rules and requirements of SARA TITLE III; and to receive and dispense funds generated by SARA TITLE III.

21. INSURANCE POOLS

A. Mid-West Pool Risk Management Agency, Inc.

The Mid-West Pool Risk Management Agency, Inc., (the Pool) is an Ohio nonprofit corporation established by five counties for the purpose of establishing a risk-sharing insurance program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by the Pool. Coverage includes comprehensive general liability, automobile liability, certain property insurance, and public officials' error 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 Pool are managed by an elected board of not more than five trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of the Pool is limited to its voting authority and any representation it may have on the board of trustees.

B. Mid-West Employee Benefit Consortium

The County participates in the Mid-west Employee Benefit Consortium (MEBC), a risk-sharing pool consisting of five counties. The MEBC is responsible for the administration of the program and processing of all claims for each member. The County pays premiums to the MEBC for employee medical and life insurance benefits.

The MEBC is governed by a Board of Trustees consisting of one county commissioner from each participating member. Each participant decides which plans offered by the Board of Trustees will be extended to its employees. Participation in the MEBC is by written application subject to acceptance by the Board of Trustees and payment of the monthly premiums.

21. INSURANCE POOLS (Continued)

C. The County Commissioners' Association of Ohio Service Corporation

The County is participating in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Program as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners' Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners' Association of Ohio (CCAO) as an insurance purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates; approving the selection of a third party administrator; reviewing and approving proposed third party fees, fees for risk management services, and general management fees; determining ongoing eligibility of each participant; and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of the CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a County Commissioner.

22. RELATED PARTY TRANSACTIONS

Thomas Edison Center, a discretely presented component unit of Van Wert County, has entered into a contractual agreement with the Van Wert County Board of Mental Retardation/Developmental Disabilities (MRDD), whereby the MRDD provides sheltered employment for mentally retarded or handicapped individuals in Van Wert County. The MRDD provides the workshop with personnel who provide habilitation services to the clients, land and buildings for the operation of the center, maintenance and repair of the buildings and professional staff to supervise and train clients of Thomas Edison Center. The contributions and related expenses are reflected in the financial statements of the component unit. In 2006, the contributions to Thomas Edison Center for salaries, fringes, maintenance and repairs of buildings and administrative costs were $210,987.

Van Wert Housing Services, Inc., a discretely presented component unit of Van Wert County included with Thomas Edison Center, has entered into a contractual agreement with the Van Wert County Board of MRDD. It had agreed to acquire, manage and maintain residential properties. The MRDD makes grants available to assist in the purchase of the properties and has maintained a legal interest through a note and a second mortgage in the acquired properties. In the event of default or violation of the contract terms, the MRDD has the right to assume the mortgage and the right to insist on the transfer of title.

23. CONTINGENT LIABILITIES

The County has received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such 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, would be immaterial.

A lawsuit is pending against the County regarding a prior employee's disciplinary action. In the opinion of the County's legal counsel, any liability resulting from the litigation would be minimal and would not have an adverse effect on the financial statements as of December 31, 2006.

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FINANCIAL CONDITION
VAN WERT COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 2006

