FINANCIAL CONDITION
FULTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2007

Mary Taylor, CPA
Auditor of State

FINANCIAL CONDITION
FULTON COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Fulton County
152 South Fulton Street, Suite 165
Wauseon, Ohio 43567-3310

To the Board of Commissioners:

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

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

We were unable to obtain sufficient, competent and appropriate evidence to support the accrual of accounts receivable and related deferred revenue for the EMS A & B Life Services major fund. We could not confirm with independent third parties nor were we able to perform sufficient alternative procedures to substantiate the amounts recorded for accounts receivables. EMS A & B Life Services accounts receivable and related deferred revenue totals $553,936 and $516,013 respectively, which represents 12% of total assets and 25% of total liabilities in this major fund. We cannot reasonably determine the amount by which this departure would affect these assets and liabilities.

In our opinion, except for the inability to obtain sufficient, competent and appropriate evidence to support the accrual of accounts receivable and related deferred revenue for the EMS A & B Life Services major fund, the financial statements referred to above present fairly, in all material respects, the financial position of the EMS A & B Life Services major fund of Fulton County, Ohio, as of December 31, 2007, and the changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, for Fulton County, Ohio, as of December 31, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General, Motor Vehicle and Gas Tax, County Board of Developmental Disabilities, Public Assistance, and EMS A & B Life Services funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 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.

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 29, 2008

FINANCIAL CONDITION
FULTON COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED

The management's discussion and analysis of Fulton County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2007. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- The total net assets of the County increased $4,153,683. Net assets of governmental activities increased $2,780,625, which represents a 4.61% increase from fiscal year 2006. Net assets of business-type activities increased $1,373,058 or 8.62% from fiscal year 2006.

- General revenues accounted for $17,417,358 or 48.50% of total governmental activities revenue. Program specific revenues accounted for $18,497,959 or 51.50% of total governmental activities revenue of $35,915,317.

- The County had $33,069,220 in expenses related to governmental activities; $18,497,959 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $17,417,358 were adequate to provide for these programs.

- The general fund, the County's largest major fund, had revenues and other financing sources of $11,545,478 in 2007, an increase of $763,301 or 7.08% from 2006 revenues. The expenditures and other financing uses of the general fund were $11,331,069 in 2007, increased $184,285 or 1.65% from 2006. The increase in revenues which exceeded the slight increase in expenditures contributed to the general fund balance increase of $214,409 from 2006 to 2007.

- The motor vehicle and gas tax fund, a County major fund, had revenues and other financing sources of $5,209,924 in 2007. The motor vehicle and gas tax fund had expenditures of $5,394,871 in 2007. The motor vehicle and gas tax fund balance decreased $184,947 from 2006 to 2007.

- The county board of developmental disabilities (the "county board of DD") fund, a County major fund, had revenues of $4,900,360 in 2007. The county board of DD had expenditures and other financing uses of $3,651,299 in 2007. The county board of DD fund balance increased $1,249,061 from 2006 to 2007.

- The public assistance fund, a County major fund, had revenues of $4,133,554 in 2007. The public assistance fund, had expenditures of $3,731,990 in 2007. The public assistance fund balance increased $401,564 from 2006 to 2007.

- The emergency medical system advanced and basic ("EMS A&B") life services fund, a County major fund, had revenues of $2,266,878 in 2007. The EMS advanced and basic life services fund had expenditures of $1,819,382 in 2007. The EMS A&B life services fund balance increased $447,496 from 2006 to 2007.

- The County had two major enterprise funds. The net assets for the water enterprise fund increased in 2007 by $655,288 or 6.33%. Net assets for the sewer enterprise fund increased in 2007 by $700,765 or 12.66%.

- In the general fund, the actual revenues and other financing sources came in $855,756 higher than they were originally budgeted and actual expenditures were $21,845 more than the amount in the original budget. These positive variances are a result of the County's conservative budgeting process.

Using this Basic Financial Statements (BFS)

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

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

Reporting the County as a Whole

Statement of Net Assets and the Statement of Activities

The statement of net assets and the statement of activities answer the question, "How did we do financially during 2007?" These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Reporting the County's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

Government-Wide Financial Analysis

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

The net assets of the business-type activities were restated at December 31, 2006. See Note 3.B. to the basic financial statements for detail. The table below provides a summary of the County's net assets for 2007 and 2006.

Net Assets

	Governmental Activities 2007	Business-type Activities 2007	Governmental Activities 2006	Restated Business-type Activities 2006	2007 Total	Restated 2006 Total
Assets						
Current and other assets	$ 35,847,728	$ 3,832,424	$ 35,531,085	$ 3,246,072	$ 39,680,152	$ 38,777,157
Capital assets, net	39,814,062	21,076,477	38,725,142	21,344,785	60,890,539	60,069,927
Total assets	75,661,790	24,908,901	74,256,227	24,590,857	100,570,691	98,847,084
Liabilities						
Long-term liabilities outstanding	3,714,451	7,346,562	3,027,808	8,242,288	11,061,013	11,270,096
Other liabilities	8,769,848	245,102	10,831,553	1,216,098	9,014,950	12,047,651
Total liabilities	12,484,299	7,591,664	13,859,361	9,458,386	20,075,963	23,317,747
Net Assets						
Invested in capital assets, net of related debt	38,292,548	14,869,365	38,287,568	14,377,738	53,161,913	52,665,306
Restricted	20,955,672		18,646,891		20,955,672	18,646,891
Unrestricted	3,929,271	2,447,872	3,462,407	1,566,441	6,377,143	5,028,848
Total net assets	$ 63,177,491	$ 17,317,237	$ 60,396,866	$ 15,944,179	$ 80,494,728	$ 76,341,045

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2007, the County's assets exceeded liabilities by $80,494,728. This amounts to $63,177,491 in governmental activities and $17,317,237 in business-type activities. The County's finances remained strong during 2007.

Capital assets reported on the government-wide statements represent the largest portion of the County's net assets. At year-end, capital assets represented 60.55% of total governmental and business-type assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2007, were $53,161,913. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

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

As of December 31, 2007, the County is able to report positive balances in all three categories of net assets for the governmental activities and business-type activities.

A portion of the County's net assets, $20,955,672 or 26.04%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of $6,377,143 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net assets for fiscal years 2007 and 2006.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Change in Net Assets

	Governmental Activities 2007	Business-type Activities 2007	Governmental Activities 2006	Business-type Activities 2006	2007 Total	Restated 2006 Total
Revenues						
Program revenues:						
Charges for services and sales	$ 5,693,239	$ 2,689,188	$ 5,415,736	$ 2,290,013	$ 8,382,427	$ 7,705,749
Operating grants and contributions	11,857,093		10,846,078		11,857,093	10,846,078
Capital grants and contributions	947,627	1,690,603	669,495	2,111,092	2,638,230	2,780,587
Total program revenues	18,497,959	4,379,791	16,931,309	4,401,105	22,877,750	21,332,414
General revenues:						
Property taxes	7,768,690		7,905,982		7,768,690	7,905,982
Sales tax	4,524,406		4,848,137		4,524,406	4,848,137
Unrestricted grants	2,675,475		2,397,773		2,675,475	2,397,773
Investment earnings	1,492,345		1,216,473		1,492,345	1,216,473
Other	956,442	41,029	1,088,028	-	997,471	1,088,028
Total general revenues	17,417,358	41,029	17,456,393	-	17,458,387	17,456,393
Total revenues	35,915,317	4,420,820	34,387,702	4,401,105	40,336,137	38,788,807
Expenses:						
Program expenses:						
General government	7,623,275		7,981,957		7,623,275	7,981,957
Public safety	6,533,419		6,271,366		6,533,419	6,271,366
Public works	4,958,398		3,114,395		4,958,398	3,114,395
Health	1,314,965		1,356,780		1,314,965	1,356,780
Human services	10,354,480		10,038,086		10,354,480	10,038,086
Economic development	1,087,633		1,380,253		1,087,633	1,380,253
Other	86,667		114,996		86,667	114,996
Intergovernmental	1,044,589		924,530		1,044,589	924,530
Interest and fiscal charges	65,794		74,964		65,794	74,964
Water		2,398,523		2,277,449	2,398,523	2,277,449
Sewer		368,528		224,108	368,528	224,108
Solid waste incinerator		239,342		205,424	239,342	205,424
Recycling	-	106,841	-	-	106,841	-
Total expenses	33,069,220	3,113,234	31,257,327	2,706,981	36,182,454	33,964,308
Special item - gain on exchange of land			22,915			22,915
Transfers	(65,472)	65,472	(495,102)	495,102	-	-
Change in net assets	2,780,625	1,373,058	2,658,188	2,189,226	4,153,683	4,847,414
Net assets at beginning of year (restated)	60,396,866	15,944,179	57,738,678	13,754,953	76,341,045	71,493,631
Net assets at end of year	$ 63,177,491	$ 17,317,237	$ 60,396,866	$ 15,944,179	$ 80,494,728	$ 76,341,045

Governmental Activities

Governmental net assets increased by $2,780,625 in 2007 from 2006.

