FINANCIAL CONDITION
VAN WERT COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2007

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, (the County), as of and for the year ended December 31, 2007, 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-four percent of assets, sixty seven percent of net assets and sixty one 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 and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of 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, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, 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 September 30, 2008, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The schedule of federal awards expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements. We subjected this 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

September 30, 2008

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(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, 2007.

FINANCIAL HIGHLIGHTS

- The County's total net assets increased $906,250 during 2007. Net assets of governmental activities increased $931,541 or 3 percent. Net assets of business-type activities decreased by $25,291 or 3 percent.

- The General Fund transfers out equaled $195,435. Out of total transfers out, $136,558 in transfers was for debt service obligations and $55,170 was for human services operations.

- The County Home ceased operations July 15, 2006. However, the County still collected tax revenues in 2007. The collection of these taxes enabled the County Home Fund to repay its short-term loan to the General Fund of $245,000.

- Business-type operations reflected an operating loss, since charges for services lagged behind expenses, while business-type net assets are $871,610.

- Capital assets used in governmental activities increased $245,839. For 2007, the County restated its beginning capital assets to include retrospective infrastructure as required by GASB Statement No. 34.

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 nonmajor 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 8. 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 General, Motor Vehicle and Gas Tax, Human Services, Thomas Edison, Brumback Library, Towne Center Capital Improvement and Recycling. The County chose to present the Human Services Fund as a major fund since the fund was close to meeting the necessary requirements and may meet them next year. 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, 2007
(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 2007 compared to 2006.

	Governmental Activities		Business-Type Activities		Total	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
Assets						
Current and Other Assets	$17,023,102	$17,621,082	$315,479	$287,625	$17,338,581	$17,908,707
Capital Assets	24,787,190	18,176,517	673,535	700,393	25,460,725	18,876,910
Total Assets	41,810,292	35,797,599	989,014	988,018	42,799,306	36,785,617
Liabilities						
Current and Other Liabilities	7,925,346	9,039,529	23,060	21,879	7,948,406	9,061,408
Long-Term Liabilities:						
Due Within One Year	713,684	741,258	8,776	8,062	722,460	749,320
Due in More Than One Year	2,678,694	2,707,728	85,568	84,611	2,764,262	2,792,339
Total Liabilities	11,317,724	12,488,515	117,404	114,552	11,435,128	12,603,067
Net Assets						
Invested in Capital Assets, Net of Related Debt	22,637,799	15,806,444	593,535	615,393	23,231,334	16,421,837
Restricted	10,260,001	9,767,772			10,260,001	9,767,772
Unrestricted	(2,405,232)	(2,265,132)	278,075	258,073	(2,127,157)	(2,007,059)
Total Net Assets	$30,492,568	$23,309,084	$871,610	$873,466	$31,364,178	$24,182,550

Total assets of governmental activities increased. For 2007, the County added retrospective infrastructure in accordance with GASB Statement No. 34 (see restatement Note 3). Current and other assets decreased $597,980. This was the result of the reclassification of the Senior Citizens Levy Fund and the Tri-County Mental Health Levy Fund from special revenue funds to agency funds.

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

The County's total net assets increased $906,250 during 2007. Net assets of governmental activities increased $931,541 (3 percent). This was a decrease of $555,195 from 2006's increase of $1,486,736.

Net assets of the County's business-type activities decreased by $25,291 during 2007, while also reporting an operating loss during 2007.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

The following table shows the changes in net assets for 2007 compared with 2006:

	Governmental Activities		Business-Type Activities		Total	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
Revenues						
Program Revenues:						
Charges for Services	$3,071,579	$3,191,657	$556,166	$536,910	$3,627,745	$3,728,567
Operating Grants, Contributions and Interest	11,423,713	10,670,495			11,423,713	10,670,495
Capital Grants and Contributions		515,458				515,458
Total Program Revenues	14,495,292	14,377,610	556,166	536,910	15,051,458	14,914,520
General Revenues:						
Property and Other Taxes	3,075,159	3,605,338			3,075,159	3,605,338
Permissive Sales Tax	3,726,211	3,753,800			3,726,211	3,753,800
Grants and Entitlements	1,107,041	947,575			1,107,041	947,575
Other	817,373	878,995			817,373	878,995
Total General Revenues	8,725,784	9,185,708			8,725,784	9,185,708
Total Revenues	23,221,076	23,563,318	556,166	536,910	23,777,242	24,100,228
Program Expenses:						
General Government						
Legislative and Executive	4,950,066	4,497,454			4,950,066	4,497,454
Judicial	1,457,366	1,410,827			1,457,366	1,410,827
Public Safety	3,171,086	3,149,680			3,171,086	3,149,680
Public Works	3,364,977	2,883,784			3,364,977	2,883,784
Health	91,802	94,346			91,802	94,346
Human Services	7,390,517	8,845,379			7,390,517	8,845,379
Conservation and Recreation	16,633				16,633	
Economic Development and Assistance	1,279,171	821,927			1,279,171	821,927
Intergovernmental	266,906	312,686			266,906	312,686
Interest and Fiscal Charges	301,011	60,499			301,011	60,499
Recycling			581,457	632,263	581,457	632,263
Total Expenses	22,289,535	22,076,582	581,457	632,263	22,870,992	22,708,845
Increase (Decrease) in Net Assets	$ 931,541	$1,486,736	($25,291)	($95,353)	$ 906,250	$1,391,383

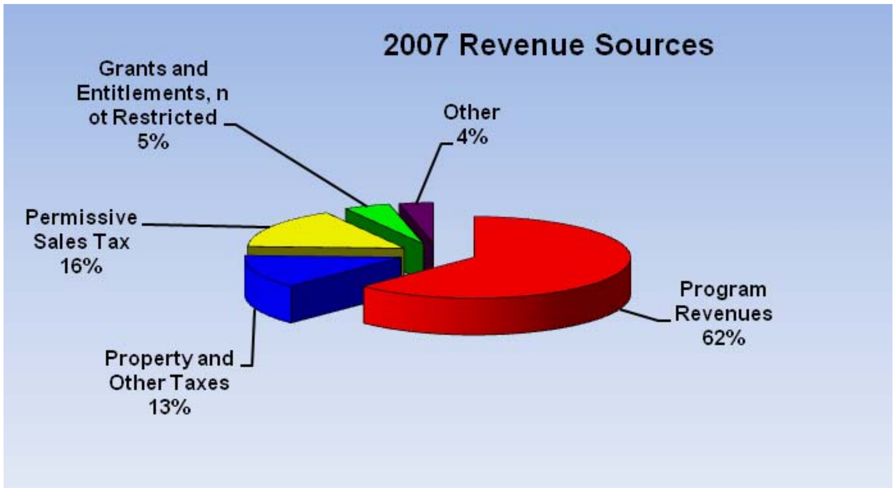
Governmental Activities

Program revenues make up 62 percent of total revenues for 2007. 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 reported as part of Other Governmental Funds. Property tax revenue decreased due to the reduction in personal property tax. The replacement revenue the County receives from the State in lieu of the personal property tax is shown with grants and entitlements not restricted.

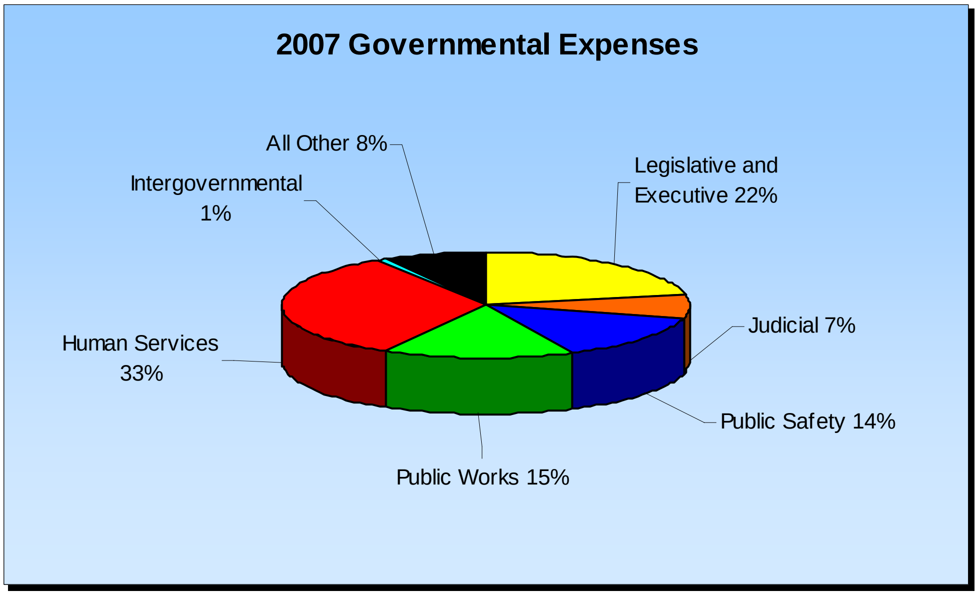
The County's direct charges for services to users of governmental services made up around 13 percent of total governmental revenues for 2007. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

Permissive sales tax is the second largest source of revenue for the County. The County received $3,726,211 in 2007 or about 16 percent of total revenues. Permissive sales tax revenue fell slightly, $27,589 from the prior year.

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 increased $.2 million. This increase was for economic development and assistance increases with the remaining due to general government – legislative and executive. Human Services expenses went down as the result of the reclassification of funds from special revenue to agency.

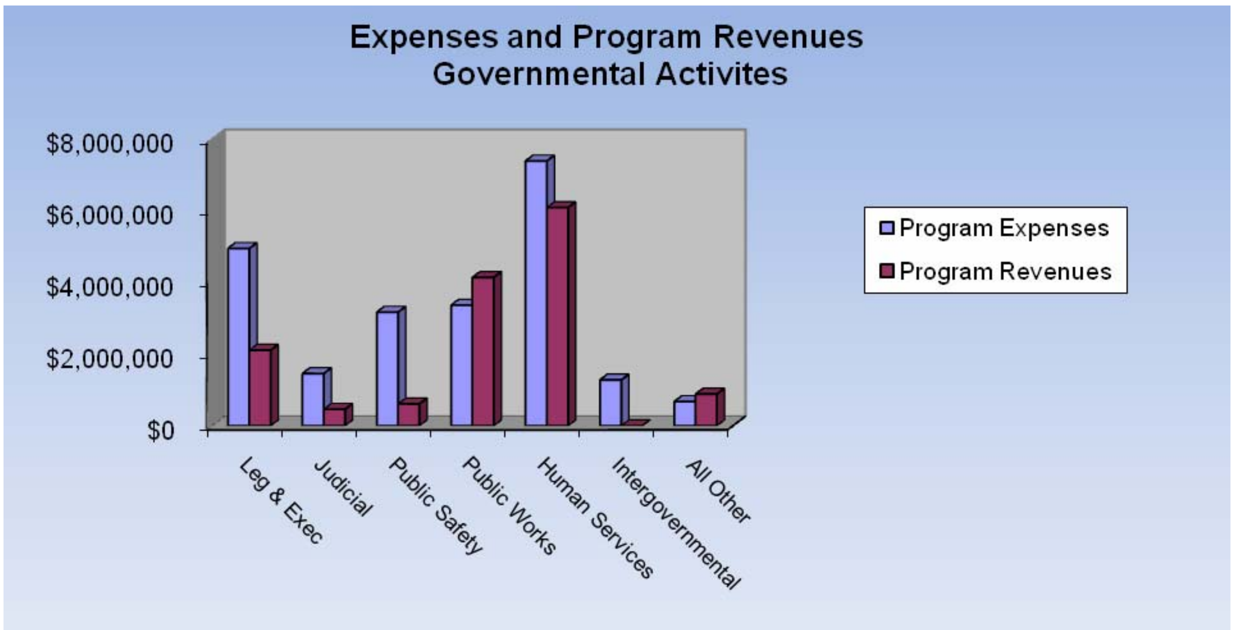


The legislative and executive expenses of the County rely heavily on general revenues to support the program. $2.6 million of legislative and executive expenses (53 percent) were covered by general revenues.

For public safety, the net cost of services of $2.6 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 $1.4 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 and County Home.

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 $25,291 during 2007. Charges for services for recycling are the largest revenue source business-type activities revenues. However, charges for services did not cover the cost of operations for the recycling center for 2007. The Recycling Center experienced an operating loss of $21,132 during 2007, which was down from 2006's operating loss of $93,024.

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 $23.5 million and expenditures of $22.8 million.

The General fund balance decreased by $582,015. Within the General Fund, expenditures exceeded revenues by $393,322. Transfers to other funds such as the Capital Improvement funds, Debt Service funds, other Special Revenue funds and the Enterprise fund totaled $195,435. The funds transferred were used for capital assets, improvements, repairs, debt and support of special revenue programs, especially human services.