Federal Grantor/ *Pass Through Grantor* **Program Title**	**Pass Through Entity Number**	**Federal CFDA Number**	**Disbursements**	**Non-Cash Disbursements**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
(Passed through Ohio Department of Development)				
Community Development Block Grant/State's Program	BM-04-074-1	14.228	$50,000	
	BC-04-074-1		24,563	
	BF-04-074-1		254,197	
	BF-05-074-1		71,515	
	BF-06-074-1		341	
	BF-03-074-1		4,140	
Total Community Development Block Grant			404,756	
Home Investment Partnership (HOME) Program	BC-04-074-2	14.239	22,413	
Total United States Department of Housing and Urban Development			427,169	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
(Passed through Ohio Department of Development)				
Low-Income Home Energy Assistance Program	H06-136	93.568	17,914	
	H05-136		14,519	
	06-HC-253		36,306	
	05-HA-153		766	
	06-HA-153		41,337	
	07-HA-153		26,457	
	07-HE-253		18,608	
	06-HE-253		56,323	
Total Low-Income Home Energy Assistance Program			212,230	
(Passed through Ohio Department of Job and Family Services)				
Children Welfare Services	N/A	93.645	56,464	
Chafee Foster Care Independent Living	N/A	93.674	998	
Promoting Safe and Stable Families	N/A	93.556	10,245	
Child Abuse and Neglect	N/A	93.669	979	
(Passed through Ohio Department of Mental Retardation and Developmental Disabilities)				
Medical Assistance Program - TCM	8100012	93.778	27,751	
Medical Assistance Program - CAFS	8100012		162,653	
Total Medical Assistance Program			190,404	
State Children's Insurance Program (SCHIP - TCM)	8100012	93.767	51	
Social Services Block Grant	MR-81 FY 06	93.667	14,484	
	MR-81 FY 06		15,006	
Total Social Services Block Grant			29,490	
Total United States Department of Health and Human Services			500,861	
U.S. DEPARTMENT OF EDUCATION				
(Passed through Ohio Department of Education)				
Special Education Cluster:				
Special Education Preschool Grant	071183-PG-S1-2006	84.173	15,128	
	071183-PG-S1-2007		1,810	
Total			16,938	
Special Education Grants to States	071183-6B-SF-2006	84.027	5,988	
Total Special Education Cluster			22,926	
(Passed through the Ohio Department of Health)				
Special Education Grants for Infants & Families with Disabilities	81-1-001-1-EG-05	84.181	37,934	
Total United States Department of Education			60,860	

(Continued)

FINANCIAL CONDITION
VAN WERT COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 2006
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF ENERGY				
(Passed through the Ohio Department of Development)				
Weatherization Assistance for Low-Income Persons	D05-136	81.042	19,113	
	D06-136		54,410	
Total			73,523	
Total United States Department of Energy			73,523	
UNITED STATES DEPARTMENT OF AGRICULTURE				
(Passed through the Ohio Department of Education)				
Nutrition Cluster:				
School Breakfast Program	140285-05PU	10.553	9,366	
National School Lunch Program	140285-LLP4	10.555	14,459	
Total Nutrition Cluster			23,825	
Food Distribution	N/A	10.550		$5,101
Total United States Department of Agriculture			23,825	5,101
UNITED STATES DEPARTMENT OF JUSTICE				
(Passed through the Ohio Office of Criminal Justice Services)				
Visitation - Byrne Grant	2005-DG-D02-7137	16.579	20,147	
Total United States Department of Justice			20,147	
UNITED STATES GENERAL SERVICES DIVISION				
(Passed through the Ohio Secretary of State)				
Election Reform	04-SOS-HAVA-81	39.011	4,476	
Total United States General Services Division			4,476	
UNITED STATES DEPARTMENT OF TRANSPORTATION				
(Passed through the Ohio Department of Transportation)				
Highway Planning and Construction	PID#23093	20.205	284,190	
	PID#23096		241,046	
Total Highway Planning and Construction			525,236	
Direct from Federal Aviation Administration				
Airport Improvement Program	AIP 3-39-0081-806	20.106	176	
	AIP 3-39-0081-0402		177	
	AIP 3-39-0081-0305		9,667	
	AIP 3-39-0081-0806		756	
	AIP 3-39-0081-0406		488	
Total Airport Improvement Program			11,264	
Total United States Department of Transportation			536,500	
Total Federal Assistance			$1,647,361	$5,101

See Accompanying Notes to the Schedule of Federal Awards Expenditures.

NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2006

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DONATION PROGRAM

Program regulations do not require the County to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

NOTE C - 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. 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 certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by personal property and business assets. At December 31, 2006, the gross amount of loans outstanding under this program was $126,828. Delinquent amounts due are $48,918 and defaulted loans are $26,470.

NOTE D - MATCHING REQUIREMENTS

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

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Mary Taylor, CPA
Auditor of State

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

Financial Condition
Van Wert County
121 E. Main Street
Van Wert, Ohio 45891

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Van Wert County, (the County) as of and for the year ended December 31, 2006 which collectively comprise the County's basic financial statements and have issued our report thereon dated October 17, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of the Thomas Edison Center, a discretely presented component unit in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards* and accordingly this report does not extend to that discretely presented component unit.

Internal Control Over Financial Reporting

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

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

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Internal Control Over Financial Reporting
(Continued)

We consider the following deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting: 2006-002 and 2006-003.

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, of the significant deficiencies described above, we believe findings number 2006-002 and 2006-003 are also material weaknesses.

We also noted certain internal control matters that we reported to the County's management in a separate letter dated October 17, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2006-001 through 2006-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated October 17, 2007.