General government represents activities related to the governing body as well as activities that directly support County programs. In 2007, general government expenses totaled $7,623,275, or 23.06% of total governmental expenses. General government programs were supported by $3,079,668 in direct charges to users and $314,296 in capital grants and contributions.

The County's largest program is human services, accounted for $10,354,480 of expenses, or 31.32% of total governmental expenses of the County during 2007. Human services programs include the operations of the public assistance, county board of DD, public assistance trust, child support enforcement agency and the children services board. These expenses were funded in part by $722,347 in charges to users of services and $5,952,579 in operating grants and contributions in 2007.

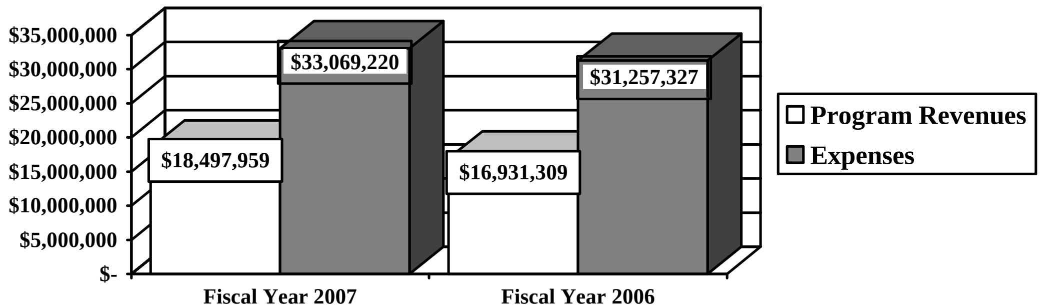
The next largest program was public safety, which primarily supports the operations of the sheriff's department, E-911, emergency medical services, and the EMS advanced and basic life services. The program accounted for $6,533,419 or 19.76% of total governmental expenses. Public safety programs are primarily supported by revenues from charges to users of services, of $1,157,084, and operating grants and contributions of $575,425.

Operating grants and contributions were the largest type of program revenue. The State and Federal government contributed revenues of $11,857,093 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, $5,952,579, or 50.21%, subsidized human services programs, $4,447,720 or 37.52%, subsidized public works programs, and $575,425, or 4.86%, subsidized public safety programs. Another type of program revenue is direct charges to users of governmental activities, made up $5,693,239 or 15.86% of total governmental revenues. These charges for services and sales include fees for charges for services, licenses and permits, and fines and forfeitures related to judicial activities, and rental income.

General revenues totaled $17,417,358, and amounted to 48.50% of total revenues. These revenues primarily consist of property and sales tax revenue of $12,293,096, or 70.58% of total general revenues in 2007. Property taxes decreased by 1.74% during 2007. Sales tax decreased 6.68% in 2007. The other primary source of general revenues is grants and entitlements not restricted to specific programs which include local government revenue. Interest earnings, were increased during 2007 to $1,492,345, or 8.57%, of total general revenues.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2007. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

Governmental Activities – Program Revenues vs. Total Expenses

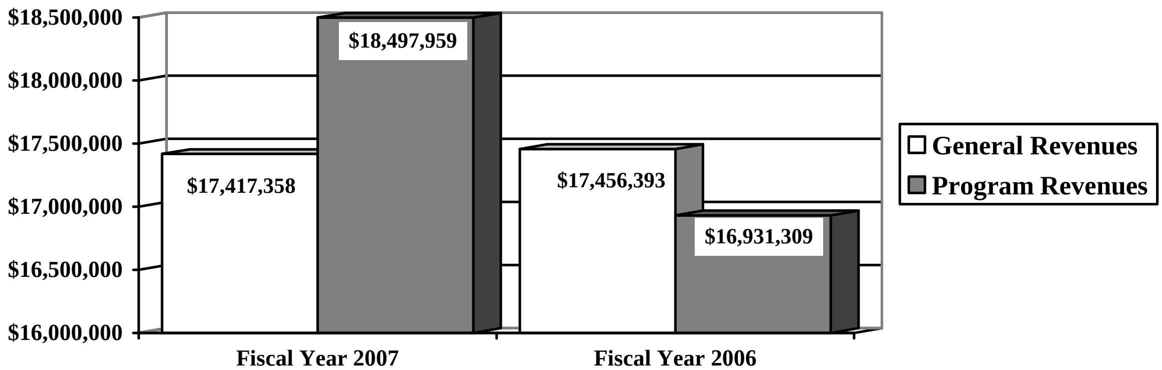


Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
Program expenses:				
General government	$ 7,623,275	$ 4,229,311	$ 7,981,957	$ 5,106,718
Public safety	6,533,419	4,800,910	6,271,366	4,707,062
Public works	4,958,398	(507,329)	3,114,395	(1,446,102)
Health	1,314,965	1,065,188	1,356,780	1,134,518
Human services	10,354,480	3,679,554	10,038,086	3,171,759
Economic development and assistance	1,087,633	106,577	1,380,253	537,573
Other	86,667	86,667	114,996	114,996
Intergovernmental	1,044,589	1,044,589	924,530	924,530
Interest and fiscal charges	65,794	65,794	74,964	74,964
Total	$ 33,069,220	$ 14,571,261	$ 31,257,327	$ 14,326,018

The dependence upon general revenues for governmental activities is apparent; with 44.06% and 45.83% of expenses supported through taxes and other general revenues during 2007 and 2006, respectively.

Governmental Activities - General and Program Revenues



Business-Type Activities

The water and sewer funds are the County's two major enterprise funds. The enterprise funds had revenues of $4,420,820 and expenses of $3,113,234 for fiscal year 2007. The net assets of these programs increased $1,373,058 or 8.62% from 2006. During 2007, these funds received $1,690,603 in capital grants and contributions.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

The County's governmental funds reported a combined fund balance of $21,356,115, which is $2,643,510 above last year's total of $18,712,605. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2007 and December 31, 2006, for all major and nonmajor governmental funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS
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	Fund Balance December 31, 2007	Fund Balance December 31, 2006	Increase (Decrease)
Major funds:			
General	$ 4,672,215	$ 4,457,806	$ 214,409
Motor vehicle and gas tax	2,876,038	3,060,985	(184,947)
County board of DD	3,707,122	2,458,061	1,249,061
Public assistance	960,443	558,879	401,564
EMS A & B life services	2,734,927	2,287,431	447,496
Other nonmajor governmental funds	6,405,370	5,889,443	515,927
Total	$ 21,356,115	$ 18,712,605	$ 2,643,510

General Fund

The general fund is the operating fund of the County. At the end of the fiscal year, the fund balance of the general fund was $4,672,215, a 4.81% increase from 2006.

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

	2007 Amount	2006 Amount	Percentage Change
Revenues			
Taxes	$ 5,740,457	$ 5,780,246	(0.69) %
Charges for services	1,514,811	1,555,913	(2.64) %
Licenses and permits	3,014	3,169	(4.89) %
Fines and forfeitures	389,546	418,739	(6.97) %
Intergovernmental	1,678,552	1,266,415	32.54 %
Investment income	1,337,201	977,164	36.85 %
Rental income	32,681	33,615	(2.78) %
Other	679,654	454,253	49.62 %
Total	$ 11,375,916	$ 10,489,514	8.45 %

Tax revenue represents 50.47% of all general fund revenue. Tax revenue decreased slightly by 0.69% below the prior year. The decrease in other revenue is primarily due to a decrease in reimbursements received during 2007. The increase in investment income was due to increases in interest rates by the Federal Reserve. The increase in intergovernmental revenue was due to an increase in reimbursements from the State for lost tax revenue under H.B. 66. All other revenue remained comparable to 2006.

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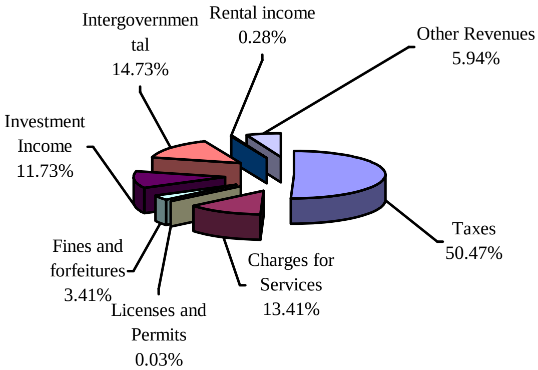
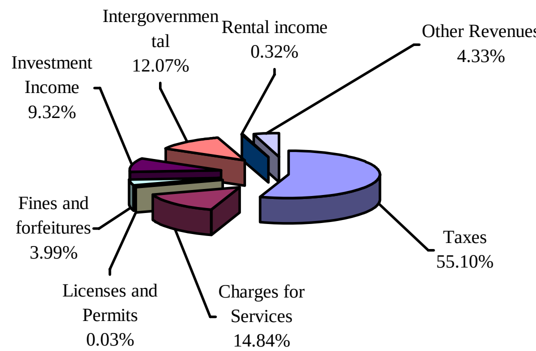
Revenues – Fiscal Year 2007



Revenues – Fiscal Year 2006



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

	2007 Amount	2006 Amount	Percentage Change
Expenditures			
General government			
Legislative and executive	$ 4,746,124	$ 4,483,283	5.86 %
Judicial	1,536,722	1,525,909	0.71 %
Public safety	3,096,018	2,972,805	4.14 %
Public works	44,717	61,942	(27.81) %
Health	75,239	108,293	(30.52) %
Human services	521,314	625,465	(16.65) %
Other	22,806	39,159	(41.76) %
Capital outlay	93,339	134,848	(30.78) %
Intergovernmental	996,963	875,966	13.81 %
Principal retirement	2,127		100.00 %
Interest and fiscal charges	898	-	100.00 %
Total	$ 11,136,267	$ 10,827,670	2.85 %

Human services expenditures relate to the following services: county home, children services, soldier's relief, and veteran's services. These services saw an overall decrease in contractual services related expenditures in 2007. The increase in intergovernmental expenditures is attributable to increases in matching funds related to grants. The most significant decrease occurred in capital outlay. This was primarily due to the completion of construction projects. The County entered into a capital lease, resulting in principal retirement and interest and fiscal charges. All other expenditures remained comparable to 2006.