After encumbrances of $16,537, unreserved undesignated fund balance equals $530,053, which is available for spending at the County's discretion. The remaining $24,312 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 6.7 percent of total General Fund expenditures.

The Motor Vehicle and Gas Tax fund balance increased $387,239. 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, 2007, was $2,390,233 million of which $2,501 is encumbrances. The Human Services fund balance increased $192,997. Fund balance at December 31, 2007, was ($3,123). The Thomas Edison fund balance decreased $2,536. Fund balance at December 31, 2007, was $1,525,606. The Brumback Library fund balance increased $72,688, while fund balance at year-end was $495,968. Finally, the Towne Center Capital Improvement Fund shows a fund balance of ($4,156,611). The County originally issued $5,000,000 for this project in notes during 2004. The note was renewed for $4,150,000 in 2007. 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 2007. 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 2007 exceeded charges for services revenue.

Similarly, the statement of cash flows has a net cash decrease of $9,669. This occurred as result of charges for services revenue not covering expenses for 2007.

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 2007, there were numerous revisions to the General Fund budget. The net effect of the revisions was a decrease in the appropriations of $94,125. This decrease from original appropriations resulted from a decrease in anticipated transfers. Original General Fund budgeted revenues were also adjusted slightly, a 1 percent decrease. Actual receipts were $84,742 (1 percent) less than what were originally estimated.

Appropriations for the Motor Vehicle and Gas Tax fund were increased almost $600,000. Appropriations were increased almost $300,000 for road equipment. Bridge materials were increased almost $137,000.

Human Services anticipated receipts increased only slightly from what was originally estimated due. Thomas Edison decreased its appropriations $65,720 due to decreases for equipment.

Only slight adjustments were made to original appropriations for the Brumback Library fund. By monitoring expenditures, the Library's actual expenditures were $114,678 less than appropriated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	$248,700	$114,700			$248,700	$114,700
Land Improvements	20,399	20,399			20,399	20,399
Buildings	12,681,966	12,978,259	$303,643	$312,403	12,985,609	13,290,662
Machinery and Equipment	410,725	343,872	247,690	259,152	658,415	603,024
Furniture and Fixtures	51,492	62,452		1,040	51,492	63,492
Vehicles	2,117,946	1,827,489	122,202	151,231	2,240,148	1,978,720
Infrastructure	9,255,962	9,194,180			9,255,962	9,194,180
	$24,787,190	$24,541,351	$673,535	$723,826	$25,460,725	$25,265,177

Increases to governmental capital assets included a survey data collector for the engineer, a postage machine, two police cruisers, two 2008 international trucks, two dump trick bodies, a new excavator, backhoe loader and John Deere cab tractor. In addition, the County purchased some land adjacent to the County Engineer's location. See Note 8 of the notes to the basic financial statements for more detailed capital asset information.

Long-Term Debt

At December 31, 2007, Van Wert County had $2,734,538 in long-term debt outstanding.

Outstanding Long-Term Debt at Year End

	Governmental Activities		Business Type Activities	
	2007	2006	2007	2006
Special Assessments Notes	$62,026	$125,293		
General Obligation Notes	2,089,847	2,323,459	$80,000	$85,000
OWDA Loan	274,615			
Capital Leases	228,050	290,831		
	$2,654,538	$2,739,583	$80,000	$85,000

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. During 2007, the County paid off the lease for an excavator with monies from the Motor Vehicle and Gas Tax Fund.

The County's overall legal debt margin was $7,219,334 as of December 31, 2007. The more restrictive unvoted legal debt margin was $2,223,145 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.

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FINANCIAL CONDITION
VAN WERT COUNTY

STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Thomas Edison Center	Van Wert Port Authority	Van Wert Airport Authority
Assets						
Equity in Pooled Cash and Cash Equivalents	$7,223,342	$59,202	$7,282,544		$22,383	
Cash and Cash Equivalents in Segregated Accounts	55,164		55,164	$49,016		$11,770
Cash and Cash Equivalents with Fiscal Agents	81,823		81,823			
Short-term Investments in Segregated Accounts				46,699		
Accrued Interest Receivable	14,581		14,581	5,200		
Accounts Receivable (Net, where applicable, of Uncollectible Accounts)	157,389	223,811	381,200	39,912		9,626
Permissive Sales Tax Receivable	551,011		551,011			
Due from Other Governments	4,693,988		4,693,988			
Internal Balances	3,668	(3,668)				
Prepaid Items	27,575	134	27,709	480		
Supplies Inventory	401,007	36,000	437,007	5,304		14,094
Property and Other Taxes Receivable	2,712,132		2,712,132			
Tax Increment Financing Receivable	273,110		273,110			
Loans Receivable	306,784		306,784			
Special Assessments Receivable	264,809		264,809			
Investments in Segregated Accounts	256,719		256,719	1,646,285		
Nondepreciable Capital Assets	269,099		269,099		56,352	214,100
Depreciable Capital Assets, Net	24,518,091	673,535	25,191,626	824,939	29,540	1,085,820
Total Assets	41,810,292	989,014	42,799,306	2,617,835	108,275	1,335,410
Liabilities						
Accounts Payable	339,770	6,759	346,529	31,800		3,905
Accrued Salaries Payable	246,657	5,180	251,837	3,685		800
Contracts Payable	7,784		7,784			5,286
Due to Other Governments	489,867	10,728	500,595	694		3,591
Notes Payable	4,150,000		4,150,000			
Accrued Interest Payable	26,768	393	27,161			1,645
Compensatory Time Payable	58,112		58,112			
Deferred Revenue	2,606,388		2,606,388			5,281
Long-Term Liabilities:						
Due Within One Year	713,684	8,776	722,460	11,732		9,360
Due in More Than One Year	2,678,694	85,568	2,764,262	74,396		159,145
Total Liabilities	11,317,724	117,404	11,435,128	122,307		189,013
Net Assets						
Invested in Capital Assets, Net of Related Debt	22,637,799	593,535	23,231,334	738,811	85,892	1,131,415
Restricted for:						
Other Purposes	10,260,001		10,260,001			
Unrestricted (Deficit)	(2,405,232)	278,075	(2,127,157)	1,756,717	22,383	14,982
Total Net Assets	$30,492,568	$871,610	$31,364,178	$2,495,528	$108,275	$1,146,397

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
VAN WERT COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

		Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	$4,950,066	$1,242,800	$1,085,728	
Judicial	1,457,366	365,847	107,498	
Public Safety	3,171,086	351,644	165,708	
Public Works	3,364,977	481,870	3,699,777	
Health	91,802	67,984		
Human Services	7,390,517	488,005	5,469,585	
Conservation and Recreation	16,633			
Economic Development and Assistance	1,279,171	64,858	895,417	
Intergovernmental	266,906			
Interest and Fiscal Charges	301,011	8,571		
Total Governmental Activities	22,289,535	3,071,579	11,423,713	
Business-Type Activity				
Recycling	581,457	556,166		
Total Primary Government	22,870,992	3,627,745	11,423,713	
Component Units				
Thomas Edison Center	577,839	534,635	86,268	
Van Wert County Port Authority	2,363	2,920		
Van Wert County Airport Authority	224,292	145,282	42,000	$241,471
Total Component Units	$804,494	$682,837	$128,268	$241,471

General Revenues
Property and Other Taxes Levied for:
General Purposes
Thomas Edison
Other Purposes
County Permissive Motor Vehicle License Tax 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
($2,621,538)		($2,621,538)			
(984,021)		(984,021)			
(2,653,734)		(2,653,734)			
816,670		816,670			
(23,818)		(23,818)			
(1,432,927)		(1,432,927)			
(16,633)		(16,633)			
(318,896)		(318,896)			
(266,906)		(266,906)			
(292,440)		(292,440)			
(7,794,243)		(7,794,243)			
	($25,291)	(25,291)			
(7,794,243)	(25,291)	(7,819,534)			
			$43,064		
				$557	
					$204,461
			43,064	557	204,461
947,178		947,178			
1,572,444		1,572,444			
454,136		454,136			
101,401		101,401			
3,726,211		3,726,211			
1,107,041		1,107,041			
497,881		497,881	54,375		
272,277		272,277			
47,215		47,215			
8,725,784		8,725,784	54,375		
931,541	(25,291)	906,250	97,439	557	204,461
29,561,027	896,901	30,457,928	2,398,089	107,718	941,936
$30,492,568	$871,610	$31,364,178	$2,495,528	$108,275	$1,146,397

FINANCIAL CONDITION
VAN WERT COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	General	Motor Vehicle and Gas Tax	Human Services	Thomas Edison
Assets				
Equity in Pooled Cash and Cash Equivalents	$395,660	$1,824,857	$135,237	$1,445,307
Cash and Cash Equivalents in Segregated Accounts	15,285			
Cash and Cash Equivalents with Fiscal Agents				81,823
Investments in Segregated Accounts				
Receivables:				
Property and Other Taxes	959,915	7,277		1,576,389
Permissive Sales Tax	551,011			
Accounts (Net, where applicable, of Uncollectible Accounts)	140,262	5,532	334	1,886
Special Assessments				
Interfund	61,786	30,250	45,209	643
Accrued Interest	14,581			
Tax Increment Financing Receivable				
Due from Other Governments	666,413	1,775,613	51,897	755,791
Prepaid Items	10,760	93	3,151	4,309
Supplies Inventory	12,716	378,164	1,598	
Loans Receivable	16,000			
Total Assets	2,844,389	4,021,786	237,426	3,866,148
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	66,214	68,540	29,173	78,118
Contracts Payable				
Contracts Payable Retainage				
Accrued Salaries Payable	66,013	22,059	83,312	28,542
Due to Other Governments	164,834	47,431	44,718	61,114
Notes Payable				
Accrued Interest Payable				
Interfund Payable	5,392			2,790
Deferred Revenue	1,971,034	1,493,523	83,346	2,169,978
Total Liabilities	2,273,487	1,631,553	240,549	2,340,542
Fund Balances				
Reserved for Encumbrances	16,537	2,501	21,100	1,970
Reserved for Loans Receivable	11,000			
Reserved for Unclaimed Monies	13,312			
Unreserved:				
Undesignated, Reported in:				
General Fund	530,053			
Special Revenue Funds (Deficit)		2,387,732	(24,223)	1,523,636
Debt Service Funds				
Capital Projects Funds (Deficit)				
Total Fund Balances (Deficit)	570,902	2,390,233	(3,123)	1,525,606
Total Liabilities and Fund Balances	$2,844,389	$4,021,786	$237,426	$3,866,148

See accompanying notes to the basic financial statements.

Brumback Library	Towne Center Capital Improvement	Other Governmental Funds	Total Governmental Funds
$173,311	$287	$3,248,683	$7,223,342
17,609		22,270	55,164
			81,823
256,719			256,719
168,551			2,712,132
			551,011
		9,375	157,389
		264,809	264,809
			137,888
			14,581
	273,110		273,110
530,809		913,465	4,693,988
5,169		4,093	27,575
		8,529	401,007
		290,784	306,784
1,152,168	273,397	4,762,008	17,157,322
7,833		89,892	339,770
		7,784	7,784
9,820		36,911	246,657
13,357		158,413	489,867
	4,150,000		4,150,000
	6,898		6,898
		126,038	134,220
625,190	273,110	1,041,524	7,657,705
656,200	4,430,008	1,460,562	13,032,901
		102,578	144,686
		252,627	263,627
			13,312
			530,053
495,968		2,608,107	6,991,220
		29,675	29,675
	(4,156,611)	308,459	(3,848,152)
495,968	(4,156,611)	3,301,446	4,124,421
$1,152,168	$273,397	$4,762,008	$17,157,322

FINANCIAL CONDITION
VAN WERT COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2007

Total Governmental Fund Balances		$4,124,421
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.		24,787,190
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property and Other Taxes	$98,466	
Tax Increment Financing	273,110	
Permissive Sales Tax	279,239	
Intergovernmental	4,033,851	
Charges for Services	13,839	
Licenses and Permits		
Fines and Forfeitures	112,235	
Special Assessments	230,879	
Other	9,698	
Total		5,051,317
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	(19,870)	
General Obligation Notes	(2,089,847)	
Special Assessment Notes	(62,026)	
Capital Leases	(228,050)	
Compensatory Time Payable	(58,112)	
OWDA Loan	(274,615)	
Compensated Absences	(737,840)	
Total		(3,470,360)
Net Assets of Governmental Activities		$30,492,568

See accompanying notes to the basic financial statements.