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 17, 2007

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

Financial Condition
Van Wert County
121 E. Main Street
Van Wert, Ohio 45891

To the Board of County Commissioners:

Compliance

We have audited the compliance of Van Wert County, (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2006. The summary of auditor's results section of the accompanying schedule of findings and questioned costs 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.

As described in findings 2006-004 through 2006-007 in the accompanying schedule of findings, the County did not comply with the requirements regarding cash management, procurement, and reporting applying to its Community Development Block Grant Program. Compliance with these requirements is necessary, in our opinion, for the County to comply with requirements applicable to this program.

As described in findings 2006-008 through 2006-010, in the accompanying schedule of findings, the County did not comply with the requirements regarding reporting and procurement applying to its Home Investment Partnerships Program. Compliance with these requirements is necessary, in our opinion, for the County to comply with requirements applicable to this program.

As described in findings 2006-011 through 2006-015, in the accompanying schedule of findings, the County did not comply with the requirements regarding reporting, procurement and earmarking applying to its Low Income Home Energy Assistance Grant. Compliance with these requirements is necessary, in our opinion, for the County to comply with requirements applicable to this program.

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**Compliance
(Continued)**

In our opinion, except for the noncompliance described in the preceding paragraph, Van Wert County complied, in all material respects, with the requirements referred to above applying to each of its major federal programs for the year ended December 31, 2006.

In a separate letter to the County's management dated October 17, 2007, we reported other matters related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with 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.

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

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2006-004 through 2006-015 to be significant deficiencies.

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. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider findings 2006-004 through 2006-015 to be material weaknesses.

We also noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated October 17, 2007.

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 17, 2007

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2006

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	**Unqualified**
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any other significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Qualified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Medical Assistance Program CFDA#93.778 Community Development Block Grant CFDA # 14.218 Home Investments Partnership Program CFDA #14.239 Low Income Home Energy Assistance CFDA #93.568
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

FINDING NUMBER 2006-001

Finding for Recovery Repaid Under Audit

Ohio Attorney General Opinion No. 82-006 addresses the expenditure of funds for public purposes. This opinion, citing the Ohio Supreme Court case of *State ex. re. McClure v. Hagerman (1951), 155 Ohio St. 320,* provides that the primary object of an expenditure of public funds should serve a public purpose. Any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditures.

County Engineer Kyle Wendel approved the voucher for warrant number 30483 dated March 30, 2006, for the purchase of a watch for an employee's retirement in the amount of $188.50.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Kyle Wendel, County Engineer, in the amount of $188.50 in favor of the Motor Vehicle Gasoline Tax Fund.

Officials Response:

County Engineer Kyle Wendel, repaid the $188.50 while under audit on September 9, 2007, on Van Wert County pay-in number 27576.

FINDING NUMBER 2006-002

Noncompliance/Material Weakness

Ohio Rev. Code Section 5705.41(D) states, in part, that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void and no warrant shall be issued in payment of any amount due thereon. There are several exceptions to the standard requirement stated above that an auditor's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate –** If the auditor can certify that both at the time that the contract or order was made ("then"), and at the time that the auditor is completing the certification ("now") sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the County can authorize the drawing of a warrant for the payment of the amount due. The County has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than $100 may be paid by the Auditor without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the County.

2. **Blanket Certificate –** Auditors may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

FINDING NUMBER 2006-002
(Continued)

3. **Super Blanket Certificate –** The County may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Fifteen percent of purchase orders tested were not properly certified during the audit period. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the County's funds exceeding budgetary spending limitations, the County Auditor should certify that the funds are or will be available prior to obligation by the County. When prior certification is not possible, "then and now" certification should be utilized.

Officials Response:

Officials did not respond to the finding.

FINDING NUMBER 2006-003

Noncompliance/Material Weakness

Ohio Admin. Code Section 117-2-02 (A) states all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

OAC 117-2-02 (B), states the management of each local public office is responsible for the assertions underlying the information in the public office's financial statements. The accounting system should assure that the following five assertions are achieved for all transaction types and account balances applicable to the local public office's operations, considering the basis of accounting applicable to it:

- Existence/occurrence;
- Completeness: That all account balances and transactions that should be included in the financial records are included;
- Rights and obligations;
- Valuation/allocation, and:
- Presentation and disclosure: that financial statement elements are properly classified and described and appropriate disclosures are made as required by generally accepted accounting principles, or as prescribed by the auditor of state for entities that do not follow generally accepted accounting principles.