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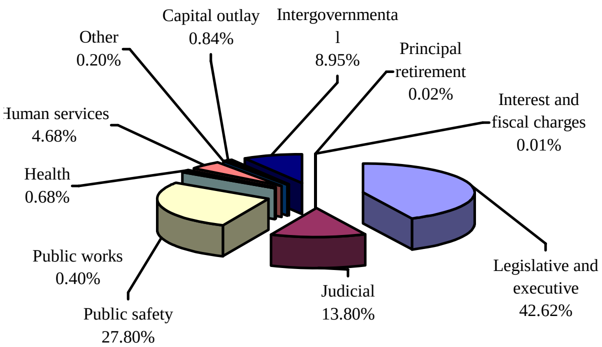
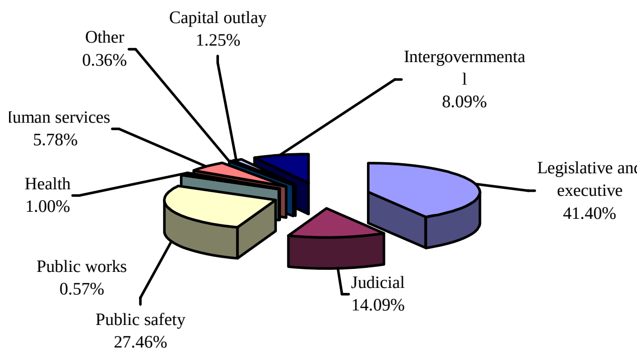
Expenditures – Fiscal Year 2007



Expenditures – Fiscal Year 2006



Motor Vehicle and Gas Tax Fund

The motor vehicle and gas tax fund, a County major fund, had revenues and other financing sources of $5,209,924 in 2007. The motor vehicle and gas tax fund had expenditures of $5,394,871 in 2007. The motor vehicle and gas tax fund balance decreased $184,947 from 2006 to 2007. The decrease is primarily due to expenditures exceeding revenues.

County Board of Developmental Disabilities (County Board of DD)

The county board of DD, a County major fund, had revenues of $4,900,360 in 2007. The county board of DD had expenditures and other financing uses of $3,651,299 in 2007. The county board of DD fund balance increased $1,249,061 from 2006 to 2007. The increase is primarily due to increasing revenues and the decrease in expenditures.

Public Assistance Fund

The public assistance fund, a County major fund, had revenues of $4,133,554 in 2007. The public assistance fund, had expenditures of $3,731,990 in 2007. The public assistance fund balance increased $401,564 from 2006 to 2007. The increase is primarily due to a larger increase in expenditures over an increase in revenues.

EMS Advanced and Basic Life Services Fund

The EMS A&B life services fund, a County major fund, had revenues of $2,266,878. The EMS advanced and basic life services fund had expenditures of $1,819,382. The EMS advanced and basic life services fund balance increased $447,496 from 2006 to 2007. This increase is primarily due to revenues exceeding expenditures.

Budgeting Highlights – General Fund

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

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

In the general fund, actual revenues and other financing sources of $11,390,819 exceeded original and final budgeted revenues and other financing sources by $855,756 and $695,831, respectively. These increases are due to the County's conservative approach to budgeting. Actual expenditures and other financing uses of $11,628,822 were $21,845and $914,354 lower than original and final budgeted appropriations, respectively.

Proprietary Funds

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

Capital Assets and Debt Administration

Capital Assets

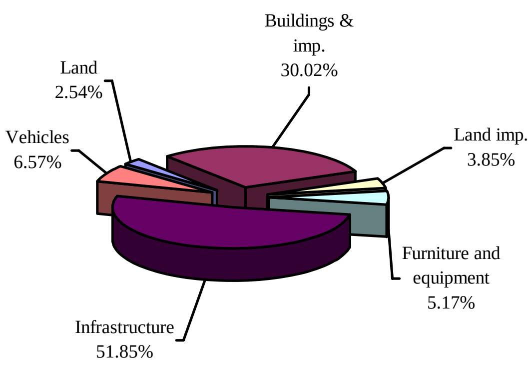
At the end of 2007, the County had $60,890,539 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, and infrastructure. Of this total, $39,814,062 was reported in governmental activities and $21,076,477 was reported in business-type activities, see Note 10 to the basic financial statements for detail. Also, see Note 3.B. to the basic financial statements for further detail on the restatement of business-type activities capital assets at the beginning of the year. The following table shows fiscal 2007 balances compared to 2006:

Capital Assets at December 31
(Net of Depreciation)

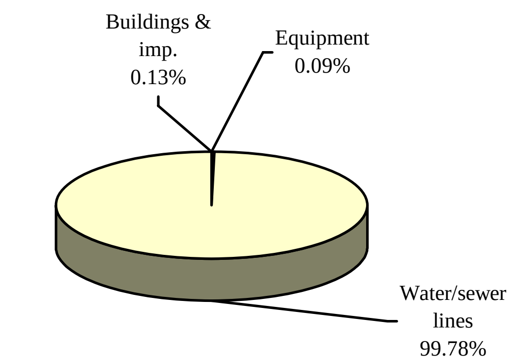
	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	Restated 2006	2007	2006
Land	$ 1,011,931	$ 954,237			$ 1,011,931	$ 954,237
Construction-in-progress				$ 1,680,708		1,680,708
Land improvements	1,531,669	1,467,995			1,531,669	1,467,995
Building and improvements	11,950,434	12,494,788	$ 27,768	29,503	11,978,202	12,524,291
Furniture and equipment	2,057,631	1,536,888	18,862	21,377	2,076,493	1,558,265
Vehicles	2,614,220	2,735,584			2,614,220	2,735,584
Infrastructure	20,648,177	19,535,650			20,648,177	19,535,650
Water/sewer lines	-	-	21,029,847	19,613,197	21,029,847	19,613,197
Total	$ 39,814,062	$ 38,725,142	$ 21,076,477	$ 21,344,785	$ 60,890,539	$ 60,069,927

The following graphs show the breakdown of governmental and business-type activities capital assets by category for 2007 and 2006.

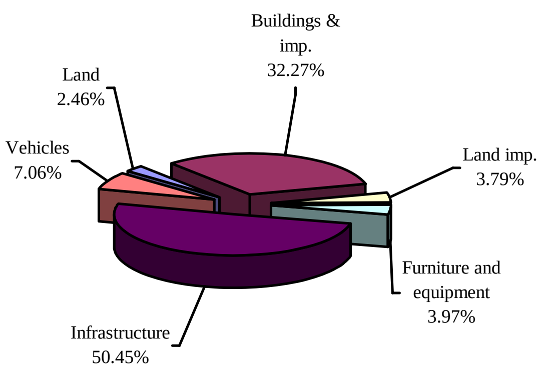
Capital Assets - Governmental Activities 2007



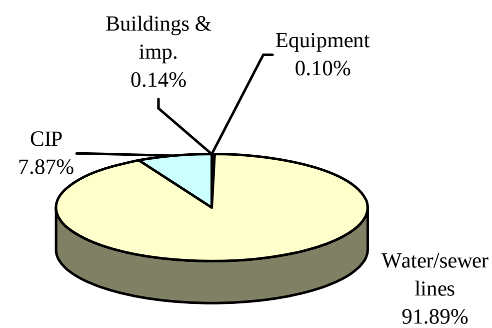
Capital Assets - Business-Type Activities 2007



Capital Assets - Governmental Activities 2006



Capital Assets - Business-Type Activities 2006



Debt Administration

The County had the following long-term obligations outstanding at December 31, 2007 and 2006:

	Governmental Activities 2007	Governmental Activities 2006
OWDA loans	$ 682,888	$ 799,128
Special assessment bonds	225,728	304,260
General obligation notes	259,000	278,800
General obligation bonds	1,057,028	158,774
Landfill closure/postclosure	433,605	435,300
Capital lease	11,463	
OPWC loans	194,023	177,919
Total long-term obligations	$ 2,863,735	$ 2,154,181

	Business-Type Activities 2007	Business-Type Activities 2006
OWDA loans	$ 6,430,231	$ 7,277,774
Special assessment bonds	620,485	670,407
Loan payable	265,156	277,461
Total long-term obligations	$ 7,315,872	$ 8,225,642

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

Economic Factors

The County's Administration considered the impact of various economic factors when establishing the fiscal year 2007 budget. Despite the uncertainty surrounding the economy, the County continues to carefully monitor its primary sources of revenue—real estate taxes, local sales taxes, local government funds and interest income. In order to stabilize the impact of the fluctuations in these revenue sources, the County continues to pursue economic development and job creation; and adoption of a budget designed to promote long-term fiscal stability. In order to meet the objectives of the 2007 budget, the County emphasized various efforts to continue to contain costs while pursuing new sources of revenue.