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Motor Vehicle and Gas Tax	Human Services	Thomas Edison
Revenues				
Property Taxes	$946,943			$1,556,000
Permissive Sales Tax	3,717,988			
Permissive Motor Vehicle License Tax		$101,401		
Intergovernmental	1,251,193	3,521,402	$2,422,066	1,734,167
Charges for Services	718,689	121,698		137,782
Licenses and Permits	1,758			
Fines and Forfeitures	148,551	103,391		
Special Assessments				
Interest	485,477	70,640		
Tax Increment Financing				
Other	272,918	91,563		2,182
Total Revenues	7,543,517	4,010,095	2,422,066	3,430,131
Expenditures				
Current:				
General Government:				
Legislative and Executive	3,177,418			
Judicial	1,380,583			
Public Safety	2,808,438			
Public Works	9,500	3,509,098		
Health	38,899			
Human Services	215,595		2,284,239	3,293,103
Conservation and Recreation				
Economic Development and Assistance	39,500			
Intergovernmental	266,906			
Debt Service:				
Principal Retirement		113,758		39,581
Interest and Fiscal Charges				7,777
Total Expenditures	7,936,839	3,622,856	2,284,239	3,340,461
Excess of Revenues Over (Under) Expenditures	(393,322)	387,239	137,827	89,670
Other Financing Sources (Uses)				
Sale of Fixed Assets	6,485			
Proceeds of OWDA Loan				
Transfers In	257		55,170	
Transfers Out	(195,435)			(92,206)
Total Other Financing Sources (Uses)	(188,693)		55,170	(92,206)
Net Change in Fund Balances	(582,015)	387,239	192,997	(2,536)
Fund Balances (Deficit) Beginning of Year - Restated (See Note 3)	1,152,917	2,002,994	(196,120)	1,528,142
Fund Balances (Deficit) End of Year	$570,902	$2,390,233	($3,123)	$1,525,606

See accompanying notes to the basic financial statements.

Brumback Library	Towne Center Capital Improvement	Other Governmental Funds	Total Governmental Funds
$172,791		$293,958	$2,969,692
			3,717,988
			101,401
959,234		2,795,734	12,683,796
3,558		923,643	1,905,370
		76,277	78,035
10,655		14,932	277,529
		229,121	229,121
5,580	$12,404	17,046	591,147
	251,699		251,699
117,613		177,380	661,656
1,269,431	264,103	4,528,091	23,467,434
1,200,160		469,184	4,846,762
		75,944	1,456,527
		268,737	3,077,175
		259,802	3,778,400
		53,142	92,041
		1,497,516	7,290,453
		16,633	16,633
	6,281	1,230,976	1,276,757
			266,906
		296,879	450,218
	185,067	97,776	290,620
1,200,160	191,348	4,266,589	22,842,492
69,271	72,755	261,502	624,942
3,417			9,902
		274,615	274,615
	364,184	232,471	652,082
		(364,441)	(652,082)
3,417	364,184	142,645	284,517
72,688	436,939	404,147	909,459
423,280	(4,593,550)	2,897,299	3,214,962
$495,968	($4,156,611)	$3,301,446	$4,124,421

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, 2007

Net Change in Fund Balances - Total Governmental Funds		$909,459
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	$1,323,973	
Depreciation	(1,049,456)	
Excess of Capital Outlay Over Depreciation Expense		274,517
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.		(28,678)
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	4,065	
Tax Increment Financing	20,578	
Permissive Sales Tax	8,223	
Intergovermental	(246,305)	
Charges for Services	10,753	
Fines and Forfeitures	16,061	
Special Assessments	(77,903)	
Other	8,268	
		(256,260)
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	233,612	
Special Assessment Note Principal Payments	63,267	
Capital Lease Principal Payments	153,339	
Total		450,218
Loan proceeds are other financing sources in governmental funds, but the issuance increases long-term liabilities on the statement of net assets.		
Ohio Water Development Authority (OWDA) Loan		(274,615)
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.		(90,558)
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	(10,391)	
Compensatory Time Payable	(13,714)	
Compensated Absences	(28,437)	
Early Retirement Incentive	0	
Total		(52,542)
Change in Net Assets of Governmental Activities		$931,541

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, 2007

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Property and Other Taxes	$975,000	$941,064	$940,777	($287)
Permissive Sales Tax	3,852,000	3,700,454	3,696,753	(3,701)
Intergovernmental	1,287,495	1,259,897	1,250,828	(9,069)
Charges for Services	782,685	738,373	723,953	(14,420)
Licenses and Permits	2,300	2,300	1,758	(542)
Fines and Forfeitures	151,100	157,469	151,097	(6,372)
Interest	370,300	485,333	511,340	26,007
Other	270,700	307,809	330,332	22,523
Total Revenues	7,691,580	7,592,699	7,606,838	14,139
Expenditures				
Current:				
General Government:				
Legislative and Executive	3,329,541	3,217,822	3,188,452	29,370
Judicial	1,380,754	1,385,698	1,359,125	26,573
Public Safety	2,899,682	2,939,609	2,850,939	88,670
Public Works	36,855	35,638	34,040	1,598
Health	50,734	37,667	37,653	14
Human Services	221,194	223,416	218,355	5,061
Economic Development and Assistance	39,500	39,500	39,500	
Intergovernmental	266,846	267,016	266,906	110
Total Expenditures	8,225,106	8,146,366	7,994,970	151,396
Excess of Revenues Under Expenditures	(533,526)	(553,667)	(388,132)	165,535
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	4,000	8,750	6,485	(2,265)
Advances In	333,135	333,135	560,270	227,135
Advances Out		(45,070)	(272,205)	(227,135)
Transfers - In		257	257	
Transfers - Out	(256,970)	(196,515)	(195,435)	1,080
Total Other Financing Sources (Uses)	80,165	100,557	99,372	(1,185)
Net Change in Fund Balance	(453,361)	(453,110)	(288,760)	164,350
Fund Balance Beginning of Year	387,596	387,596	387,596	
Prior Year Encumbrances Appropriated	80,439	80,439	80,439	
Fund Balance End of Year	$14,674	$14,925	$179,275	$164,350

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, 2007

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues				
Permissive Motor Vehicle License Tax	$100,000	$100,000	$101,527	$1,527
Intergovernmental	3,100,800	3,155,800	3,513,415	357,615
Charges for Services	56,500	56,500	119,305	62,805
Fines and Forfeitures	85,000	85,000	107,399	22,399
Interest	20,000	20,000	69,243	49,243
Other			91,563	91,563
Total Revenues	3,362,300	3,417,300	4,002,452	585,152
Expenditures				
Current:				
Public Works	3,770,987	4,370,360	3,854,563	515,797
Net Change in Fund Balance	(408,687)	(953,060)	147,889	1,100,949
Fund Balance at Beginning of Year	1,457,632	1,457,632	1,457,632	
Prior Year Encumbrances Appropriated	128,603	128,603	128,603	
Fund Balance at End of Year	$1,177,548	$633,175	$1,734,124	$1,100,949

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
HUMAN SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	$2,342,500	$2,367,021	$2,387,677	$20,656
Other	5,000			
Total Revenues	2,347,500	2,367,021	2,387,677	20,656
Expenditures				
Current:				
Human Services	2,462,139	2,537,105	2,506,581	30,524
Excess of Revenues Under Expenditures	(114,639)	(170,084)	(118,904)	51,180
Other Financing Sources				
Transfers - In	55,170	55,170	55,170	
Net Change in Fund Balance	(59,469)	(114,914)	(63,734)	51,180
Fund Balance at Beginning of Year	28,057	28,057	28,057	
Prior Year Encumbrances Appropriated	101,563	101,563	101,563	
Fund Balance at End of Year	$70,151	$14,706	$65,886	$51,180

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
THOMAS EDISON FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property and Other Taxes	$1,588,627	$1,588,627	$1,546,008	($42,619)
Intergovernmental	1,661,451	1,661,451	1,845,370	183,919
Charges for Services	90,500	90,500	135,397	44,897
Other	3,800	1,500	1,152	(348)
Total Revenues	3,344,378	3,342,078	3,527,927	185,849
Expenditures				
Current:				
Human Services	3,628,746	3,546,820	3,432,191	114,629
Excess of Revenues Over (Under) Expenditures	(284,368)	(204,742)	95,736	300,478
Other Financing Uses				
Transfers Out	(76,000)	(92,206)	(92,206)	
Net Change in Fund Balance	(360,368)	(296,948)	3,530	300,478
Fund Balance at Beginning of Year	1,074,396	1,074,396	1,074,396	
Prior Year Encumbrances Appropriated	156,946	156,946	156,946	
Fund Balance at End of Year	$870,974	$934,394	$1,234,872	$300,478

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, 2007

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property and Other Taxes	$173,000	$173,000	$168,212	($4,788)
Intergovernmental	892,000	953,000	956,237	3,237
Charges for Services	2,000	2,000	3,569	1,569
Fines and Forfeitures	12,000	12,000	10,696	(1,304)
Other	6,100	6,100	17,263	11,163
Total Revenues	1,085,100	1,146,100	1,155,977	9,877
Expenditures				
Current:				
General Government:				
Legislative and Executive	1,255,382	1,315,211	1,200,533	114,678
Excess of Revenues Under Expenditures	(170,282)	(169,111)	(44,556)	124,555
Other Financing Sources				
Proceeds from the Sale of Capital Assets	1,000	1,000	3,417	2,417
Net Change in Fund Balance	(169,282)	(168,111)	(41,139)	126,972
Fund Balance at Beginning of Year	195,636	195,636	195,636	
Prior Year Encumbrances Appropriated	4,281	4,281	4,281	
Fund Balance at End of Year	$30,635	$31,806	$158,778	$126,972

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
VAN WERT COUNTY

STATEMENT OF FUND NET ASSETS
ENTERPRISE FUND
DECEMBER 31, 2007

	Recycling
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$59,202
Accounts Receivable	223,811
Prepaid Items	134
Supplies Inventory	36,000
Total Current Assets	319,147
Non-current Assets:	
Depreciable Capital Assets, Net	673,535
Total Assets	992,682
Liabilities	
Current Liabilities:	
Accounts Payable	6,759
Accrued Salaries Payable	5,180
Interfund Payable	3,668
Due to Other Governments	10,728
Accrued Interest Payable	393
Compensated Absences Payable	6,776
Note Payable	2,000
Total Current Liabilities	35,504
Long-Term Liabilities:	
Compensated Absences Payable	7,568
Note Payable	78,000
Total Long-Term Liabilities	85,568
Total Liabilities	121,072
Net Assets	
Invested in Capital Assets	593,535
Unrestricted	278,075
Total Net Assets	$871,610

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
VAN WERT COUNTY

STATEMENT OF REVENUES,
EXPENSES AND CHANGE IN FUND NET ASSETS
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Recycling
Operating Revenues	
Charges for Services	$556,166
Total Operating Revenues	556,166
Operating Expenses	
Personal Services	409,262
Contractual Services	83,983
Materials and Supplies	8,812
Depreciation	75,241
Total Operating Expenses	577,298
Operating Loss	(21,132)
Non-Operating Expenses	
Interest and Fiscal Charges	(4,159)
Income Before Capital Contribution	(25,291)
Transfers In	
Capital Contributions	
Total Non-Operating Expenses	(4,159)
Change in Net Assets	(25,291)
Net Assets Beginning of Year - Restated (See Note 3)	896,901
Net Assets End of Year	$871,610

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, 2007

	Recycling
Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities	
Cash Received from Customers and Support	$560,772
Cash Payments for Employee Services and Benefits	(400,995)
Cash Payments to Suppliers	(135,564)
Net Received From for Operating Activities	24,213
Cash Flows from Capital and Related Financing Activities	
Acquisition and Construction of Capital Assets	(24,950)
Note Principal Payments	(5,000)
Note Interest Payments	(3,932)
Net Cash Used for Capital and Related Financing Activities	(33,882)
Net Decrease in Cash and Cash Equivalents	(9,669)
Cash and Cash Equivalents Beginning of Year	68,871
Cash and Cash Equivalents End of Year	$59,202
Reconciliation of Operating Loss to Net Cash Received from Operating Activities:	
Operating Loss	($21,132)
Adjustments to Reconcile Operating Loss to Net Cash Received From Operating Activities:	
Depreciation	75,241
Other Non-Operating Revenue	
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	4,606
Decrease in Prepaid Items	0
Increase in Supplies Inventory	(36,000)
Decrease in Accounts Payable	(467)
Increase in Accrued Salaries Payable	26
Increase in Due to Other Governments	1,395
Decrease in Interfund Payable	(6,127)
Increase in Compensated Absences Payable	6,671
Net Cash Received From Operating Activities	$24,213

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
VAN WERT COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2007

Assets	
Equity in Pooled Cash and Cash Equivalents	$1,956,039
Cash and Cash Equivalents in Segregated Accounts	221,359
Investments	20,000
Receivables:	
Property and Other Taxes	18,446,967
Accounts (Net of Uncollectible Accounts)	130,514
Special Assessments	540,939
Due from Other Governments	1,566,379
Supplies Inventory	
Total Assets	$22,882,197
Liabilities	
Accounts Payable	$12,306
Due to Other Governments	21,584,817
Undistributed Monies	1,285,074
Total Liabilities	$22,882,197

See accompanying notes to the basic financial statements.