The County did not record in their accounting system or on their 2006 financial statements payments made on behalf of Thomas Edison MRDD directly from the State to the Northwest Ohio Waiver Administration (NOWA) totaling to $97,763. Disbursements of $79,741 made by NOWA, along with the remaining fund balance, were also not recorded by the County.

FINDING NUMBER 2006-003
(Continued)

The County should implement procedures to properly record all on behalf transactions such as the transactions with NOWA during 2006. The financial statements have been adjusted to reflect this financial activity. The County should consult the guidance in Auditor of State Bulletin 2000-008 when determining the accounting treatment for transactions made on their behalf.

Officials Response:

The Van Wert County Board of MRDD will make available to the County all financial transactions made on the County MRDD Board's behalf by NOWA so that those transactions can be properly recorded for financial reporting.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	**2006-004**
CFDA Title and Number	CFDA #14.228 – Community Development Block Grant
Federal Award Number / Year	B-F-05-074-1 and B-F-04-074-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness

Ohio Department of Development Rules and Regulations – Cash Management

Ohio Department of Development, Office of Housing and Community Partnerships Financial Management Rules and Regulations, Section (A)(3)(f) states that Grantee must develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than $5,000 within fifteen days of receipt of any funds.

On September 28, 2006, the County received $41,600 for grant B-F-05-074-1 and as of December 31, 2006, the grant still had a balance of $15,584. Also, the County did not expend the $151,000 received on September 28, 2006, for grant B-F-04-074-1 until November 30, 2006.

The County should develop a cash management system to monitor the fifteen day rule regarding the prompt disbursement of funds. The County should then submit Requests for Payments for current cash needs and monitor the receipts, disbursements, and balances of the Community Development Block Grant funds to avoid excessive federal fund cash balances.

Officials Response:

Staff is currently reviewing accounting software programs that will aid in cash management. The larger projects required signatures of contractor and signed approval of the project engineer and County Commissioners prior to preparation of payment voucher for approval by County Commissioners. More timely signature turn around time will be encouraged.

Finding Number	**2006-005**
CFDA Title and Number	CFDA #14.228 – Community Development Block Grant
Federal Award Number / Year	B-F-05-074-1 and B-C-04-074-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness

Ohio Department of Development Rules and Regulations -- Reporting

Ohio Department of Development Grant Agreements, B-C-04-074-1 and B-C-05-074-1, Attachment C states grantees shall submit to Grantor a Status Report beginning six months after the effective date of the Agreement. The Status Report is used to report the funds disbursed to date by project and activity number.

The effective date of the B-C-04-074-1 agreement was September 1, 2004. The Status Reports that were to be submitted on March 1, 2006 and September 1, 2006, were not prepared and submitted. This resulted in the failure to report to the Ohio Department of Development grant expenditures of $3,475 as of March 1, 2006, and expenditures of $11,468 as of September 1, 2006.

The effective date of the B-F-05-074-1 agreement was September 1, 2005. The Status Report to be submitted on September 1, 2006 could not be located in its entirety, as only three pages of the report were presented for audit.

The County Grant Coordinator and Commissioners should implement procedures to monitor Ohio Department of Development reporting deadlines. The County should prepare and file Status Reports by the required dates that accurately reflect the actual expenditures incurred. In addition, the amounts reported should be reconciled to the amounts reported on the County's financial accounting system.

Officials Response:

A chart has been developed for tracing of Status Reports from receipt through submittal.

Finding Number	**2006-006**
CFDA Title and Number	CFDA #14.228 – Community Development Block Grant
Federal Award Number / Year	B-F-05-074-1 and B-M-04-074-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness

24 CFR PART 85.36 – Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian tribal Governments - Procurement

24 CFR 85.36 (b)(1) states grantees will use their own procurement procedures which reflect applicable State and local laws and regulations. **Ohio Rev. Code Section 5705.41(D)** states, in part, that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void and no warrant shall be issued in payment of any amount due thereon. There are several exceptions to the standard requirement stated above that an auditor's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate –** If the auditor can certify that both at the time that the contract or order was made ("then"), and at the time that the auditor is completing the certification ("now"),that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the County can authorize the drawing of a warrant for the payment of the amount due. The County has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than $100 may be paid by the Auditor without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the County.