The passage of the state budget bill, House Bill 66, in July of 2005 is predicted to have a significant impact on the 2008 county budget. The anticipated cuts in the Local Government Fund, the phase out of the tangible personal property tax, the uncertainty in the collection and application of the Commercial Activity Tax (CAT) and other changes in the taxing structure of the State, will cause an estimated 12% overall reduction in revenues for the general fund.

The average unemployment rate for Fulton County in 2007 was 6.1%, which reflects a slight decrease from 2006. Fulton County ranks slightly higher than the state average of 5.9%. Efforts in the area of economic development are predicted to have positive results in 2006 with the addition of jobs in Fulton County. The strongest growth area in 2008 is predicted to be in the area of commercial/retail opportunities, while the manufacturing base is remaining steady. Also, new housing growth is remaining steady in the County. The overall economy of the County is anticipated to maintain the current level over the next year.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Honorable Nancy Yackee, Fulton County Auditor, Courthouse, 152 S. Fulton Street, Suite 165, Wauseon, Ohio 43567-3310.

FINANCIAL CONDITION
FULTON COUNTY

STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	$ 18,732,155	$ 2,351,014	$ 21,083,169
Cash in segregated accounts	364,475	54,739	419,214
Receivables (net of allowances for uncollectibles):			
Sales taxes	653,354		653,354
Real estate and other taxes	7,441,035		7,441,035
Accounts	698,090	193,658	891,748
Due from other governments	6,550,557		6,550,557
Special assessments	306,076	1,223,747	1,529,823
Accrued interest	411,974		411,974
Internal balances	(7,997)	7,997	
Prepayments	62,595	1,269	63,864
Materials and supplies inventory	188,148		188,148
Loans receivable	447,266		447,266
Capital assets:			
Land	1,011,931		1,011,931
Depreciable capital assets, net	38,802,131	21,076,477	59,878,608
Total capital assets	39,814,062	21,076,477	60,890,539
Total assets	75,661,790	24,908,901	100,570,691
Liabilities:			
Accounts payable	785,340	31,119	816,459
Accrued wages and benefits	247,673	6,112	253,785
Retainage payable		53,686	53,686
Due to other governments	256,433	4,460	260,893
Amount to be repaid to claimants	41,296		41,296
Accrued interest payable	18,106	149,725	167,831
Unearned revenue	7,421,000		7,421,000
Long-term liabilities:			
Due within one year	966,741	1,143,152	2,109,893
Due in more than one year	2,747,710	6,203,410	8,951,120
Total liabilities	12,484,299	7,591,664	20,075,963
Net assets:			
Invested in capital assets, net of related debt	38,292,548	14,869,365	53,161,913
Restricted for:			
Capital projects	1,596,743		1,596,743
Debt service	53,602		53,602
Public safety	3,899,580		3,899,580
Public works projects	4,286,868		4,286,868
Human services programs	7,778,134		7,778,134
Health programs	787,974		787,974
Economic development	1,079,246		1,079,246
Other purposes	1,473,525		1,473,525
Unrestricted	3,929,271	2,447,872	6,377,143
Total net assets	$ 63,177,491	$ 17,317,237	$ 80,494,728

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FINANCIAL CONDITION
FULTON COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government:				
Legislative and executive	$ 5,919,584	$ 2,293,692		$ 314,296
Judicial	1,703,691	785,976		
Public safety	6,533,419	1,157,084	$ 575,425	
Public works	4,958,398	384,676	4,447,720	633,331
Health	1,314,965	228,025	21,752	
Human services	10,354,480	722,347	5,952,579	
Economic development and assistance	1,087,633	121,439	859,617	
Other	86,667			
Intergovernmental	1,044,589			
Interest and fiscal charges	65,794			
Total governmental activities	33,069,220	5,693,239	11,857,093	947,627
Business-Type Activities:				
Water	2,398,523	1,888,019		1,156,815
Sewer	368,528	514,307		533,788
Other enterprise funds:				
Solid waste incinerator	239,342	218,182		
Recycling	106,841	68,680		
Total business-type activities	3,113,234	2,689,188		1,690,603
Total primary government	$ 36,182,454	$ 8,382,427	$ 11,857,093	$ 2,638,230

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

Total general revenues

Transfers

Change in net assets

Net assets at beginning of year (restated)

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activity	Total
$ (3,311,596)		$ (3,311,596)
(917,715)		(917,715)
(4,800,910)		(4,800,910)
507,329		507,329
(1,065,188)		(1,065,188)
(3,679,554)		(3,679,554)
(106,577)		(106,577)
(86,667)		(86,667)
(1,044,589)		(1,044,589)
(65,794)		(65,794)
(14,571,261)		(14,571,261)
	$ 646,311	646,311
	679,567	679,567
	(21,160)	(21,160)
	(38,161)	(38,161)
	1,266,557	1,266,557
(14,571,261)	1,266,557	(13,304,704)
1,678,714		1,678,714
3,063,006		3,063,006
883,801		883,801
1,455,399		1,455,399
335,336		335,336
352,434		352,434
4,524,406		4,524,406
2,675,475		2,675,475
1,492,345		1,492,345
956,442	41,029	997,471
17,417,358	41,029	17,458,387
(65,472)	65,472	
2,780,625	1,373,058	4,153,683
60,396,866	15,944,179	76,341,045
$ 63,177,491	$ 17,317,237	$ 80,494,728

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	General	Motor Vehicle and Gas Tax	County Board of DD
Assets:			
Equity in pooled cash and cash equivalents	$ 3,398,672	$ 2,057,040	$ 3,808,766
Cash in segregated accounts	45,039		
Receivables (net of allowance for uncollectibles):			
Sales taxes	653,354		
Property taxes	1,639,414		2,807,559
Accounts	74,398	12,196	4,394
Special assessments			
Due from other funds	98,141		
Due from other governments	666,144	2,327,201	496,785
Accrued interest	411,974		
Advances to other funds	222,703		
Prepayments	25,931		504
Materials and supplies inventory	50,634	102,623	4,566
Loans receivable			
Total assets	$ 7,286,404	$ 4,499,060	$ 7,122,574
Liabilities:			
Accounts payable	$ 86,886	$ 77,429	$ 31,271
Accrued wages and benefits	95,154	25,949	49,744
Due to other funds	7,997		
Due to other governments	76,757	20,969	35,991
Advances from other funds			
Amount to be repaid to claimants	41,296		
Deferred revenue	671,099	1,498,675	498,446
Unearned revenue	1,635,000		2,800,000
Total liabilities	2,614,189	1,623,022	3,415,452
Fund Balances:			
Reserved for encumbrances	180,021	92,629	137,046
Reserved for prepayments	25,931		504
Reserved for materials and supplies inventory	50,634	102,623	4,566
Reserved for advances	222,703		
Reserved for loans			
Unreserved:			
Designated for budget stabilization	500,000		
Undesignated, reported in:			
General fund	3,692,926		
Special revenue funds		2,680,786	3,565,006
Debt service fund			
Capital projects funds			
Total fund balances	4,672,215	2,876,038	3,707,122
Total liabilities and fund balances	$ 7,286,404	$ 4,499,060	$ 7,122,574

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Public Assistance	EMS A & B Life Services	Other Governmental Funds	Total Governmental Funds
$ 543,025	$ 2,697,116	$ 6,227,337	$ 18,731,956
		319,436	364,475
			653,354
	1,463,942	1,530,120	7,441,035
	553,936	53,166	698,090
		306,076	306,076
22,018			120,159
1,914,725	84,072	1,061,630	6,550,557
			411,974
			222,703
13,015		23,145	62,595
14,412		15,426	187,661
		447,266	447,266
$ 2,507,195	$ 4,799,066	$ 9,983,602	$ 36,197,901
$ 50,294	$ 112	$ 539,348	$ 785,340
32,943		43,273	247,063
14,446		105,713	128,156
40,621		80,920	255,258
		222,703	222,703
			41,296
1,408,448	604,027	1,060,275	5,740,970
	1,460,000	1,526,000	7,421,000
1,546,752	2,064,139	3,578,232	14,841,786
234,872	20,500	763,245	1,428,313
13,015		23,145	62,595
14,412		15,426	187,661
			222,703
		447,266	447,266
			500,000
			3,692,926
698,144	2,714,427	4,292,634	13,950,997
		43,119	43,119
		820,535	820,535
960,443	2,734,927	6,405,370	21,356,115
$ 2,507,195	$ 4,799,066	$ 9,983,602	$ 36,197,901