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1. DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

Van Wert County, (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 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, 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, Van Wert Housing Services, Inc., the Thomas Edison Memorial Endowment, 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 board 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 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 board of directors, the Thomas Edison Memorial Endowment has been consolidated with the Thomas Edison Center. Separately issued financial statements can be obtained from the Thomas Edison Memorial Endowment 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, 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. T he 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 for all financial resources except those required to be accounted for in another fund. The General fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Motor Vehicle and Gas Tax Fund – This fund is used to account for revenue derived from motor vehicle licenses, gasoline taxes and 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 with the exception of Delphos CSD and Washington Township, who provide for the Delphos Public 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, and 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, 2007, but were levied to finance 2008 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Endowment 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 2007, the County invested in certificates of deposits, a repurchase agreement 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 Index Fund, Vanguard 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 2007. 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, 2007.

Interest income is distributed to the funds according to statutory requirements. Interest revenue of $485,477 was credited to the General Fund during 2007, which includes $409,996 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, 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.

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's infrastructure consists of roads and bridges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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”.

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.

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) 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 2007.

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

For 2007, the County adopted the provisions of GASB Statement No. 48, "*Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*." This statement establishes criteria that governments will use to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings. The statement also includes disclosure requirements for future revenues that are pledged or sold. This statement had no effect on net assets.

Also for 2007, the County adopted the retroactive infrastructure provisions of GASB Statement No. 34, "*Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments".* In addition, the County corrected some errors in accumulated depreciation. In addition, the County reviewed the classification of the Senior Citizens Levy Fund and the Tri-County Health Levy Fund. Prior to 2007, these funds were classified as special revenue funds. For 2007, these funds are classified as agency funds.

The following is a summary of the changes to net assets and fund balances:

3. CHANGE IN ACCOUNTING PRINCIPLES (Continued)

	Govermental Activities	Business-Type Activities
Net Assets at Beginning of Year	$23,309,084	$873,466
Correction of Accumulated Depreciation	9,292	23,435
Infrastructure - Roads	864,673	
Infrastructure - Bridges	5,490,869	
Reclassification of Funds	(112,891)	
Total Change in Net Assets	6,251,943	23,435
Restated Net Assets at Beginning of Year	$29,561,027	$896,901

Fund Restatement	**Other Governmental**	**Agency**
Fund Balances at Beginning of Year	$3,010,190	$23,454,217
Reclassification of Funds	(112,891)	112,891
Restated Fund Balances at Beginning of Year	$2,897,299	$23,567,108

A. Component Units

The Van Wert County Airport Authority restated its beginning balance $141,133, primarily due to changes in capital assets. Net assets increased from $800,803 to $941,936. Also, the Van Wert County Port Authority restated its beginning balance by $119,396 primarily due to changes in capital assets. Net Assets decreased from $227,114 to $107,718.

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. BUDGETARY BASIS OF ACCOUNTING (Continued)

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 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 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:

Net Change in Fund Balance

	General	Motor Vehicle and Gas Tax	Human Services	Thomas Edison	Brumback Library
GAAP Basis	($582,015)	$387,239	$192,997	($2,536)	$72,688
Revenue Accruals	64,636	(6,246)	(34,389)	107,730	(9,216)
Expenditure Accruals	32,972	(147,116)	(151,770)	8,629	6,125
2007 Unrecorded Cash	(90,895)	(5,771)		(36,750)	
2006 Unrecorded Cash	95,746	4,374		36,808	
Change in Fair Value of Investments:					
For the Year 2007					6,726
For the Year 2006					1,692
Agency Fund Allocation	(6,166)			(9,992)	
Advances	288,065				
Activity of Non-budgeted Funds					(111,379)
Prepaid Items	(10,315)	371	(1,221)	(2,318)	(1,491)
Encumbrances	(80,788)	(84,962)	(69,351)	(98,041)	(6,284)
Budget Basis	($288,760)	$147,889	($63,734)	$3,530	($41,139)

5. ACCOUNTABILITY

The Human Services Special Revenue Fund, the Attorney Delinquent Collection Special Revenue Fund, the Federal Byrne Memorial Special Revenue Fund, the Indigent Application Special Revenue Fund, the Rt. 127 Sanitary Sewer Capital Projects Fund, the Rt. 118 Sanitary Sewer Capital Projects Fund, and the South Delphos Area Sewer Capital Projects Fund had deficit fund balances of $3,123, $201, $233, $331, $7,314, $470 and $45,069, 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, 2007, of $4,156,611. 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.

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

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

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

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

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

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

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.

6. DEPOSITS AND INVESTMENTS (Continued)

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.

A. Cash On Hand – At December 31, 2007 the County had cash on hand of $19,265 and departmental cash on had was $28,104; these amounts are reported as part of cash and cash equivalents.

B. 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 percent 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 $7,963,569 and the bank balance was $8,623,759. Of the bank balance, $1,273,077 was covered by federal deposit insurance. Based on the criteria described in GASB Statement No. 40, *"Deposits and Investment Risk Disclosures"*, $7,350,682 of the County's bank balance of $8,623,759 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.

C. Investments

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

Investment Type	Value
First Financial Bancorp	$15,071
Vanguard Growth and Income Fund	20,765
Vanguard Mid-Cap Index Fund	23,836
Vanguard Small-Cap Growth Index Fund	25,064
Vanguard Value Index Fund	22,887
Repurchase Agreement	175,431
STAR Ohio	1,579,656
Total	$1,862,710

D. 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.

6. DEPOSITS AND INVESTMENTS (Continued)

E. 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 County's investment in a repurchase agreement is exposed to credit risk due to the underlying securities are held by the investment's counterparty or its trust department or agent, not in the County's name. The investment in First Financial Bancorp is a common stock and is not rated.

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. STAR Ohio and the repurchase agreement makes up 85 percent and 9 percent, respectively, of the County's investments.

7. RECEIVABLES

Receivables at December 31, 2007, 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	$188,191	$38,632	$226,823
Allowance for Uncollectibles	(69,434)		(69,434)
Net Accounts Receivable	$118,757	$38,632	$157,389

For the agency funds, the total receivable for the Common Pleas Court was $121,927, with an allowance for uncollectibles of $2,445, making net accounts receivable of $119,482. The law library, board of health, regional planning commission, special emergency planning, CSBG agency funds had receivables of $865, $2,109, $1,148, $1,283 and $5,627, respectively, making the total agency funds receivable $130,514.

Special assessments expected to be collected within one year in the Special Assessment Debt Service Fund amount to $62,655. At December 31, 2007, the amount of delinquent special assessments was $3,550.

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 2007 for real and public utility property taxes represents collections of 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility) are for 2007 taxes. 2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2007.

7. RECEIVABLES (Continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are 12.5 percent 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. 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, 2007, 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 2007 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, 2007, was $7.15 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Category	Assessed Value	Percent
Agricultural/Residential Real Property	$349,014,690	80.60%
Other Real Property	52,720,170	12.17%
Tangible Personal Property	13,140,010	3.03%
Public Utility Personal Property	18,204,360	4.20%
Total Assessed Valuation	$433,079,230	100.00%

B. Permissive Sales and Use Tax

The County Commissioners, by resolution, imposed a 1.5 percent 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 State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

7. RECEIVABLES (Continued)

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 2007. 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 2007 amounted to $3,717,988 in the General Fund.

C. Due From Other Governments

A summary of intergovernmental receivables follows:

Governmental Activities:	Amounts
Boarding Fees	$378
Local Government	415,721
Homestead and Rollback	285,992
Election Costs	51,903
Advertising for Delinquent Taxes	4,622
Electric Deregulation Reimbursement	31,315
Personal Tax Replacement	178,027
Motor Vehicle License Tax	554,914
Gasoline Excise Tax	804,779
Gasoline Cents per Gallon	410,807
Undivided Library	511,929
Indigent Defense Reimbursement	15,940
Ohio Job and Family Services	30,914
Child Abuse Prevention Grant	7,500
Home Weatherization Assistance Grant	23,797
PSCA Core	5,506
Title IVE Administration and Training	1,925
Foster Care Maintenance Reimbursement	60
Public Assistance Closeout for Fiscal Year 2007	20,853
ADC Reimbursement	130
Preschool Tuition	2,086
MVGT reimbursements	5,114
State Foundation	133,304
Thomas Edison Subsidy Payment	190,456
Thomas Edison RFW/IO Waivers	74,693
Thomas Edison Transportation Reimbursement	442
Title XX	19,809
Title VI-B	19,111
Title V	58
Title VI	15,385
CSEA Core	43,177
Youth Bureau Reclaim Ohio Grant	51,896
Community Corrections Grant	28,257
State Help Me Grow Grant	24,748
CDBG Grant	700,100
Attorney General Sheriff Reimbursement	1,841
Federal HEAP Program	25,000
Federal Visitation Center	1,461
Indigent Drivers Alcohol Reimbursement	38
Total Intergovernmental Receivables	$4,693,988

7. RECEIVABLES (Continued)

D. Loans Receivable

The County has the following loans receivable at December 31, 2007:

Date of Issue	Description	Interest Rate	Balance at 12/31/2006	Increases	Decreases	Balance at 12/31/2007	Due in One Year
1996	Airport Construction	4.64%	$31,850		$2,000	$29,850	$3,000
1999	Airport Construction	4.98%	43,235		2,080	41,155	2,360
2001	Tractor/Mower	4.00%	5,832		5,832		
2003	Airport Improvement	1.80%	101,500		4,000	97,500	4,000
2003	Fair Board	0.00%	21,000		5,000	16,000	5,000
various	Revolving Loans	various	100,358	$35,000	13,079	122,279	28,797
			$303,775	$35,000	$31,991	$306,784	$43,157

The 1996 and 1999 Airport Construction, 2001 Tractor/Mower and the 2003 Airport Improvement were issued for 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, 2007, was as follows:

	Restated Balance at 1/1/07	Additions	Deletions	Balance at 12/31/07
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	$114,700	$134,000		$248,700
Land Improvements	20,399			20,399
Total Assets, not being Depreciated	135,099	134,000		269,099
Depreciable Capital Assets:				
Buildings	17,766,552			17,766,552
Machinery and Equipment	875,806	114,580		990,386
Furniture and Fixtures	181,070			181,070
Vehicles	4,375,927	629,363	($368,024)	4,637,266

(Continued)

8. CAPITAL ASSETS (Continued)

	Restated Balance at 1/1/07	Additions	Deletions	Balance at 12/31/07
Infrastructure:				
Roads	3,910,925	231,563		4,142,488
Bridges	10,146,580	214,467		10,361,047
Total Depreciable Capital Assets	37,256,860	1,189,973	(368,024)	38,078,809
Less Accumulated Depreciation:				
Buildings	(4,788,293)	(296,293)		(5,084,586)
Machinery and Equipment	(531,934)	(47,727)		(579,661)
Furniture and Fixtures	(118,618)	(10,960)		(129,578)
Vehicles	(2,548,438)	(310,228)	339,346	(2,519,320)
Infrastructure:				
Roads	(1,435,418)	(151,595)		(1,587,013)
Bridges	(3,427,907)	(232,653)		(3,660,560)
Total Accumulated Depreciation	(12,850,608)	(1,049,456)	339,346	(13,560,718)
Depreciable Capital Assets, Net	24,406,252	140,517	(28,678)	24,518,091
Governmental Activities Capital Assets, Net	$24,541,351	$274,517	($28,678)	$24,787,190
Business-Type Activities				
Depreciable Capital Assets:				
Buildings	$361,032			$361,032
Machinery and Equipment	347,856	24,950		372,806
Furniture and Fixtures	11,357			11,357
Vehicles	371,436			371,436
Total Depreciable Capital Assets	1,091,681	24,950		1,116,631
Less Accumulated Depreciation:				
Buildings	(48,629)	(8,760)		(57,389)
Machinery and Equipment	(88,704)	(36,412)		(125,116)
Furniture and Fixtures	(10,317)	(1,040)		(11,357)
Vehicles	(220,205)	(29,029)		(249,234)
Total Accumulated Depreciation	(367,855)	(75,241)		(443,096)
Business-Type Activities Capital Assets, Net	$723,826	($50,291)	$0	$673,535

Depreciation expense was charged to governmental programs as follows:

General Government	
Legislative and Executive	$112,338
Judicial	2,101
Public Safety	145,123
Public Works	628,713
Human Services	160,324
Economic Development and Assistance	857
Total Depreciation Expense	$1,049,456

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 percent 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, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Member and employer contributions rates were consistent across all three plans (TP, MD and (CP). For the year ended December 31, 2007, County employee contribution rates were 9.5 percent (9.0 percent for 2006) and 9.75 percent for sheriff employees (10.1 percent for 2006) of their annual covered salary. The County's contribution rate for employees for 2007 was 13.85 percent and 17.17 percent for sheriff employees. For the employees, a portion of the County's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment healthcare plan for the period January 1, through June 30, 2007; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. For the sheriff employees 8.85 percent was used to fund the pension benefits from January 1 through June 30, 2007 and 7.85 percent from July 1 through December 31, 2007. For 2006, the County's contribution rate was 13.7 percent, of which 9.2 percent 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, 2007, 2006, and 2005 were $828,277, $834,026, and $713,959 respectively; 91 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

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 (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

9. DEFINED BENEFIT PENSION PLANS (Continued)

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 percent 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.