2. **Blanket Certificate –** Auditors may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. **Super Blanket Certificate –** The County may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The County did not certify the availability of funds prior to incurring the liabilities for four of the B-F-05-074-1 and B-M-04-074-1 grant expenditures tested for 2006 and the above exceptions were not utilized. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

FINDING NUMBER 2006-006
(Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the County's program funds exceeding budgetary spending limitations, the County Auditor should certify that the funds are or will be available prior to the obligation of program funds by the County. When prior certification is not possible, "then and now" certification should be used.

Officials Response:

Effective October 16, 2007, the Executive Director is reviewing all purchase orders and purchase dates of obligation/expenditures and marking "then and now" as appropriate. Efforts will be made to present purchase orders prior to making expenditure obligations.

Finding Number	**2006-007**
CFDA Title and Number	CFDA #14.228 – Community Development Block Grant
Federal Award Number / Year	B-F-05-074-1 B-F-06-074-1, B-F-04-074-1 and B-C-04-074-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness

Ohio Department of Development Rules and Regulations - Reporting

Ohio Department of Development, Office of Housing and Community Partnerships Financial Management Rules and Regulations, Section (A) states that Grantees must establish financial records and financial management and recordkeeping systems that are in accordance with state and federal guidelines. Records must be maintained by activity as awarded on the Attachment A of the grant agreement or as later amended.

1. **Required Financial Reports:**

   a. **General Ledger:** This ledger must be maintained to summarize cash receipts and disbursements on an activity basis.
   b. **Cash Receipts Journal:** This journal must be maintained to record the receipt of all funds (local, state, and federal) used for program activities. The journal must include the date funds were received, the amount of funds received, the source of funds, and the activities for which the funds were received.
   c. **Cash Disbursements Journal:** This journal must be maintained to record checks issued for payment of program costs. It must include the date of payment, the payee, check number, amount, and the activity which the disbursement was made against.

The County did not maintain the Required Financial Reports indicated above throughout the 2006 grant period. All grant activity for the Home Investment Partnership Program and the Community Development Block Grant are recorded in one fund on the County's accounting system. Upon request the Grant Coordinator completed a set of ledgers; however, they did not include all required financial reports.

FINDING NUMBER 2006-007
(Continued)

The County should maintain the Required Financial Reports for the Community Development Block Grant as stated in the Financial Management Rules and Regulations. The Ohio Department of Development provides software which should be utilized by the County to produce computer generated reports. Reports should be prepared on a timely basis and reconciled monthly to the County's accounting system reports.

Officials Response:

Staff is currently reviewing accounting software programs that will aid in cash management. The software received through ODOD was developed by an employee no longer with ODOD and no technical support has been available for the program. The agency will be seeking funds to purchase accounting software.

Finding Number	**2006-008**
CFDA Title and Number	CFDA #14.239 – Home Investment Partnerships Program
Federal Award Number / Year	B-C-04-074-2
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness

Ohio Department of Development Rules and Regulations - Reporting

Ohio Department of Development Grant Agreement, B-C-04-074-2, Attachment C states the grantee shall submit to Grantor a Status Report beginning six months after the effective date of the Agreement. The Status Report is used to report the funds disbursed to date by project and activity number.

The effective date of the B-C-04-074-2 agreement was September 1, 2004. The Status Reports to be submitted on March 1, 2006 and September 1, 2006 were not prepared and submitted. This resulted in expenditures of $179 not being properly reported to the Ohio Department of Development as expended as of September 1, 2006.

The County Grant Coordinator and Commissioners should implement procedures to monitor Ohio Department of Development reporting deadlines. The County should prepare and file Status Reports by the required dates that accurately reflect the actual expenditures incurred. In addition, the amounts reported should be reconciled to the amounts reported on the County's financial accounting system.

Officials Response:

A chart has been developed for tracking of Status Reports from receipt through submittal. Staff is currently reviewing accounting software programs that will aid in cash management. The agency will be seeking funds to purchase accounting software.

Finding Number	**2006-009**
CFDA Title and Number	CFDA #14.239 – Home Investment Partnerships Program
Federal Award Number / Year	B-C-04-074-2
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness

Ohio Department of Development Rules and Regulations - Reporting

Ohio Department of Development, Office of Housing and Community Partnerships Financial Management Rules and Regulations, Section (A) states that Grantees must establish financial records and financial management and recordkeeping systems that are in accordance with state and federal regulations. Records must be maintained by activity as awarded on the Attachment A of the grant agreement or as later amended.