FINANCIAL CONDITION
FULTON COUNTY

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

Total governmental fund balances		$ 21,356,115
Amounts reported for governmental activities on the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		39,813,756
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes	$ 20,035	
Special assessments	306,076	
Charges for services	516,013	
Interest revenue	211,283	
Intergovernmental revenues	4,687,563	
Total		5,740,970
In the statement of activities interest is accrued on outstanding loans, notes and bonds whereas in governmental funds, interest expenditures are reported when due.		(18,106)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
OWDA loans	(682,888)	
Special assessment bonds	(225,728)	
General obligation notes	(259,000)	
General obligation bonds	(1,057,028)	
OPWC loans	(194,023)	
Compensated absences	(848,954)	
Capital leases payable	(11,463)	
Landfill closure/postclosure	(433,605)	
Total		(3,712,689)
The internal service fund is used by management to charge the costs of the geographic information systems services to individual funds. The assets and liabilities of the internal service fund is included in governmental activities on the statement of net assets.		(2,555)
Net assets of governmental activities		$ 63,177,491

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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FINANCIAL CONDITION
FULTON COUNTY

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

	General	Motor Vehicle and Gas Tax	County Board of DD	Public Assistance
Revenues:				
Property taxes	$ 1,681,862		$ 3,068,884	
Sales taxes	4,058,595	$ 519,958		
Charges for services	1,514,811	299,588	120,166	
Licenses and permits	3,014			
Fines and forfeitures	389,546	84,277		
Intergovernmental	1,678,552	4,197,720	1,653,938	$ 4,041,370
Special assessments				
Investment income	1,337,201	75,103		
Rental income	32,681			
Other	679,654	3,278	57,372	92,184
Total revenues	11,375,916	5,179,924	4,900,360	4,133,554
Expenditures:				
Current:				
General government:				
Legislative and executive	4,746,124			
Judicial	1,536,722			
Public safety	3,096,018			
Public works	44,717	5,369,945		
Health	75,239			
Human services	521,314		3,626,805	3,731,990
Economic development and assistance				
Other	22,806			
Capital outlay	93,339	16,030		
Intergovernmental	996,963			
Debt service:				
Principal retirement	2,127	8,896		
Interest and fiscal charges	898			
Total expenditures	11,136,267	5,394,871	3,626,805	3,731,990
Excess (deficiency) of revenues over (under) expenditures	239,649	(214,947)	1,273,555	401,564
Other financing sources (uses):				
Sale of capital assets	39,557			
Issuance of bonds and loans				
Transfers in	116,415	30,000		
Transfers out	(194,802)		(24,494)	
Capital lease transaction	13,590			
Total other financing sources (uses)	(25,240)	30,000	(24,494)	
Net change in fund balances	214,409	(184,947)	1,249,061	401,564
Fund balances at beginning of year	4,457,806	3,060,985	2,458,061	558,879
Fund balances at end of year	$ 4,672,215	$ 2,876,038	$ 3,707,122	$ 960,443

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EMS A & B Life Services	Other Governmental Funds	Total Governmental Funds
$ 1,458,011	$ 1,574,567	$ 7,783,324
		4,578,553
523,250	2,204,598	4,662,413
	6,568	9,582
	43,901	517,724
267,767	3,658,010	15,497,357
	504,828	504,828
	12,293	1,424,597
		32,681
17,850	316,432	1,166,770
2,266,878	8,321,197	36,177,829
	826,587	5,572,711
	88,657	1,625,379
1,819,382	1,459,937	6,375,337
	108,879	5,523,541
	1,108,786	1,184,025
	2,120,513	10,000,622
	1,097,657	1,097,657
		22,806
	1,642,478	1,751,847
		996,963
	231,318	242,341
	67,867	68,765
1,819,382	8,752,679	34,461,994
447,496	(431,482)	1,715,835
		39,557
	940,000	940,000
	130,824	277,239
	(123,415)	(342,711)
		13,590
	947,409	927,675
447,496	515,927	2,643,510
2,287,431	5,889,443	18,712,605
$ 2,734,927	$ 6,405,370	$ 21,356,115

FINANCIAL CONDITION
FULTON 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			$	2,643,510
Amounts reported for governmental activities in the statement of activities are different because:				
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.				
Capital asset additions	$	3,928,185		
Current year depreciation		(2,795,225)		
Total				1,132,960
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.				(42,637)
Proceeds of bonds, loans, and capital lease are other financing sources in the governmental funds, but increase liabilities in governmental activities.				(953,590)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.				
Property taxes		(14,634)		
Special assessments		(171,497)		
Charges for services		260,511		
Interest revenue		67,748		
Intergovernmental revenues		(404,640)		
Total				(262,512)
Repayment of bond, loan, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.				242,341
Governmental funds report capital outlay expense for improvements related to the landfill. However, on the statement of net assets capital outlays decrease the long-term liability for the closure and postclosure cost.				1,695
In the statement of activities, interest is accrued on outstanding outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.				2,971
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.				13,737
The internal service fund used by management to charge the costs of geographic information systems services to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.				2,150
Change in net assets of governmental activities			$	2,780,625

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FINANCIAL CONDITION
FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Property taxes	$ 1,808,866	$ 1,808,866	$ 1,689,024	$ (119,842)
Sales taxes	4,075,000	4,075,000	4,023,555	(51,445)
Charges for services	1,502,200	1,502,200	1,529,787	27,587
Licenses and permits	3,500	3,500	3,014	(486)
Fines and forfeitures	393,000	393,000	388,602	(4,398)
Intergovernmental	1,311,197	1,436,197	1,578,306	142,109
Investment income	803,300	803,300	1,267,356	464,056
Other	473,000	632,925	721,338	88,413
Total revenues	10,370,063	10,654,988	11,200,982	545,994
Expenditures:				
Current:				
General government:				
Legislative and executive	4,800,743	5,286,300	4,956,707	329,593
Judicial	1,474,614	1,619,021	1,534,529	84,492
Public safety	3,374,923	3,314,940	3,087,494	227,446
Public works	51,245	47,490	45,909	1,581
Health	114,384	111,403	107,116	4,287
Human services	436,663	619,770	528,543	91,227
Other	484,330	86,817	22,555	64,262
Capital outlay	65,000	81,000	80,146	854
Intergovernmental	805,075	1,061,009	1,000,397	60,612
Total expenditures	11,606,977	12,227,750	11,363,396	864,354
Excess (deficiency) of revenues over (under) expenditures	(1,236,914)	(1,572,762)	(162,414)	1,410,348
Other financing sources (uses):				
Sale of capital assets	10,000	10,000	39,557	29,557
Transfers in	155,000	30,000	116,415	86,415
Advances in			33,865	33,865
Transfers out		(244,802)	(194,802)	50,000
Advances out		(70,624)	(70,624)	
Total other financing sources (uses)	165,000	(275,426)	(75,589)	199,837
Net change in fund balance	(1,071,914)	(1,848,188)	(238,003)	1,610,185
Fund balance at beginning of year	3,285,769	3,285,769	3,285,769	
Prior year encumbrances appropriated	83,457	83,457	83,457	
Fund balance at end of year	$ 2,297,312	$ 1,521,038	$ 3,131,223	$ 1,610,185

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FINANCIAL CONDITION
FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MOTOR VEHICLE AND GAS TAX
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Sales taxes	$ 520,000	$ 520,000	$ 519,958	$ (42)
Charges for services	80,000	80,000	50,204	(29,796)
Fines and forfeitures	71,200	71,200	84,454	13,254
Intergovernmental	3,600,000	3,600,000	4,126,965	526,965
Investment income	35,000	35,000	75,103	40,103
Other	60,000	60,000	245,401	185,401
Total revenues	4,366,200	4,366,200	5,102,085	735,885
Expenditures:				
Current:				
Public works	5,162,276	6,094,171	5,451,322	642,849
Capital outlay		16,030	16,030	
Debt service:				
Principal retirement		8,896	8,896	
Total expenditures	5,162,276	6,119,097	5,476,248	642,849
Excess (deficiency) of revenues over (under) expenditures	(796,076)	(1,752,897)	(374,163)	1,378,734
Other financing sources:				
Transfers in	100,000	100,000	30,000	(70,000)
Total other financing sources	100,000	100,000	30,000	(70,000)
Net change in fund balance	(696,076)	(1,652,897)	(344,163)	1,308,734
Fund balance at beginning of year	2,066,740	2,066,740	2,066,740	
Prior year encumbrances appropriated	172,976	172,976	172,976	
Fund balance at end of year	$ 1,543,640	$ 586,819	$ 1,895,553	$ 1,308,734