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 percent 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 percent. 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 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent 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 percent instead of 2.2 percent. 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 percent 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 percent 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.

9. DEFINED BENEFIT PENSION PLANS (Continued)

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. 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 percent 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.

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

The County's required contributions for pension obligations to the DB Plan for the years ended December 31, 2007, 2006, and 2005 were $37,595, $51,222, and $30,735, respectively; 99 percent has been contributed for 2007 and 100 percent for 2006 and 2005. There was no employee participation in the DC and Combined Plans for 2007.

10. POST-EMPLOYMENT 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 post-employment 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.

10. POST-EMPLOYMENT BENEFITS (Continued)

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to age and service restraints 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 post-employment 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 2007 local government employer contribution rate was 13.85 percent of covered payroll (17.17 for sheriff employees). From January 1 through June 30, 2007, the portion of employer contributions, for all employees, allocated to health care was 5 percent. From July 1 through December 31, 2007, the portion used to fund health care was 6 percent. For 2006, 4.50 percent 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, 2006. 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 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor. The investment assumption rate for was 6.5 percent. An annual increase of 4.00 percent, compounded annually, is the base portion of the individual pay increase assumption.

This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4 percent base increase, were assumed to range from .50 percent to 6.3 percent. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5 percent to 5 percent for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4.00 percent (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 374,979 for 2007. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 362,130. Actual employer contributions for 2007 which were used to fund post-employment benefits were $544,951. The actual contribution and the actuarially required contribution amounts are the same.

OPERS's net assets available for payment of benefits at December 31, 2006, (the latest available information) were $12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were $30.7 billion and $18.7 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, January 1, 2007, and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

10. POST-EMPLOYMENT BENEFITS (Continued)

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 percent of covered payroll. For the year ended December 31, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the County, this amount equaled $2,884 for 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007, the balance in the Fund was $4.1 billion. For the fiscal year ended June 30, 2007, net health care costs paid by STRS Ohio were $265,558,000 and STRS Ohio had 12,934 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 percent 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 percent 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.

11. OTHER EMPLOYEE BENEFITS (Continued)

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 percent 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 percent 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 2007, 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. Coverage provided by Mid West Pool Risk Management Agency, Inc (MRRMA). is as follows:

Property
$250,000 limit per occurrence, subject to following limits:
Building and Contents at 140 percent of reported value for location
Flood and Earthquake at $36,000,000 combined annual aggregate for all MPRMA members

Boiler and Machinery
$50,000,000 per occurrence

Liability – General, Auto and Law Enforcement
$7,000,000 per occurrence ($2,000,000 primary + $5,000,000 excess)

Public Official Liability / Errors & Omissions
$7,000,000 annual aggregate limit per member

Liability – Nursing Home
$2,000,000 per occurrence + $3,000,000 excess aggregate for all MPRMA members

Crime
$500,000

All limits except Boiler and Machinery are inclusive of MPRMA $100,000 retention. The County's insurance is subject to $1,000 property deductible. Nursing home liability insurance is still provided as insurance on a claim made form. 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.

12. RISK MANAGEMENT (Continued)

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, 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

During 2007, 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.

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 2007 on these leases were $12,910. The following schedule is the future minimum rental payments for the non-cancelable operating leases:

For the Year	Amount
2008	$12,910
2009	11,631
2010	3,713
	$28,254

The County had also 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.

B. Capital Leases

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 2007 totaled $39,581, in the Thomas Edison Special Revenue Fund. The Thomas Edison buses have a total historical cost of $234,030, with accumulated depreciation of $41,473 as of December 31, 2007, with a book value of $234,030. In 2007, the County decided to payoff the remaining balance of the lease on the excavator. Therefore, the liability reduction for 2007 was $113,758. The excavator has a historical cost of $189,824, with accumulated depreciation of $35,592 as of December 31, 2007, with a book value of $154,232. Also, in October of 2007, County personnel awarded the bid and signed a contract for the lease purchase of a new bus. The total lease payments total $90,550 with 60 monthly payments of $1,674. 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, 2007.

13. LEASES (Continued)

For the Year Ending	Amount
2008	$ 62,429
2009	67,451
2010	64,572
2011	29,694
2012	20,093
2013	5,024
Total	249,263
Less: Amount	(21,213)
Present Value of Minimum	$228,050

14. SHORT-TERM OBLIGATIONS

A summary of the short-term transactions for the year ended December 31, 2007, follows:

	Balance at 12/31/06	Increases	Decreases	Balance at 12/31/07
2004 Towne Center Capital Facilities Note	$4,400,000	$4,150,000	$4,400,000	$4,150,000

The note carries an interest rate of 3.52 percent. 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.

15. LONG-TERM OBLIGATIONS

The changes in the County's long-term obligations of the governmental activities of the County during 2007 follow:

Date of Issue	Description	Interest Rate	Balance at 12/31/2006	Increases	Decreases	Balance at 12/31/2007	Amounts Due in One Year
	General Obligation Notes						
1996	Airport Construction	4.64%	$31,850		$2,000	$29,850	$3,000
1999	Airport Construction	4.39%	43,235		2,080	41,155	2,360
2001	Tractor/Mower	4.00%	5,832		5,832		
2002	County Annex	3.38%	1,040,000		65,000	975,000	65,000
2002	Thomas Edison Improvement	3.38%	240,000		40,000	200,000	40,000
2003	Airport Improvement	4.54%	101,500		4,000	97,500	4,000
2003	South Delphos Area Sewer	4.54%	62,200		62,200		
2003	Probate Court Computer	4.54%	26,900		7,700	19,200	2,000
2003	County Annex/County Home	4.54%	431,942		24,800	407,142	2,000
2003	Thomas Edison Improvement	4.54%	340,000		20,000	320,000	19,000
	Total General Obligation Notes		2,323,459		233,612	2,089,847	137,360

(Continued)

15. LONG-TERM OBLIGATIONS (Continued)

Date of Issue	Description	Interest Rate	Balance at 12/31/2006	Increases	Decreases	Balance at 12/31/2007	Amounts Due in One Year
	Special Assessment Notes						
2000	27 Mile Creek	4.87%	84,988		42,976	42,012	42,012
2000	John Adams Ditch	4.87%	199		199		
2000	Kimmett Ditch	4.87%	13,593		7,041	6,552	6,552
2000	Monkey Run Ditch	4.87%	18,756		10,378	8,378	8,378
2000	Potawatome Ditch	4.87%	7,651		2,567	5,084	5,084
2000	Wortman Ditch	4.87%	106		106		
	Total Special Assessment Notes		125,293		63,267	62,026	62,026
	OWDA Loan						
	Washington Twp/Delphos Sewers	0.00%		274,615		274,615	
	Total Notes and Loans		2,448,752	274,615	296,879	2,426,488	199,386
	Other Long-Term Obligations						
	Compensated Absences		709,403	28,436		737,840	460,092
	Capital Leases		290,831	90,558	153,339	208,050	59,961
	Total - Other Long-Term Obligations		1,000,234	118,995	153,339	965,890	520,053
	Total - General Long-Term Obligations		$3,448,986	$393,610	$450,218	$3,392,378	$719,439

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:	
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

15. LONG-TERM OBLIGATIONS (Continued)

All of obligations are bond and revenue anticipation notes and 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 pre-payable without penalty at the option of the County at any time prior to maturity.

During 2007, the County entered into a loan agreement with the Ohio Water Development Authority. The total loan awarded was $521,716. As of December 31, 2007, the County had drawn $274,615 in loan proceeds. The loan is interest free and will be paid semi-annually for 20 years. Once the sewer system construction has been completed and the loan has been finalized, an amortization schedule will be issued to notify the County when payments will begin on the loan. The City of Delphos will collect a flat fee for debt retirement from those owners of the properties benefiting from the construction of the sewer system. The City of Delphos will remit the fees to the County quarterly and these fees will be used to retire the debt. Since the construction is still in progress, no fees have been levied as of December 31, 2007.

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 are paid from the Thomas Edison Special Revenue Fund and the Motor Vehicle and Gas Tax fund.

Changes in the long-term obligations reported in business-type activities of the County during 2007 were as follows:

	Interest Rate	Balance at 12/31/2006	Increases	Decreases	Balance at 12/31/2007	Amounts Due in One Year
Recycling Building and Trucks	4.54%	$85,000		$5,000	$80,000	$2,000
Compensated Absences		7,673	$6,671		14,344	6,776
Totals		$92,673	$6,671	$5,000	$94,344	$8,776

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, 2007, are an overall debt margin of $7,219,334 and an unvoted debt margin of $2,223,145.

Principal and interest requirements to retire the County's long-term obligations outstanding at December 31, 2007, were as follows:

15. LONG-TERM OBLIGATIONS (Continued)

	Governmental Activities			
	General Obligation Notes		Special Assessment Notes	
Year	Principal	Interest	Principal	Interest
2008	$151,368	$114,172	$62,026	$3,021
2009	154,510	108,519		
2010	159,680	102,723		
2011	165,850	96,692		
2012	173,040	90,382		
2013-2017	754,480	359,771		
2018-2022	530,919	252,102		
Totals	$2,089,847	$1,124,361	$62,026	$3,021

	Business-Type Activities	
	General Obligation Notes	
Year	Principal	Interest
2008	$2,000	$3,632
2009	2,500	3,541
2010	2,500	3,428
2011	3,000	3,314
2012	3,500	3,178
2013-2017	25,000	13,053
2018-2022	39,500	5,925
2023	2,000	91
Totals	$80,000	$36,162

Conduit Debt - During 1996, the County issued a health care facilities revenue bond with the principal amount of $286,000 outstanding at December 31, 2007, 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 $1,177,000 outstanding at December 31, 2007. 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, 2007, $1,435,365 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, 2007, $4,750,000 was outstanding. Payments on the Series 2004 B bonds will begin in 2009.

The proceeds of these 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, 2007, 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.

16. INTERFUND ASSETS/LIABILITIES (Continued)

Interfund Payable	Interfund Receivable: General	Motor Vehicle and Gas Tax	Human Services	Thomas Edison	Total
General		$5,392			$5,392
Thomas Edison		2,790			2,790
Other Governmental	$61,786	18,400	$45,209	$643	126,038
Recycling		3,668			3,668
Total	$61,786	$30,250	$45,209	$643	$137,888

Interfund transfers for the year ended December 31, 2007, consisted of the following:

Transfers to	Transfers From: General	Thomas Edison	Other Governmental	Total
General			$257	$257
Human Services	$55,170			55,170
Towne Center Capital Improvement			364,184	364,184
Other Governmental	140,265	$92,206		232,471
Total	$195,435	$92,206	$364,441	$652,082

The General Fund transfers out equaled $195,435. Out of total transfers out, $136,558 was for debt service obligations, $55,170 was to the Department of Job and Family Services and $3,707 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 Towne Center Capital Improvement Fund transferred $364,184 to the Towne Center Debt Retirement Fund in order to move the debt activity to the fund where the note liability was recorded. The Indigent Guardianship transferred $257 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 for 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.

   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 the social security (FICA) coverage due to the Social Security Amendments of 1983.

17. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

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.

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 501(c)(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, 2007, 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.

17. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

D. Accounts Receivable

Accounts receivable are derived from sales and services within the North Western Ohio area. As a result, the economic conditions of the area affect the revenue of the Thomas Edison Center, Van Wert Housing Services, Inc., and Thomas Edison Memorial Endowment. At December 31, 2007, accounts receivable, trade were reported net of a $0 allowance for doubtful accounts.