1. **Required Financial Reports**

    a. **General Ledger:** This ledger must be maintained to summarize cash receipts and disbursements on an activity basis.
    b. **Cash Receipts Journal:** This journal must be maintained to record the receipt of all funds (local, state, and federal) used for program activities. The journal must include the date funds were received, the amount of funds received, the source of funds, and the activities for which the funds were received.
    c. **Cash Disbursements Journal:** This journal must be maintained to record checks issued for payment of program costs. It must include the date of payment, the payee, check number, amount, and the activity which the disbursement was made against.

The County did not maintain the Required Financial Reports indicated above throughout the 2006 audit period. All grant activity for the Home Investment Partnership Program and the Community Development Block Grant are recorded in one fund on the County's system. Upon request the Grant Coordinator completed a set of ledgers; however, they did not include all required financial reports.

The County should maintain the Required Financial Reports for the Home Investment Partnership Program as stated in the Financial Management Rules and Regulations. The Ohio Department of Development provides software which should be utilized by the County to produce computer generated reports. Reports should be prepared on a timely basis and reconciled monthly to the County system.

Officials Response:

Staff is currently reviewing accounting software programs that will aid in cash management. The software received through ODOD was developed by an employee no longer with ODOD and no technical support has been available for the program. The agency will be seeking funds to purchase accounting software.

Finding Number	**2006-010**
CFDA Title and Number	CFDA #14.239 – Home Investment Partnerships Program
Federal Award Number / Year	B-C-04-074-2
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness

24 CFR PART 85.36 – Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian tribal Governments - Procurement

24 CFR 85.36 (b)(1) states grantees will use their own procurement procedures which reflect applicable State and local laws and regulations. **Ohio Rev. Code Section 5705.41(D)** states, in part, that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void and no warrant shall be issued in payment of any amount due thereon. There are several exceptions to the standard requirement stated above that an auditor's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate –** If the auditor can certify that both at the time that the contract or order was made ("then"), and at the time that the auditor is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the County can authorize the drawing of a warrant for the payment of the amount due. The County has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than $100 may be paid by the Auditor without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the County.

2. **Blanket Certificate –** Auditors may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. **Super Blanket Certificate –** The County may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The County failed to certify the availability of funds prior to incurring the obligation for one program expenditure during the grant period which represented 94% of the grant expenditures for 2006. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

FINDING NUMBER 2006-010
(Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the County's funds exceeding budgetary spending limitations, the County Auditor should certify that the funds are or will be available prior to obligation by the County. When prior certification is not possible, "then and now" certification should be used.

Officials Response:

Effective October 16, 2007, the Executive Director is reviewing all purchase orders and purchase dates of obligation/expenditures and marking "then and now" as appropriate. Efforts will be made to present purchase orders prior to making expenditure obligations.

Finding Number	**2006-011**
CFDA Title and Number	CFDA #93.568 – Low Income Home Energy Assistance Grant
Federal Award Number / Year	H05-136, 06-HA-153, 07-HA-153, H06-136
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness

45 CFR 92.20 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments - Reporting

45 CFR 92.20 (b) (1) states that the financial management systems of the grantees must be accurate, current and complete disclosure of the financial results of financially assisted activities must be made in accordance with financial reporting requirements of the grant.

The amounts reported by the County on their 2005 and 2006 schedules of federal awards expenditures for the following grants did not agree to the final performance reports submitted for those grants as follows:

Grant #	2005 and 2006 Schedule of Federal Awards Expenditure	Final Expenditure Report	Variance
H05-136	$48,680	$50,008	($1,328)
06-HA-153	$65,687	$68,294	($2,607)

The following amounts reported on the County's 2006 schedule of federal awards expenditure did not agree to the 2006 expenditures as reported to the Ohio Department of Development. A portion of the H06-136 grant amount was due to Department of Energy grant expenditures being reported under the Health and Human Services grant and an expenditure being reported before actual payment was made by the County.

FINDING NUMBER 2006-011
(Continued)

Grant #	2006 Schedule of Federal Awards Expenditure Amount	Amount of Expenditures Reported to Grantor for 2006 on Monthly Reports	Variance
H06-136	$17,914	$30,512	($12,598)
07-HA-153	$24,457	$25,393	$1,064

The County should implement procedures to verify that the amounts reported as expenditures on reports to the Ohio Department of Development and the schedule of federal awards expenditures are in agreement with the County's accounting records and program files.