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FINANCIAL CONDITION
FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
COUNTY BOARD OF DEVELOPMENTAL DISABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
Property taxes	$ 2,980,000	$ 2,980,000	$ 3,085,132	$ 105,132
Charges for services	130,000	130,000	130,728	728
Intergovernmental	1,267,516	1,267,516	1,661,843	394,327
Other	25,000	25,000	53,205	28,205
Total revenues	4,402,516	4,402,516	4,930,908	528,392
Expenditures:				
Current:	31			
Human services	4,547,162	4,493,046	3,806,652	686,394
Capital outlay	75,000	92,005	92,005	
Total expenditures	4,622,193	4,585,051	3,898,657	686,394
Excess (deficiency) of revenues over (under) expenditures	(219,677)	(182,535)	1,032,251	1,214,786
Other financing uses:				
Transfers out		(24,494)	(24,494)	
Total other financing uses		(24,494)	(24,494)	
Net change in fund balance	(219,677)	(207,029)	1,007,757	1,214,786
Fund balance at beginning of year	2,462,521	2,462,521	2,462,521	
Prior year encumbrances appropriated	84,922	84,922	84,922	
Fund balance at end of year	$ 2,327,766	$ 2,340,414	$ 3,555,200	$ 1,214,786

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FINANCIAL CONDITION
FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PUBLIC ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Intergovernmental	$ 4,024,889	$ 4,120,720	$ 3,749,933	$ (370,787)
Other.	110,300	110,300	93,107	(17,193)
Total revenues	4,135,189	4,231,020	3,843,040	(387,980)
Expenditures:				
Current:				
Human services	4,570,023	4,571,720	4,052,122	519,598
Capital outlay.	45,000			
Total expenditures	4,615,023	4,571,720	4,052,122	519,598
Net change in fund balance.	(479,834)	(340,700)	(209,082)	131,618
Fund balance at beginning of year	135,464	135,464	135,464	
Prior year encumbrances appropriated . .	321,514	321,514	321,514	
Fund balance (deficit) at end of year	$ (22,856)	$ 116,278	$ 247,896	$ 131,618

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FINANCIAL CONDITION
FULTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMS ADVANCED AND BASIC LIFE SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Property taxes	$ 1,460,000	$ 1,460,000	$ 1,462,786	$ 2,786
Charges for services	600,000	600,000	578,808	(21,192)
Intergovernmental	262,866	262,866	267,767	4,901
Other	15,000	15,000	16,047	1,047
Total revenues	2,337,866	2,337,866	2,325,408	(12,458)
Expenditures:				
Current:				
Public safety	1,887,727	1,929,000	1,881,857	47,143
Total expenditures	1,887,727	1,929,000	1,881,857	47,143
Net change in fund balance	450,139	408,866	443,551	34,685
Fund balance at beginning of year	2,120,603	2,120,603	2,120,603	
Prior year encumbrances appropriated	63,727	63,727	63,727	
Fund balance at end of year	$ 2,634,469	$ 2,593,196	$ 2,627,881	$ 34,685

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FINANCIAL CONDITION
FULTON COUNTY

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Nonmajor Funds	Total	
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents	$ 1,919,328	$ 381,299	$ 50,387	$ 2,351,014	$ 199
Cash in segregated accounts		53,686	1,053	54,739	
Receivables (net of allowance for uncollectibles):					
Accounts	157,065	32,563	4,030	193,658	
Special assessments	201,460	1,022,287		1,223,747	
Due from other funds	3,998	3,999		7,997	
Materials and supplies inventory					487
Prepayments	514	130	625	1,269	
Total current assets	2,282,365	1,493,964	56,095	3,832,424	686
Noncurrent assets:					
Capital assets:					
Depreciable capital assets, net	14,754,722	6,275,125	46,630	21,076,477	306
Total capital assets	14,754,722	6,275,125	46,630	21,076,477	306
Total noncurrent assets	14,754,722	6,275,125	46,630	21,076,477	306
Total assets	17,037,087	7,769,089	102,725	24,908,901	992
Liabilities:					
Current liabilities:					
Accounts payable	6,162	13,833	11,124	31,119	
Accrued wages and benefits	1,623	1,623	2,866	6,112	610
Compensated absences	7,937	7,937	5,857	21,731	1,762
Retainage payable		53,686		53,686	
Due to other governments	1,228	1,228	2,004	4,460	1,175
Accrued interest payable	132,860	16,865		149,725	
Current portion of loan payable	12,726			12,726	
Current portion of special assessment bonds payable	20,280	29,901		50,181	
Current portion of OWDA loans payable	906,921	151,593		1,058,514	
Total current liabilities	1,089,737	276,666	21,851	1,388,254	3,547
Long-term liabilities:					
Compensated absences	1,539	1,539	5,881	8,959	
Loan payable	252,430			252,430	
Special assessment bonds payable	133,553	436,751		570,304	
OWDA loans payable	4,557,512	814,205		5,371,717	
Total long-term liabilities	4,945,034	1,252,495	5,881	6,203,410	
Total liabilities	6,034,771	1,529,161	27,732	7,591,664	3,547
Net assets:					
Invested in capital assets, net of related debt	9,680,860	5,141,875	46,630	14,869,365	306
Unrestricted (deficit)	1,321,456	1,098,053	28,363	2,447,872	(2,861)
Total net assets (deficit)	$ 11,002,316	$ 6,239,928	$ 74,993	$ 17,317,237	$ (2,555)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FINANCIAL CONDITION
FULTON COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Nonmajor Funds	Total	
Operating revenues:					
Charges for services	$ 1,870,159	$ 496,447	$ 286,862	$ 2,653,468	$ 112,628
Tap-in fees	17,860	17,860		35,720	
Other	4,979	17,199	18,851	41,029	
Total operating revenues	1,892,998	531,506	305,713	2,730,217	112,628
Operating expenses:					
Personal services	102,630	102,630	135,953	341,213	108,033
Contract services	1,592,103	37,095	158,656	1,787,854	
Materials and supplies	681	1,079	23,655	25,415	1,042
Depreciation	386,607	141,451	4,250	532,308	1,403
Administrative costs	2,480	2,480	7,765	12,725	
Other	31,162	26,932	15,904	73,998	
Total operating expenses	2,115,663	311,667	346,183	2,773,513	110,478
Operating income (loss)	(222,665)	219,839	(40,470)	(43,296)	2,150
Nonoperating revenues (expenses):					
Special assessments	1,651	10,065		11,716	
Intergovernmental		343,530		343,530	
Interest expense and fiscal charges	(282,860)	(56,861)		(339,721)	
Total nonoperating revenues (expenses)	(281,209)	296,734		15,525	
Income (loss) before capital contributions and transfers	(503,874)	516,573	(40,470)	(27,771)	2,150
Capital contributions	1,155,164	180,193		1,335,357	
Transfers in	3,998	3,999	57,475	65,472	
Change in net assets	655,288	700,765	17,005	1,373,058	2,150
Net assets (deficit) at beginning of year (restated)	10,347,028	5,539,163	57,988	15,944,179	(4,705)
Net assets (deficit) at end of year	$ 11,002,316	$ 6,239,928	$ 74,993	$ 17,317,237	$ (2,555)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FINANCIAL CONDITION
FULTON COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Water	Sewer	Nonmajor Funds	Total	
Cash flows from operating activities:					
Cash received from sales/service charges	$ 1,868,140	$ 271,783	$ 284,108	$ 2,424,031	$ 112,628
Cash received from tap-in fees	17,860	17,860		35,720	
Cash received from other operating revenue			18,851	18,851	
Cash payments for personal services	(98,582)	(98,582)	(125,449)	(322,613)	(117,569)
Cash payments for contract services	(1,598,788)	(26,946)	(154,923)	(1,780,657)	
Cash payments for materials and supplies	(670)	(1,047)	(23,590)	(25,307)	(1,529)
Cash payments for administrative costs	(2,444)	(2,444)	(7,765)	(12,653)	
Cash payments for other expenses	(31,225)	(26,300)	(15,904)	(73,429)	
Net cash provided by (used in) operating activities	154,291	134,324	(24,672)	263,943	(6,470)
Cash flows from noncapital financing activities:					
Intergovernmental		1,027,600		1,027,600	
Cash received from special assessments	1,651	10,065		11,716	
Cash received from interfund loans		10,000		10,000	
Repayments of interfund loans		(10,000)		(10,000)	
Transfers in	3,998	3,999	57,475	65,472	
Net cash provided by noncapital financing activities	5,649	1,041,664	57,475	1,104,788	
Cash flows from capital and related financing activities:					
Acquisition of capital assets		(1,227,316)		(1,227,316)	
Capital contributions	1,155,164	180,193		1,335,357	
Principal retirement on bonds	(20,254)	(29,668)		(49,922)	
Principal retirement on loans	(885,685)	(146,063)		(1,031,748)	
OWDA loan issuance		171,900		171,900	
Interest and fiscal charges	(301,372)	(59,718)		(361,090)	
Net cash used in capital and related financing activities	(52,147)	(1,110,672)		(1,162,819)	
Net increase (decrease) in cash and cash equivalents	107,793	65,316	32,803	205,912	(6,470)
Cash and cash equivalents at beginning of year	1,811,535	369,669	18,637	2,199,841	6,669
Cash and cash equivalents at end of year	$ 1,919,328	$ 434,985	$ 51,440	$ 2,405,753	$ 199
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ (222,665)	$ 219,839	$ (40,470)	$ (43,296)	$ 2,150
Adjustments:					
Depreciation	386,607	141,451	4,250	532,308	1,403
Changes in assets and liabilities:					
(Increase) in accounts receivable	(1,920)	(10,679)	(2,754)	(15,353)	
(Increase) in materials and supplies inventory					(487)
(Increase) in due from other funds	(3,998)	(3,999)		(7,997)	
(Increase) in special assessments receivable	(1,080)	(227,185)		(228,265)	
(Increase) in prepayments	(473)	(89)	(625)	(1,187)	
Increase (decrease) in accounts payable	(6,228)	10,938	4,423	9,133	
Increase (decrease) in accrued wages and benefits	310	310	1,434	2,054	(825)
Increase in due to other governments	622	622	1,258	2,502	463
Increase (decrease) in compensated absences payable	3,116	3,116	7,812	14,044	(9,174)
Net cash provided by (used in) operating activities	$ 154,291	$ 134,324	$ (24,672)	$ 263,943	$ (6,470)