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 or donated value and are being depreciated using the straight-line method over their estimated useful lives. Thomas Edison Center uses 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, 2007, depreciation expense for Thomas Edison Center, Port Authority, and the Airport Authority was $53,764, $196, and $50,203, respectively. A summary of the component units' capital assets at December 31, 2007, follows:

Thomas Edison Center	
Workshop equipment	$159,338
Workshop Buildings	148,590
Delivery Equipment	35,249
Houses and related improvements	738,622
Home furnishings	21,981
Total	1,103,780
Accumulated Depreciation	(278,841)
Book Value	$ 824,939

17. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

	Port Authority	Airport Authority
Capital Assets, not being depreciated:		
Land	$56,352	$ 214,100
Capital Assets, being depreciated:		
Buildings	2,159	105,575
Vehicles		1,500
Furniture and Fixtures		3,035
Equipment		43,000
Fueling System		116,150
Taxiways	77,835	1,024,074
Capital Assets Being Depreciated	79,994	1,293,334
Buildings	(1,295)	(26,249)
Vehicles		(600)
Furniture and Fixtures		(2,154)
Equipment		(18,751)
Fueling System		(26,134)
Taxiways	(49,159)	(133,626)
Accumulated Depreciation	(50,454)	(207,514)
Total Capital Assets Being Depreciated, Net	29,540	1,085,820
Total Capital Assets, Net	$85,892	$1,299,920

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. Major Customer and Concentration of Credit Risk

Approximately 58 percent 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 customers of its workshop operations most of whom are based in Western Ohio.

I. Bad Debt

For the Thomas Edison Center, management periodically reviews receivables for collection status. Since at the balance sheet date management has 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 is to write-off accounts only after all reasonable collection efforts have been made. Such write-offs require board approval.

17. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

J. 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 Thomas Edison Center are classified as "Investments in Segregated Accounts."

1. At year-end, the carrying amount of deposits for Thomas Edison Center was $49,016 and the bank balance was $51,091. 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	$ 99,246	$ 99,246	
Government Bonds	109,272	113,547	$ 4,275
Corporate Bonds	447,578	445,075	(2,503)
Mutual Funds	463,648	447,298	(16,350)
Common Stocks	477,890	541,119	63,229
	$1,597,634	$1,646,285	$48,651

The stock and bonds are not rated.

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 Airport Authority had $1,125 in undeposited cash on hand. The carrying amount of deposits was $10,645, and the bank balance was $11,783. 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.

K. Notes Payable

A summary of the note transactions for the component units for the year ended December 31, 2007, follows:

	Interest Rate	Balance at December 31, 2006	Increases	Decreases	Balance at December 31, 2007
Thomas Edison Center					
Residential Property #1	8.38%	$3,970	$0	$3,654	$316
Residential Property #2	7.00%	6,480	0	3,439	3,041
Residential Property #3	8.00%	16,632	0	2,507	14,125
Residential Property #4	8.00%	22,387	0	1,949	20,438
Residential Property #5	7.00%	20,040	0	1,576	18,464
Residential Property #6	5.75%	31,764	0	2,020	29,744
Total		$101,273	$0	$15,145	$86,128

17. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Terms on the residential property #1 note call 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.

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

2008	$11,732
2009	9,018
2010	9,710
2011	10,457
2012	11,252
Beyond	33,959
	$86,128

L. Loans Payable

A summary of the loan transactions for the component units for the year ended December 31, 2007, follows:

	Interest Rate	Balance at December 31, 2006	Increases	Decreases	Balance at December 31, 2007
Airport Authority					
Airport Hangar #1	4.64%	$31,850	$0	$2,000	$29,850
Fuel Tank Removal	4.54%	101,500	0	4,000	97,500
Airport Hangar #2	4.39%	43,235	0	2,080	41,155
Tractor/Mower Airport Notes	4.00%	5,832	0	5,832	0
Total Loans Payable		$182,417	$0	$13,912	$168,505

The interest rates on the airport loans is adjusted annually on the date that the annual payment is due. The adjusted rate is the prime rate multiplied by 65 percent. The interest rate shall never exceed the lesser of 12 percent or the maximum interest rate permitted by law.

Terms on the Airport Hangar loan #1 due to the County require twenty 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 require fifteen annual payments starting on December 1, 2004, 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 require twenty 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 County paid off the note during 2007.

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 2007, 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 2007 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 2007, the tax levy provided $300,194 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 2007, 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 2007, the tax levy provided $159,943 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 2007, 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. Midwest Employee Benefit Consortium

The County participates in the Midwest 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, Inc., 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, Inc. The contributions and related expenses are reflected in the financial statements of the component unit. During 2007, the contributions to Thomas Edison Center, Inc. for salaries, fringes, maintenance and repairs of buildings and administrative costs were $175,232.

Van Wert Housing Services, Inc., a discretely presented component unit of Van Wert County, 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

A. Grants

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.

FINANCIAL CONDITION
VAN WERT COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 2007

Federal Grantor/ ***Pass Through Grantor*** **Program Title**	**Pass Through Entity Number**	**Federal CFDA Number**	**Expenditures**	**Non-Cash Expenditures**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
(Passed through Ohio Department of Development)				
Community Development Block Grant/State's Program	BC-04-074-1	14.228	$28,156	
	BW-05-074-1		257,113	
	BF-04-074-1		41,619	
	BF-05-074-1		269,585	
	BF-06-074-1		6,114	
	BF-07-074-1		10,346	
Total Community Development Block Grant			612,933	
Home Investment Partnership (HOME) Program	BC-04-074-2	14.239	154,762	
Total United States Department of Housing and Urban Development			767,695	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
(Passed through Ohio Department of Development)				
Low-Income Home Energy Assistance Program	H06-136	93.568	31,780	
	H07-136		59,721	
	07-HC		40,846	
	06-HA-153		1,804	
	07-HA-153		41,566	
	08-HA-153		15,329	
	07-HE-253		54,163	
Total Low-Income Home Energy Assistance Program			245,209	
(Passed through Ohio Department of Job and Family Services)				
Children Welfare Services	N/A	93.645	45,791	
Chafee Foster Care Independent Living	N/A	93.674	1,402	
Promoting Safe and Stable Families	N/A	93.556	9,949	
Child Abuse and Neglect/State's Grant	N/A	93.669	543	
(Passed through Ohio Department of Mental Retardation and Developmental Disabilities)				
Medical Assistance Program - TCM	8100012	93.778	113,790	
State Children's Insurance Program (SCHIP - TCM)	8100012	93.767	41	
Social Services Block Grant	MR-81 FY 07	93.667	14,480	
	MR-81 FY 08		6,732	
Total Social Services Block Grant			21,212	
Total United States Department of Health and Human Services			437,937	
U.S. DEPARTMENT OF EDUCATION				
(Passed through Ohio Department of Education)				
State Grants for Innovative Programs	071183-C2-S1-2008	84.298	6	
Special Education Cluster:				
Special Education Preschool Grant	071183-PG-S1-2007	84.173	16,290	
	071183-PG-S1-2008		1,710	
Total			18,000	
Special Education Grants to States	071183-6B-SF-2008	84.027	2,124	
Total Special Education Cluster			20,124	
(Passed through the Ohio Department of Health)				
Special Education Grants for Infants & Families with Disabilities	81-1-001-1-EG-07	84.181	31,626	
Total United States Department of Education			51,756	

(Continued)

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	Expenditures	Non-Cash Expenditures
UNITED STATES DEPARTMENT OF ENERGY				
(Passed through the Ohio Department of Development)				
Weatherization Assistance for Low-Income Persons	D06-136	81.042	26,117	
	D07-136	81.042	62,892	
Total United States Department of Energy			89,009	
UNITED STATES DEPARTMENT OF AGRICULTURE				
(Passed through the Ohio Department of Education)				
Nutrition Cluster:				
School Breakfast Program	140285-05PU	10.553	6,016	
National School Lunch Program	140285-LLP4	10.555	9,275	
Total Nutrition Cluster			15,291	
Food Distribution	N/A	10.550		$5,922
Total United States Department of Agriculture			15,291	5,922
UNITED STATES DEPARTMENT OF JUSTICE				
(Passed through the Ohio Office of Criminal Justice Services)				
Edward - Byrne Grant Memorial Formula Grant	2006-JG-D01-6440	16.579	20,011	
Total United States Department of Justice			20,011	
UNITED STATES DEPARTMENT OF TRANSPORTATION				
(Passed through the Ohio Department of Transportation)				
Highway Planning and Construction	PID#23093	20.205	8,681	
	PID#23096	20.205	3,287	
Total Highway Planning and Construction			11,968	
Total United States Department of Transportation			11,968	
Total Federal Assistance			$1,393,667	$5,922

See Accompanying Notes to the Schedule of Federal Awards Expenditures.

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2007

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, 2007, the gross amount of loans outstanding under this program was $122,279. Delinquent amounts due were $66,447 and defaulted loans were $2,515.

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.

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, 2007 which collectively comprise the County's basic financial statements and have issued our report thereon dated September 30, 2008. 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.

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.

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 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. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses as defined above.

We also noted certain internal control matters that we reported to the County's management in a separate letter dated September 30, 2008.

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Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the County's management in a separate letter dated September 30, 2008.

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

September 30, 2008

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS 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, 2007. 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 2007-001, 2007-002 and 2007-005 through 2007-008 in the accompanying schedule of findings and questioned costs, the County did not comply with the requirements regarding allowable costs/cost principles, cash management, procurement, reporting or period of availability 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 2007-003, 2007-004 and 2007-007 through 2007-009, in the accompanying schedule of findings and questioned costs, the County did not comply with the requirements regarding reporting, cash management, period of availability and allowable costs/cost principles 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.

In our opinion, because of the effect of the noncompliance described in the preceding paragraphs, Van Wert County did not comply, in all material respects, with the requirements referred to above applying to its Community Development Block Grant and Home Investment Partnerships, major federal programs for the year ended December 31, 2007.

In a separate letter to the County's management dated September 30, 2008, we reported other matters related to federal noncompliance not requiring inclusion in this report.

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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 County'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 2007-001 through 2007-009 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 2007-001 through 2007-009 to be material weaknesses.

However, we noted matters involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated September 30, 2008.

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

September 30, 2008

FINANCIAL CONDITION
VAN WERT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any 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)?	No
(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	Adverse
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant / State's Grant - CFDA # 14.228 Home Investments Partnership Program CFDA #14.239
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	**2007-001**
CFDA Title and Number	CFDA #14.228 – Community Development Block Grant (CDBG)
Federal Award Number / Year	B-C-04-074-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Questioned Costs / Noncompliance / Material Weakness – Period of Availability

Ohio Department of Development Grant Agreement, B-C-04-074-1, Attachment B(6) states all projects, as identified in Attachment A of this Agreement, must be completed, i.e. work finished, by August 31, 2006. Any work not completed by this time may not continue without written approval by the Grantor. There must also be a clause in each contract, funded in whole or part with CDBG funds under this Grant Agreement, which stipulates that work be completed no later than August 31, 2006. The County received an extension for this grant authorizing a project completion date of August 31, 2007.

The following expenditures from the Community Development Block Grant funds were made after the extended end of the available period:

Check Number	Check Date	Invoice Date	Vendor	Amount
13420	12/26/07	11/07/07	Dilly Door Company	$6,518
13420	12/26/07	11/17/07	Dilly Door Company	5,316
				$11,843

Based on the above, $11,843 is considered to be questioned costs.

Failure to comply with grant requirements could lead to unallowed costs or a loss in grant funding. Grant award letters and grant agreements should be carefully reviewed to determine that grant requirements are understood and met. In addition, the County should regularly monitor expenditures to determine they are made within the grant's period of availability.

Officials Response:

B-C-04-074-1 – Department of Development identified check number 13420 for further review and conducted a site review, requested documentation, reviewed documentation with DOD audit staff, and determined that $6,308 was the amount to be returned. Return was made and DOD has closed the audit for years ended 12/31/06 and 12/31/07. Bi-weekly review of open purchase orders against disbursements has been instituted to assure payment within each grant's period of availability. Completed: 9/30/08

Finding Number	**2007-002**
CFDA Title and Number	CFDA #14.228 – Community Development Block Grant (CDBG)
Federal Award Number / Year	B-F-04-074-1, 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

Finding Number	**2007-002 (Continued)**

Questioned Costs / Noncompliance / Material Weakness – Allowable Costs/Cost Principles and Period of Availability

2 CFR Part 225, *Cost Principles for State, Local, and Indian Tribal Governments (formerly known as OMB Circular A-87)*, Appendix A (C)((1)(b) and (j) require costs be allocable to Federal awards under the provisions of 2 CFR Part 225 and be adequately documented to be allowable under Federal Awards.