Officials Response:

H-05-136 and 06-HA-153 – The total 2005 and 2006 are actual expenditures. The amount on the final expenditure report includes items that are obligated but not yet paid such as unemployment and accrued, prorated vacation and sick leave. H06-136 – DOD instructed the agency to obligate the cost of an infrared camera in December of 2006 so that funds would be on hand to meet the expenditure upon receipt of the equipment in February of 2007. H06-136 and 07-HA-1-153 – The 2006 schedule is actual expenditures. The amount reported on monthly reports includes items that are obligated at the end of December, but not yet paid such as health insurance, unemployment compensation, etc.

Finding Number	**2006-012**
CFDA Title and Number	CFDA #93.568 – Low Income Home Energy Assistance Grant
Federal Award Number / Year	H06-136, H05-136, 05-HA-153, 06-HA-153, 07-HA-153, 07-HE-253, 06-HE-253
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness

45 CFR 92.20 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments - Reporting

45 CFR 92.20 (b) (2) states that grantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or sub-grant awards and authorizations, obligations, un-obligated balances, assets, liabilities, outlays or expenditures and income.

The Low Income Home Energy Assistance grants received by Van Wert County are co-mingled into two funds on the County's books. Some of the non-payroll expenditures are identified by program year in the appropriation history report, but none of the payroll expenditures are identified by program year. In addition, non-payroll expenditures were not always charged to the same grant that was identified in the appropriation history report. Copies of vouchers paid were maintained in file folders by the month in which they were reported, along with a hand-written spreadsheet for payroll and fringes. No actual subsidiary ledgers were maintained listing the revenues received and the expenditures charged to each grant or current grant balance.

FINDING NUMBER 2006-012
(Continued)

Subsidiary ledgers should be maintained for each grant. The ledgers should document all receipts, payroll and non-payroll expenditures, and maintain a current balance for the grant. The subsidiary ledgers of all the grants should be reconciled to the County's appropriation history report each month to verify their accuracy.

Officials Response:

Staff is reviewing accounting software programs that will aid in cash management. The agency will be seeking funds to purchase accounting software.

Finding	**2006-013**
CFDA Title and Number	CFDA #93.568 – Low Income Home Energy Assistance Grant and CFDA #81.042 – Weatherization Assistance for Low Income Persons
Federal Award Number / Year	H05-136 and DO5-136
Federal Agency	U.S. Department of Health and Human Services and U.S. Department of Energy
Pass-Through Agency	Ohio Department of Development

Federal Questioned Cost/Material Weakness $28,306

Ohio Department of Development Grant Agreement, 05-136 – Earmarking

Ohio Department of Development Grant Agreement, 05-136, Exhibit III, Special Conditions states reimbursements for materials and support will be calculated by comparing material and support actual expenditures for the period to the maximum allowed material and supports costs ($3,250) and reimbursing the lesser of the two amounts. The Low Income Home Energy Assistance and the Weatherization Assistance for Low Income Persons grants are commingled in the county's accounting system.

The County did not meet the planned number of units, which resulted in them receiving reimbursement over the allowable maximum per unit. Per the final performance report, the County's support and materials for the 18 units they completed totaled $100,295. The total allowable reimbursement for these units should have been $58,500 (18 x $3,250). The expenditures for the remaining line accounts totaled $26,204. The County was reimbursed a total of $113,010 for this grant. Taking into consideration the maximum allowable amount per unit of $58,500 plus the other expenditures of $26,204 $($58,500 + $26,205 = $84,704), the County was reimbursed $28,306 ($113,010 - $84,704 = $28,306) over the amount allowed. Due to the above a federal questioned cost is issued for $28,306.

Officials Response:

Due to the production deficiency in PY05, Van Wert County Home Weatherization Assistance Program was placed on reimbursement for PY06 and all PY06 funds unearned, based on production levels, were returned. PY07 is also on a reimbursement basis with stringent production and financial reporting and production narrative reporting requirements. Production and reporting requirements for PY 07 are being met.