At December 31, 2007 and December 31, 2006, the sewer fund purchased $0 and $1,017,002, respectively, in capital assets on account.
At December 31, 2007 and December 31, 2006, the sewer fund had $53,686 and $0, respectively, in retainage payable.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FINANCIAL CONDITION
FULTON COUNTY

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2007

		Agency
Assets:		
Equity in pooled cash and cash equivalents	$	3,877,724
Cash in segregated accounts		445,853
Receivables:		
Real estate and other taxes		41,735,325
Due from other governments		2,142,514
Special assessments		7,746,174
Deferred assessments receivable.		1,268,870
Total assets	$	57,216,460
Liabilities:		
Deposits held and due to others.	$	54,139,434
Due to other governments.		1,808,156
Deferred loan payments.		1,268,870
Total liabilities	$	57,216,460

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE COUNTY

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

EXCLUDED POTENTIAL COMPONENT UNITS

As counties are structured in Ohio, the County Auditor and County Treasurer, respectively, serve as fiscal officer and custodian of funds for various agencies, boards, and commissions. As fiscal officer, the Auditor certifies the availability of cash and appropriations prior to the processing of payments and purchases. As the custodian of all public funds, the Treasurer invests 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 and custodian, but is not accountable; therefore the operations of the following PCUs have been excluded from the County's BFS, but the funds held on behalf of these PCUs in the County Treasury are included in the agency funds.

Fulton County Board of Health - The five member Board of Health is appointed by the District Advisory Council which is comprised of Township Trustee Chairmen and Clerks and Mayors of participating municipalities. The Board adopts its own budget and operates autonomously from the County.

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

JOINTLY GOVERNED ORGANIZATIONS

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

MVPO is governed by a Board consisting of fifteen members. The Board is made up of one County Commissioner from each member county as well as one township representative and one municipal representative for each of the five member counties. The main sources of revenue are fees charged by MVPO to administer CDBG grants and a per capita amount from each county. In 2007, the County paid per capita charges of $36,893 to MVPO.

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

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

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

JOINT VENTURES WITHOUT EQUITY INTEREST

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

The CCNO is governed by a Commission Team made up of 18 members. These members consist of one judge, one chief law enforcement officer, and one county commissioner or administrative official from each entity. Sources of revenue include operating costs and capital costs contributed by Members and rental revenue. The County does not have explicit, measurable right to the net resources of the CCNO. Total expenditures made by the County to the CCNO in 2007 were $1,243,795. Complete financial statements for the CCNO can be obtained from the CCNO’s administrative office on County Road 24 in Stryker, Ohio.

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

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

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

Quadco is governed by an eight member board composed of two appointees made by each of the four County Boards of Mental Retardation and Developmental Disabilities (County Boards of MR/DD). This board in conjunction with the County Boards of MR/DD assesses the need of the adult mentally retarded and developmentally disabled residents in each County and set priorities based on available funds. The County provides subsidies to the Board based on units of service provided to it. For the year ended December 31, 2007 the County remitted $161,054 to Quadco to supplement its operations.

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

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

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

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

The County has an ongoing financial interest in the District. The County Commissioners are able to influence the Board of Director's to use the District's surplus resources to undertake special projects of interest of the County's citizens. In the event that a county withdraws from the District, this access to the net resources has not been explicitly defined, nor is it currently measurable. No contributions were made by the County to the District in 2007. Grant monies received by the County from the District are reported as a special revenue fund.

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

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

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

NWOJDD is governed and operated by a thirteen member board of trustees consisting of three trustees from each county and one at large member. Revenue sources are from member counties and rental revenue. The County has no ongoing financial responsibility for NWOJDD. The County remitted $266,604 to NWOJDD in 2007.

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

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

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

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

B. Basis of Presentation

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

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

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

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

C. Fund Accounting

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

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

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

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

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

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

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

Other governmental funds of the County are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs and (c) for grants and other resources, the use of which is restricted to a particular purpose.

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

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

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

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

Water - This fund accounts for revenues and expenses associated with water services provided from the County to individual and commercial users.

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

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

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

D. Measurement Focus

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

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

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

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

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

E. Basis of Accounting

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

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as unearned revenue. Special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2007, are recorded as deferred revenue.

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

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

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

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriation Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

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

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official Certificate of Estimated Resources, which states the projected revenue of each fund.

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

On or about January 1, the Certificate of Estimated Resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimates and the Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the budgetary statements represent estimates from the original and final amended Certificate of Estimated Resources issued during 2007.

Appropriations - A temporary Appropriation Resolution to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual Appropriation Resolution must be passed by April 1 of each year for the period January 1 to December 31. The Appropriation Resolution may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The County legally adopted several supplemental appropriations during the year. The original budget and all budgetary amendments and supplemental appropriations necessary during 2007 are included in the original and final budget amounts in the budget-to-actual comparisons.

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

G. Cash and Investments

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

During fiscal year 2007, investments were limited to federal agency securities, nonnegotiable certificates of deposit, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

The County has invested funds in STAR Ohio during fiscal year 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 Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2007.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2007 amounted to $1,337,201 which includes $1,135,230 assigned from other County funds.

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

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

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

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

H. Inventories of Materials and Supplies

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

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

I. Capital Assets

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

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

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

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

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

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

Capitalized interest is amortized on the straight-line method over the estimated useful life of the asset. For 2007, the net interest expense incurred on proprietary fund construction projects was not material.

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at December 31, 2007, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the "Vesting" method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at December 31, 2007, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

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

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

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

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

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

L. Accrued Liabilities and Long-term Obligations

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

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

M. Interfund Transactions

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

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

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

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds” for the non-current portion of interfund loans. All other outstanding balances outstanding between funds are reported as “due to/from other funds.” These amounts are eliminated in the statement of net assets, except for any residual balances outstanding between the governmental activities and business-type activities, which are reported in the government-wide financial statements as “internal balances”.

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

N. Fund Balance Reserves and Designations

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

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

O. Operating Revenues and Expenses

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

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. During 2007, the Water and Sewer funds received $1,155,164 and $180,193 in contributions, respectively.

Q. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At December 31, 2007, there were no net assets restricted by enabling legislation.

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

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The County had no extraordinary or special items during 2007.

S. Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balance

	Deficit
Nonmajor governmental funds	
Community Corrections Grant FY 06	$ 1,062
Workforce Investment Act Grant	6,361

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

B. Prior Period Adjustment

The beginning net assets of the sewer enterprise fund and business-type activities have been restated. This adjustment increased construction-in-progress in the sewer fund $811,708 from $869,000 to $1,680,708. The capital asset adjustment had the following effect on net assets at December 31, 2006:

	Sewer	Water	Other	Total
Net assets December 31, 2006	$ 4,727,455	$ 10,347,028	$ 57,988	$ 15,132,471
Adjustment for capital assets	811,708	-	-	811,708
Net assets January 1, 2007, restated	$ 5,539,163	$ 10,347,028	$ 57,988	$ 15,944,179

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

C. Change in Accounting Principles

For 2007, the County has implemented GASB Statement No. 48 "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues". GASB Statement No. 48 established criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the County.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the County into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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.

Inactive deposits are public deposits that the County Commissioners have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim moneys are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim 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;

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

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

4. Bonds and other obligations of the State of Ohio;

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

6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

9. High grade commercial paper for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio; and

10. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio.

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

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

A. Cash in Segregated Accounts

At year-end, the County had $865,067 cash and cash equivalents deposited separate from the County's internal investment pool. This amount is included in the amount of deposits with fiscal institutions below.

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

B. Deposits with Financial Institutions

At December 31, 2007, the carrying amount of all County deposits was $15,791,583. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2007, $12,854,422 of the County's bank balance of $16,114,141 was exposed to custodial risk as discussed below, while $3,259,713 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the County's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County.