In addition, **2 CFR Part 225, Appendix B (8)(h)(4)** requires where employees work on multiple activities or cost objectives, a distribution of their salaries or wages (including fringe benefits) will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (8)(h)(5). This section requires personnel activity reports or equivalent documentation must meet the following standards: (a) they must reflect an after-the-fact distribution of the actual activity of each employee, (b) they must account for the total activity for which each employee is compensated, (c) They must be prepared at least monthly and must coincide with one or more pay periods, and (d) they must be signed by the employee.

Ohio Department of Development Grant Agreement, B-F-05-074-1, Attachment B(6) states all projects, as identified in Attachment A of this Agreement, must be completed, i.e. work finished, by August 31, 2007. Any work not completed by this time may not continue without written approval by the Grantor. There must also be a clause in each contract, funded in whole or part with CDBG funds under this Grant Agreement, which stipulates that work be completed no later than August 31, 2007.

Ohio Department of Development Grant Agreement, B-C-04-074-1, Attachment B(6) states all projects, as identified in Attachment A of this Agreement, must be completed, i.e. work finished, by August 31, 2006. Any work not completed by this time may not continue without written approval by the Grantor. There must also be a clause in each contract, funded in whole or part with CDBG funds under this Grant Agreement, which stipulates that work be completed no later than August 31, 2006. The County received an extension for this grant authorizing a project completion date of August 31, 2007.

Ohio Department of Development Grant Agreement, B-F-04-074-1, Attachment B(6) states all projects, as identified in Attachment A of this Agreement, must be completed, i.e. work finished, by August 31, 2006. Any work not completed by this time may not continue without written approval by the Grantor. There must also be a clause in each contract, funded in whole or part with CDBG funds under this Grant Agreement, which stipulates that work be completed no later than August 31, 2006. The County received an extension for this grant authorizing a project completion date of May 31, 2007.

During 2007, $15,021 in salaries and fringe benefits were charged to these grants, however, the payroll timesheets for 2007 did not directly support the allocation of hours to the CDBG grants and therefore, we were unable to determine if all payroll expenditures and fringe benefits charged to the grants were incurred within the available period. Based on the above, $15,021 is considered to be questioned costs.

Failure to maintain proper supporting documentation to support the payment and allocation of salaries and fringe benefits from the appropriate grant, during the available period could result in a loss in grant funding. Bi-weekly timesheets should indicate the hours to be charged to each grant and fringe benefits charged based on the hours recorded and salary paid.

Finding Number	2007-002 (Continued)

Officials Response:

B-F-05-074-1, B-C-04-074-1, and B-F-04-074-1 – Time distribution between the various grants, also including B-F-06-074-1, was made on bi-weekly time sheets signed by the employee. A copy of the time sheet for pay period 4/16/07 – 4/27/07 is attached as an example, showing the number of hours attributed to specific grant numbers. Fringe benefits are then distributed based on the hours attributed to specific grants. The distribution of time continues on time sheets and is now further distributed to cover Fair Housing activities. Although CDBG payroll is run through only one fund, time sheets support the distribution between the CDBG grants. A contract has been entered into with Steyer Huber Associates for QuickBooks set-up on October 13, 2008. This will provide additional internal records that can be reconciled against time sheet allocation of hours. Completion: 2008

Finding Number	2007-003
CFDA Title and Number	CFDA #14.239 – Home Investment Partnerships Program (HOME)
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

Questioned Costs / Noncompliance / Material Weakness – Period of Availability

Ohio Department of Development Grant Agreement, B-C-04-074-2, Attachment B(6) states all projects, as identified in Attachment A of this Agreement, must be completed, i.e. work finished, by August 31, 2006. Any work not completed by this time may not continue without written approval by the Grantor. There must also be a clause in each contract, funded in whole or part with HOME funds under this Grant Agreement, which stipulates that work be completed no later than August 31, 2006. The County received an extension for this grant authorizing a project completion date of August 31, 2007.

The following expenditures were made from Home Investment Partnerships Program (HOME) funds, after the end of the available period:

Check Number	Check Date	Invoice Date	Vendor	Amount
49326	09/14/07	09/05/07	Wright Homes and Construction	$2,500
10474	10/12/07	09/28/07	Wright Homes and Construction	7,574
13516	12/28/07	12/04/07	Dilly Door Company	29,039
13517	12/28/07	10/24/07	Tri-County Roofing Inc.	26,880
				$65,993

Based on the above, $65,993 is considered to be questioned costs.

Failure to comply with grant requirements could lead to unallowed costs or a loss in grant funding. Grant award letters and grant agreements should be carefully reviewed to determine that grant requirements are understood and met. In addition, the County should regularly monitor expenditures to ensure they are made within the grant's period of availability.

Officials Response:

Department of Development accepted check numbers 49326 and 10474 however did identify 13516 and 13517 for further review and conducted a site review, requested documentation, reviewed documentation with DOD audit staff, and determined that $26,460 was the amount to be returned. Return was made and DOD has closed the audit for years ended 12/31/06 and 12/31/07. Completed: 9/30/08

Finding Number	**2007-004**
CFDA Title and Number	CFDA #14.239 – Home Investment Partnerships Program (HOME)
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

Questioned Costs / Noncompliance / Material Weakness – Allowable Costs/Cost Principles
2 CFR Part 225, *Cost Principles for State, Local, and Indian Tribal Governments (formerly known as OMB Circular A-87)*, Appendix A (C)((1)(b) and (j) require costs be allocable to Federal awards under the provisions of 2 CFR Part 225 and be adequately documented to be allowable under Federal Awards.

In addition, **2 CFR Part 225, Appendix B (8)(h)(4)** requires where employees work on multiple activities or cost objectives, a distribution of their salaries or wages (including fringe benefits) will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (8)(h)(5). This section requires personnel activity reports or equivalent documentation must meet the following standards: (a) they must reflect an after-the-fact distribution of the actual activity of each employee, (b) they must account for the total activity for which each employee is compensated, (c) They must be prepared at least monthly and must coincide with one or more pay periods, and (d) they must be signed by the employee.

In addition, the **Ohio Department of Development, Office of Housing and Community Partnerships (OHCP) Financial Management Rules and Regulations, Section (A)(3)(c)** states that accounting records must be supported by source documentation. Invoices, purchase orders, vouchers, payrolls/timesheets -- with the basis of why time is being charged to the OHCP awarded grant -- cancelled checks, etc. must be kept on file for review. This documentation must be on hand at the time disbursements are made and must be kept in one central location.

During 2007, $17,474.25 in salaries and fringe benefits were charged to the Home Investment Partnership Program, however, the payroll timesheets for 2007 did not support the allocation of hours to the HOME program. All timesheets indicated that employee activities were for the Community Development Block Grants. Based on the above, $17,474.25 is considered to be questioned costs.

Failure to comply with requirements and OHCP rules and regulations regarding salaries and fringe benefits could result in a loss of grant funding. Bi-weekly timesheets should indicate the hours to be charged to each grant and fringe benefits charged based on the hours recorded and salary paid.

Officials Response:

B-F-05-074-1, B-C-04-074-1, and B-F-04-074-1 – Time distribution between the various grants, also including B-F-06-074-1, was made on bi-weekly time sheets signed by the employee. A copy of the time sheet for pay period 4/16/07 – 4/27/07 is attached as an example, showing the number of hours attributed to specific grant numbers. Fringe benefits are then distributed based on the hours attributed to specific grants. The distribution of time continues on time sheets and is now further distributed to cover Fair Housing activities. Although CDBG payroll is run through only one fund, time sheets support the distribution between the CDBG grants. A contract has been entered into with Steyer Huber Associates for QuickBooks set-up on October 13, 2008. This will provide additional internal records that can be reconciled against time sheet allocation of hours. Completion: 2008

Finding Number	**2007-005**
CFDA Title and Number	CFDA #14.228 – Community Development Block Grant (CDBG)
Federal Award Number / Year	B-F-04-074-1, B-F-05-074-1, B-F-06-074-1, 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 - Reporting

Ohio Department of Development Grant Agreements, B-C-04-074-1, B-F-04-074-1, B-F-05-074-1, and B-F-06-074-1, Attachment C states grantees shall submit to Grantor a Status Report beginning six months after the effective date of the agreement, and the grantee shall submit a Final Performance Report at the conclusion of the program which is the subject of this 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 Report to be submitted on March 1, 2007 was not prepared and submitted. This resulted in expenditures of $32,401.66 not being properly reported to the Ohio Department of Development as expended as of March 1, 2007. The grant period ended August 31, 2007 and the required date for filing of the Final Performance Report for Grant B-C-04-074-1 was October 31, 2007. The Final Performance Report was not prepared and submitted during 2007 and unexpended funds were not returned.

The effective date of the B-F-04-074-1 agreement was September 1, 2004. The Status Report that was to be submitted on March 1, 2007 was not prepared and submitted. This resulted in the failure to report to the Ohio Department of Development grant expenditures of $316,088 as of March 1, 2007. The grant period ended May 31, 2007 and the required date for filing of the Final Performance Report for Grant B-F-04-074-1 was July 31, 2007. The Final Performance Report was not prepared and submitted during 2007 and unexpended funds were not returned.

The effective date of the B-F-05-074-1 agreement was September 1, 2005. The Status Report that was to be submitted on March 1, 2007 was not prepared and submitted. This resulted in the failure to report to the Ohio Department of Development grant expenditures of $71,515.79 as of March 1, 2007. The grant period ended August 31, 2007 and the required date for filing of the Final Performance Report for grant B-F-04-074-1 was October 31, 2007. The Final Performance Report was not prepared and submitted during 2007 and unexpended funds were not returned.

The effective date of the B-F-06-074-1 agreement was September 1, 2006. The Status Reports that were to be submitted on March 1, 2007 and September 1, 2007, were not prepared and submitted. This resulted in the failure to report to the Ohio Department of Development grant expenditures of $341.10 as of March 1, 2007 and $4,364.92 as of September 1, 2007.

Failure to comply with grant requirements could lead to unallowed costs or loss of grant funding. Grant award letters and grant agreements should be carefully reviewed to determine that grant requirements are understood and met.

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

Officials Response:

Reports referenced have been submitted. Status reports are being monitored by regular reporting to the Commissioners. Amounts entered on internal ledgers for reporting are now check marked against the County's records to assure recording and reporting accuracy. Completed: 2008

Finding Number	**2007-006**
CFDA Title and Number	CFDA #14.228 – Community Development Block Grant (CDBG)
Federal Award Number / Year	B-F-04-074-1, B-F-05-074-1 and B-F-07-074-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness - Procurement

24 CFR Subpart C, Section 85.36(b)(1) states grantees will use their own procurement procedures which reflect applicable State and local laws and regulations provided that the procurements conform to applicable Federal law and the standards identified in this section.

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 availability of funds had not been certified prior to incurring liabilities for twenty percent of the B-F-04-074-1, B-F-05-074-1 and B-F-07-074-1 grant expenditures tested for 2007, 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	**2007-006 (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. When prior certification is not possible, "then and now" certification should be used.

Officials Response:

At the time of contract award, vendor specific purchase orders are now being submitted for certification. Blanket purchase orders are now being submitted for other grant line items, such as administration that may include several vendors. If prior certification is not possible or a routine budget line item is inadvertently overlooked, then and now purchase orders are now being submitted for certification. Completed: 2008

Finding Number	**2007-007**
CFDA Title and Number	CFDA #14.228 – Community Development Block Grant (CDBG)
Federal Award Number / Year	B-F-04-074-1, B-F-05-074-1 B-F-06-074-1, B-F-07-074-1, B-C-04-074-1, and B-W-05-074-1
CFDA Title and Number	CFDA #14.239 – Home Investment Partnerships Program (HOME)
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 - Reporting

Ohio Department of Development, Office of Housing and Community Partnerships Financial Management Rules and Regulations, Section (A) Introduction states that Grantees must establish financial records and financial management and recordkeeping systems that are in accordance with state and federal guidelines (24 CFR Subpart C, Section 85.20). Records must be maintained by activity as awarded on Attachment A of the grant agreement or as later amended.

Required records include:

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.

Finding Number	2007-007 (Continued)

Separate accounting records had not been maintained for each activity as indicated above to facilitate the preparation of the Required Financial Reports throughout the 2007 grant audit period. All grant activity for the Community Development Block Grant and the Home Investment Partnership Program was recorded in one fund within the County's accounting system. Upon request the Grant Coordinator completed a set of ledgers; however, they did not include all required financial reports.

The failure to comply with the reporting requirements per the Ohio Department of Development Rules and Regulations could result in a loss of grant funding.

Separate accounting records should be maintained for each activity to facilitate the preparation of the Required Financial Reports for the Community Development Block Grant and the Home Investment Partnership Program as stated in the Financial Management Rules and Regulations. The Ohio Department of Development has provided software which should be utilized by the County to produce computer generated reports. Reports should be prepared on a timely basis and reconciled monthly with the County's accounting system records.