Finding	**2006-014**
CFDA Title and Number	CFDA #93.568 – Low Income Home Energy Assistance Grant
Federal Award Number / Year	H05-136, H06-136, 06-HA-153, 07-HA-153
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness

Ohio Department of Development Grant Agreements – Reporting

Ohio Department of Development Grant Agreements, OCS Form 212, 213, 215 and any other monthly request for reimbursement are due the 10th of each subsequent month. The grant agreements also outline the filing deadlines for the final performance reports.

The following reports were filed from two to five months late:

H05-136- January report filed April 13, 2006
H06-136 - August through November reports filed January 24, 2007
06-HA-153 - February report filed April 11, 2006
H05-136 - February report filed April 13, 2006
07-HA-153 – September report filed November 2, 2006

The final performance report for 06-HA-153 was due November 10, 2006, but not filed until January 12, 2007, and the final performance report for H05-136 was due June 10, 2006, but not filed until July 27, 2006.

The monthly request for reimbursement should be filed by the 10th of the following month in order to receive timely reimbursement for the expenditures incurred for the previous month. The final performance reports should be filed by the required date in order to receive the final draw request or remit back to the grantor any unused funds.

Officials Response:

Procedures were put in place during 2007 to facilitate more timely filing of monthly reports. Efforts will continue for meeting timely filing of monthly and final reports.

Finding Number	**2006-015**
CFDA Title and Number	CFDA #93.568 – Low Income Home Energy Assistance Grant
Federal Award Number / Year	06-HE-253, H05-136, 06-HA-153, 06-HA-153, 06HC-253, 07-HE-253
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness

45 CFR 92.36 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments – Procurement

45 CFR 92.36 (b) states that grantees will use their own procurement procedures which reflect applicable State and local laws and regulations. **Ohio Rev. Code Section 5705.41(D)** states, in part, that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void and no warrant shall be issued in payment of any amount due thereon. There are several exceptions to the standard requirement stated above that an auditor's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

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3. **Super Blanket Certificate –** The County may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

FINDING NUMBER 2006-015
(Continued)

The County failed to certify the availability of funds prior to incurring obligations for 18 of the 26 program transactions tested for 2006. Failure to properly certify the availability of funds can result in overspending of grant funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the County's funds exceeding budgetary spending limitations, the County Auditor should certify that the funds are or will be available prior to obligation by the County. When prior certification is not possible, "then and now" certification should be used.

Officials Response:

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FINANCIAL CONDITION
VAN WERT COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2006

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2006-004	1. Select accounting software program. 2. Secure funds for software program. 3. Implement usage of software program. 4. Closely monitor signature timing	11/30/07 12/31/07 1/31/08 10/17/08	Karla Showalter Nancy Blanke Karla Showalter Nancy Blanke
2006-005	1. Develop status report tracking form 2. Track for report status 3. Completion of report 4. Reconcile reports to obligations, County records	10/18/07 ongoing ongoing ongoing	Nancy Blanke MyLei Gay Nancy Blanke Nancy Blanke & Jane Harris
2006-006	1. Review POs for then & now status 2. Prepare POs in advance	10/16/07 ongoing	Nancy Blanke Staff
2006-007	1. Select accounting software program. 2. Secure funds for software program 3. Implement usage of software program. 4. Reconcile reports to obligations, County records	11/30/07 12/31/07 1/31/08 ongoing	Karla Showalter Nancy Blanke Karla Showalter Nancy Blanke, Jane Harris
2006-008	See 2006-005 and 2006-007		
2006-009	See 2006-005 and 2006-007		
2006-010	See 2006-006		
2006-011	See 2006-007 1. Develop method to pay-out all obligations at end of calendar year and grant periods. 2. Complete grant closeouts as soon as possible.	12/31/07 Ongoing	Nancy Blanke and Jane Harris
2006-012	See 2006-007		
2006-013	1. Monitoring monthly production 2. Meet stringent reporting requirements	Ongoing Ongoing	Nancy Blanke, Jeff Owens Nancy Blanke
2006-014	1. Submit payroll fringe info timely 2. prepare salary & fringe obligations 3. prepare monthly financials 4. balance and prepare final	By 5^{th} By 9^{th} By 10^{th} By due date	Nancy Blanke Jane Harris Nancy Blanke Nancy Blanke & Jane Harris
2006-015	See 2006-006		Nancy Blanke

Mary Taylor, CPA
Auditor of State

FINANCIAL CONDITION

VAN WERT 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 29, 2007

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