Officials Response:

The software previously provided by DOD has not had technical support available for over 1 ½ years. A contract has been entered into with Steyer Huber Associates for QuickBooks set-up on October 13, 2008. This will provide computer generated reports, by grant number and activity, and entries will be check marked against the County's records to assure recording accuracy. Completion: 2008

Finding Number	2007-008
CFDA Title and Number	CFDA #14.228 – Community Development Block Grant (CDBG)
Federal Award Number / Year	B-F-05-074-1 and B-W-05-074-1
CFDA Title and Number	CFDA #14.239 Home Investment Partnerships Program (HOME)
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 - Cash Management

Ohio Department of Development, Office of Housing and Community Partnerships Financial Management Rules and Regulations, Section (A)(3)(f) states, in part, 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 April 13, 2007 and on October 12, 2007 $195,000, and $72,900, respectively was received for the Community Development Block Grant B-F-05-074-1, and as of December 31, 2007, the grant still had a balance of $83,521.36. Also, $8,000 received on April 4, 2007, for grant B-W-05-074-1 was not expended until October 17, 2007.

On April 4, 2007, $261,000 was received for the Home Investment Partnership Grant B-C-04-074-2 and as of December 31, 2007, the grant still had a balance of $84,188.

Finding Number	**2007-008 (Continued)**

The failure to comply with the cash management requirements per the Ohio Department of Development Rules and Regulations could result in a loss of grant funding.

A cash management system should be developed to monitor the fifteen day rule regarding the prompt disbursement of funds. Requests for Payments should be submitted for current cash needs. Procedures should be established to monitor the receipts, disbursements, and balances of the Community Development Block Grant and the Home Investment Partnerships Program funds to avoid excessive federal fund cash balances.

Officials Response:

A contract has been entered into with Steyer Huber Associates for QuickBooks set-up on October 13, 2008. Monthly reports will provide the cash management system necessary to monitor the receipts, disbursements, and balances in planning for appropriate submittal of Requests for Payments to avoid excessive federal fund cash balances. Completion: 2008

Finding Number	**2007-009**
CFDA Title and Number	CFDA #14.239 – Home Investment Partnerships Program (HOME)
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 - Reporting

Ohio Department of Development Grant Agreement, B-C-04-074-2, Attachment C (1) states that the grantee shall submit to the 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 grantee shall submit a Final Performance Report at the conclusion of the program which is the subject of this agreement.

The effective date of the B-C-04-074-2 agreement was September 1, 2004. The Status Report required to be submitted on March 1, 2007 had not been prepared and submitted. This resulted in expenditures of $39,463 not being properly reported to the Ohio Department of Development as expended as of March 1, 2007.

The required date for filing of the Final Performance Report for grant B-C-04-074-2 was October 31, 2007. The Final Performance Report had not been prepared and submitted during 2007 and unexpended funds were not returned.

The failure to comply with the reporting requirements per the grant agreement could result in a loss of grant funding. Procedures should implemented by the Grant Coordinator and Commissioners to monitor the Ohio Department of Development reporting deadlines. The Status Reports should be prepared and filed by the required dates which 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:

Reports referenced have been submitted. Status reports are being monitored by regular reporting to the Commissioners. Amounts entered on internal ledgers for reporting are now check marked against the County's records to assure recording and reporting accuracy. Completed: 2008

Finding Number	**2007-010**
CFDA Title and Number	CFDA #93.568 – Low Income Home Energy Assistance Grant (HEAP)
Federal Award Number/Year	H06-136, H07-136, 07HC, 06-HA-153, 07-HA-153, 08-HA-153 and 07-HE-253
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness - Procurement

45 CFR Subpart C, Section 92.36 (b)(1) states that grantees will use their own procurement procedures which reflect applicable State and local laws and regulations provided that the procurements conform to the applicable Federal law and the standards identified in this section.

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.

Finding Number	2007-010 (Continued)

Proper certification was not obtained for 70 percent of the transactions tested. 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. When prior certification is not possible, "then and now" certification should be used, however care should be exercised to assure that the then and now process is used for exceptions rather then on a routine basis.

Officials Response:

At the time of contract award, vendor specific purchase orders are now being submitted for certification. Blanket purchase orders are now being submitted for other grant line items, such as administration that may include several vendors. If prior certification is not possible or a routine budget line item is inadvertently overlooked, then and now purchase orders are now being submitted for certification. Completed: 2008

Finding Number	2007-011
CFDA Title and Number	CFDA #93.568 – Low Income Home Energy Assistance Grant (HEAP)
Federal Award Number/Year	H06-136, H07-136, 07HC, 06-HA-153, 07-HA-153, 08-HA-153 and 07-HE-253
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness - 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 required monthly reports were filed from two to five months late:

Grant 07-HA-153 – reports for seven months were filed late.
Grant 07-HC-253 – reports for two months were filed late.
Grant 07-HE-253 – reports for two months were filed late.
Grant H06-136 – reports for all months were filed late.
Grant H07-136 – reports for all months were filed late.

The final performance report for 07-HA-153 was due November 10, 2007, but was not filed until January 25, 2008 and the final performance report for 07-HC-253 was due November 10, 2007, but was not filed until January 6, 2008.

The failure to comply with the reporting requirements per the Ohio Department of Development Rules and Regulations and grant agreements could result in the loss of or limited grant funding.

Finding Number	**2007-011 (Continued)**

The monthly request for reimbursement should be filed by the 10th of the following month in order to receive 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 and/or to remit back to the grantor any unused funds.

Officials Response:

Concerted efforts have begun to assure timely filing of reports. As an example, the 08-HC-253 final report has been filed early and the 08-HA-153 final report is currently being reconciled for early filing. Completion: 2009

Finding Number	**2007-012**
CFDA Title and Number	CFDA #93.568 – Low Income Home Energy Assistance Grant (HEAP)
Federal Award Number/Year	H06-136, H07-136, 07HC, 06-HA-153, 07-HA-153, 08-HA-153 and 07-HE-253
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness - Reporting

45 CFR Subpart C, Section 92.20(a)(2) and (b)(2) states that the recipient's financial management systems must provide records that identify adequately the source and application of funds for Federally-sponsored activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.

Further, **45 CFR Subpart C, Section 92.20(b)(4)** states that recipients must relate financial data to performance data and development unit cost information whenever practical.

Receipts and expenditures related to the HEAP grant/program were tracked on the County's accounting system. However these funds were not maintained in a manner which specifically identifies receipts and expenditures related to this federal program. The personnel responsible for reporting grant activity to the Ohio Department of Development (ODOD) also tracked the receipts and expenditures related to the grant and maintained documentation to support the overall receipts and expenditures of the grant/program; however, a reconciliation was not performed between the two sets of records to determine the proper accounting and reporting of the grants. As a result there have been several instances where the amounts reported to ODOD varied from the amounts reported in the County accounting system. Also, monies were received for the Weatherization Assistance program for material and support expenses related to rehabilitation projects, but there were no local controls instituted to determine that the production requirements were met.

The lack of a reconciliation between the Auditor and grant records and the lack of controls to track production requirements could lead to errors or irregularities in recording and reporting grant activity and/or federal questioned costs.

Grant personnel should periodically obtain printouts from the County and should reconcile their subsidiary ledgers and the reports submitted to ODOD, etc. with the County records to determine the accuracy in accounting and reporting for these grant activities. Also, grant personnel should devise a system to determine that production goals are being met in relation to claimed costs.

Finding Number	2007-012 (Continued)

Officials Response:

1. A contract has been entered into with Steyer Huber Associates for QuickBooks set-up on October 13, 2008. This will provide computer generated reports, by grant number, and the cash management system necessary to monitor the receipts, disbursements, and balances, and entries will be check marked against the County's records to assure recording and reporting accuracy. Completion: 2008

2. Weatherization production was below requirements in PY2006 due to numerous staffing difficulties. Staffing difficulties were rectified in PY2007 and production goals were met for the grant period of 4/1/07 – 3/31/08 and continue to be met. Completed: 2007

FINANCIAL CONDITION
VAN WERT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2006-001	Finding for recovery repaid under audit	Yes	
2006-002	Ohio Rev. Code Section 5705.41(D): Improper certification	Significantly corrected.	Moved to management letter.
2006-003	Ohio Admin Code Section 117-2-02(A) On behalf of monies not reported	Yes	
2006-004	Ohio Department of Development Rules and Regulations (A)(3)(f): CDBG -Cash Management: 15 day rule	No	Repeated as 2007-008
2006-005	Ohio Department of Development Grant Agreements – Attachment C CDBG – Reporting: Status reports not submitted timely	No	Repeated as 2007-005
2006-006	24 CFR Part 85.36: CDBG – Procurement	No	Repeated as 2007-006
2006-007	Ohio Department of Development Rules and Regulations Section (A) CDBG – Reporting: Financial Records	No	Repeated as 2007-007
2006-008	Ohio Department of Development Grant Agreements – Attachment C HOME – Reporting: Status reports not submitted timely	No	Repeated as 2007-009
2006-009	Ohio Department of Development Rules and Regulations Section (A) HOME – Reporting Financial Records	No	Repeated as 2007-007
2006-010	24 CFR Part 85.36: HOME – Procurement	Yes	
2006-011	45 CFR 92.20 (b)(1) HEAP – Reporting	Yes	
2006-012	45 CFR 92.20 (b)(2) HEAP – Reporting: Financial Records	No	Repeated as 2007-012
2006-013	Ohio Department of Development Grant Agreements HEAP - Earmarking	Yes	
2006-014	Ohio Department of Development Agreements – Exhibit III HEAP – Reporting: Monthly reports	No	Repeated as 2007-011
2006-015	45 CFR 92.36 (b)(1) HEAP - Procurement	No	Repeated as 2007-010

FINANCIAL CONDITION
VAN WERT COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (C)
DECEMBER 31, 2007

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2007-001	Bi-weekly review of open purchase orders against disbursements has been instituted to assure payment within each grant's period of availability.	Immediately	Nancy Blanke
2007-002	A contract has been entered into with Steyer Huber Associates for QuickBooks set-up on October 13, 2008. This will provide additional internal records that can be reconciled against time sheet allocation of hours.	December 2008	Nancy Blanke
2007-003	Return was made and Department of Development has closed the audit for years ended 12/31/06 and 12/31/07	9-30-08	Nancy Blanke
2007-004	A contract has been entered into with Steyer Huber Associates for QuickBooks set-up on October 13, 2008. This will provide additional internal records that can be reconciled against time sheet allocation of hours.	December 2008	Nancy Blanke
2007-005	Status reports are being monitored by regular reporting to the Commissioners. Amounts entered on internal ledgers for reporting are now check marked against the County's records to assure recording and reporting accuracy.	December 2008	Nancy Blanke
2007-006	Blanket purchase orders are now being submitted for other grant line items, such as administration that may include several vendors. If prior certification is not possible or a routine budget line item is inadvertently overlooked, then and now purchase orders are now being submitted for certification.	December 2008	Nancy Blanke
2007-007	A contract has been entered into with Steyer Huber Associates for QuickBooks set-up on October 13, 2008. This will provide computer generated reports, by grant number and activity, and entries will be check marked against the County's records to assure recording accuracy.	December 2008	Nancy Blanke
2007-008	A contract has been entered into with Steyer Huber Associates for QuickBooks set-up on October 13, 2008. Monthly reports will provide the cash management system necessary to monitor the receipts, disbursements, and balances in planning for appropriate submittal of Requests for Payments to avoid excessive federal fund cash balances.	December 2008	Nancy Blanke
2007-009	Status reports are being monitored by regular reporting to the Commissioners. Amounts entered on internal ledgers for reporting are now check marked against the County's records to assure recording and reporting accuracy	December 2008	Nancy Blanke
2007-010	Blanket purchase orders are now being submitted for other grant line items, such as administration that may include several vendors. If prior certification is not possible or a routine budget line item is inadvertently overlooked, then and now purchase orders are now being submitted for certification.	December 2008	Nancy Blanke

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (C)
DECEMBER 31, 2007
(Continued)

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2007-011	Concerted efforts have begun to assure timely filing of reports. As an example, the 08-HC-253 final report has been filed early and the 08-HA-153 final report is currently being reconciled for early filing	Grant Requirement Dates	Nancy Blanke
2007-012	A contract has been entered into with Steyer Huber Associates for QuickBooks set-up on October 13, 2008. This will provide computer generated reports, by grant number, and the cash management system necessary to monitor the receipts, disbursements, and balances, and entries will be check marked against the County's records to assure recording and reporting accuracy. Weatherization production was below requirements in PY2006 due to numerous staffing difficulties. Staffing difficulties were rectified in PY2007 and production goals were met for the grant period of 4/1/07 – 3/31/08 and continue to be met.	December 2008	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 13, 2008

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