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

C. Investments

As of December 31, 2007, the County had the following investments and maturities:

		Investment Maturities				
Investment type	Fair Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
STAR Ohio	$ 4,016,699	$ 4,016,699	$ -	$ -	$ -	$ -
FNMA	1,000,452			1,000,452		
FHLMC	2,006,899	1,000,155				1,006,744
FHLB	3,010,327	-	1,008,711	1,001,319	1,000,297	-
	$ 10,034,377	$ 5,016,854	$ 1,008,711	$ 2,001,771	$ 1,000,297	$ 1,006,744

The weighted average maturity of investments is .78 years.

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

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

Credit Risk: The County's investments except STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAm money market rating.

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

Concentration of Credit Risk: The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2007:

Investment type	Fair Value	% of Total
FNMA	$ 1,000,452	9.97%
FHLMC	2,006,899	20.00%
STAR Ohio	4,016,699	40.03%
FHLB	3,010,327	30.00%
	$ 10,034,377	100.00%

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2007:

Cash and investments per footnote	
Carrying amount of deposits	$ 15,791,583
Investments	10,034,377
Total	$ 25,825,960
Cash and investments per statement of net assets	
Governmental activities	$ 19,096,630
Business-type activities	2,405,753
Agency funds	4,323,577
Total	$ 25,825,960

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2007, consisted of the following, as reported on the fund financial statements:

Transfers to general fund from:	
Nonmajor governmental funds	$ 116,415
Transfers to water fund from:	
General fund	3,998
Transfers to sewer fund from:	
General fund	3,999
Transfers to motor vehicle and gas tax from:	
General fund	30,000
Transfers to nonmajor governmental funds from:	
General fund	106,330
County board of DD	24,494
Total transfers to nonmajor governmental funds	130,824
Transfers to nonmajor enterprise fund from:	
General fund	50,475
Nonmajor governmental funds	7,000
Total transfers	$ 346,211

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

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

B. Long-term advances to and from other funds at December 31, 2007, as reported on the fund financial statements:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	$ 222,703
Total long-term advances		$ 222,703

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

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

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

C. Due from/to other funds consisted of the following at December 31, 2007, as reported on the fund financial statements:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental funds	$ 83,695
General	Public assistance	14,446
Public assistance	Nonmajor governmental funds	22,018
Sewer/Water	General	7,997
Total due to/from other funds		$ 128,156

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

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at 88% of true value for taxable transmission and distribution property and 25% of true value for all other taxable property. The assessed value upon which the 2007 taxes were collected was $946,010,571. The full tax rate for all County operations applied to real property for fiscal year ended December 31, 2007, was $10.45 per $1,000 of assessed valuation.

Tangible personal property tax revenues received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 12.5% for 2007. This percentage will be reduced to 6.25% for 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

NOTE 6 - PROPERTY TAXES – (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the County due to the phasing out of the tax. In calendar years 2007-2010, the County will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Agricultural	$ 89,985,330
Residential	548,354,210
Commercial/Industrial/Mineral	155,801,120
Tangible Personal Property	108,464,011
Public Utility	
Real	398,980
Personal	43,006,920
Total Assessed Value	$ 946,010,571

Real property taxes are payable annually or semi-annually. If paid annually, payment is due March 1. If payments are made semi-annually, the first payment is due March 1 and the remainder payable July 15. Under certain circumstances, State statute permits earlier or later payment dates to be established.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.

Tangible personal property taxes for unincorporated and single county businesses are due semi-annually, with the first payment due May 10 and the remainder payable by September 20. Due dates are normally extended an additional 30 days. The due date for the entire tax for inter-county businesses is September 20 or the extended date. The first $10,000 of taxable value is exempt from taxation for each business by State law.

The lien date is either December 31 or the end of their fiscal year (for incorporated businesses in operation more than one year). Since each business must file a return to the County Auditor, the tangible personal taxes are not known until all the returns are received.

NOTE 6 - PROPERTY TAXES – (Continued)

"Real estate and other taxes" receivable represents delinquent real and tangible personal property and public utility taxes outstanding as of December 31 real and public utility taxes which were measurable as of the year end.

Since the current levy is not intended to finance 2007 operations, the receivable is offset by a credit to "unearned revenue". The eventual collection of significantly all real and public utility property taxes (both current and delinquent) is reasonably assured due to the County's ability to force foreclosure of the properties on which the taxes are levied.

NOTE 7 - PERMISSIVE SALES AND USE TAX

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

Proceeds of the sales tax are credited to the general fund and the motor vehicle and gas tax fund and amounts that have been collected by the state and are to be received within the available period are accrued as revenue to the extent they are intended to finance the fiscal 2007 operations. Sales tax revenue for 2007 amounted to $4,578,553.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2007, consisted of taxes, special assessments, accounts (billings for user charged services), interest, and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as “Due from other governments” on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2007, as well as intended to finance fiscal 2007 operations.

NOTE 8 – RECEIVABLES – (Continued)

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

Governmental Activities:	
Sales taxes	$ 653,354
Real estate and other taxes	7,441,035
Accounts	698,090
Due from other governments	6,550,557
Special assessments	306,076
Accrued interest	411,974
Business-Type Activities:	
Accounts	193,658
Special assessments	1,223,747

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

NOTE 9 - LOANS RECEIVABLE

Loans receivable represents low interest loans made by the County for development projects and small businesses under the Federal Community Development Block Grant (CDBG) program. The loans bear interest at annual rates ranging between 3 and 5 percent. The loans are to be repaid over periods ranging from 5 to 10 years. A summary of the CDBG loan activity for 2007 is as follows:

	Balance at 12/31/06	Issued	Received	Balance at 12/31/07
Revolving Loans	$531,025	$ -	$ (83,759)	$ 447,266

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

NOTE 10 - CAPITAL ASSETS

A. Capital asset activity for the fiscal year ended December 31, 2007, was as follows:

	Balance 12/31/06	Additions	Deductions	Balance 12/31/07
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 954,237	$ 57,694	$ -	$ 1,011,931
Total capital assets, not being depreciated	954,237	57,694	-	1,011,931
Capital assets, being depreciated:				
Land improvements	2,006,463	156,794		2,163,257
Buildings and improvements	18,365,041	2,550		18,367,591
Furniture and equipment	3,900,493	887,537	(34,684)	4,753,346
Vehicles	4,751,901	206,104	(240,648)	4,717,357
Infrastructure	33,393,400	2,617,506	-	36,010,906
Total capital assets, being depreciated	62,417,298	3,870,491	(275,332)	66,012,457
Less: accumulated depreciation				
Land improvements	(538,468)	(93,120)		(631,588)
Buildings and improvements	(5,870,253)	(546,904)		(6,417,157)
Furniture and equipment	(2,363,605)	(355,794)	23,684	(2,695,715)
Vehicles	(2,016,317)	(295,831)	209,011	(2,103,137)
Infrastructure	(13,857,750)	(1,504,979)	-	(15,362,729)
Total accumulated depreciation	(24,646,393)	(2,796,628)	232,695	(27,210,326)
Total capital assets being depreciated, net	37,770,905	1,073,863	(42,637)	38,802,131
Governmental activities capital assets, net	$ 38,725,142	$ 1,131,557	$ (42,637)	$39,814,062

Capital assets of the business-type activities were restated at December 31, 2006. See Note 3.B. for detail.

NOTE 10 - CAPITAL ASSETS – (Continued)

	Restated Balance 12/31/06	Additions	Deductions	Balance 12/31/07
Business-Type Activities:				
Construction in progress	$ 1,680,708	$ 264,000	$ (1,944,708)	$ -
Total capital assets not being depreciated	1,680,708	264,000	(1,944,708)	-
Buildings/improvements	69,416			69,416
Machinery and equipment	25,150			25,150
Vehicles	20,989			20,989
Waterlines/Sewerlines	25,613,041	1,944,708	-	27,557,749
Total capital assets being depreciated	25,728,596	1,944,708	-	27,673,304
Less: accumulated depreciation:				
Buildings/improvements	(39,913)	(1,735)		(41,648)
Machinery and equipment	(3,773)	(2,515)		(6,288)
Vehicles	(20,989)			(20,989)
Waterlines/Sewerlines	(5,999,844)	(528,058)	-	(6,527,902)
Total accumulated depreciation	(6,064,519)	(532,308)	-	(6,596,827)
Business-type activities capital assets, net	$ 21,344,785	$ 1,676,400	$ (1,944,708)	$ 21,076,477

NOTE 10 - CAPITAL ASSETS – (Continued)

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

Governmental activities:	
Legislative and executive	$ 336,769
Judicial	83,786
Public safety	204,435
Public works	1,706,440
Health	130,959
Human services	208,779
Other	76,086
Economic development	345
Intergovernmental	47,626
Depreciation of internal service fund capital assets	1,403
Total depreciation expense - governmental activities	$2,796,628
Business-type activities:	
Water	$ 386,607
Sewer	141,451
Nonmajor	4,250
Total depreciation expense - business-type activities	$ 532,308

NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE

In 2007, the County entered into a capital lease agreement for the acquisition of copier equipment. The leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. At inception, capital lease transactions are accounted for as a capital outlay expenditure and other financing source in the appropriate fund.

A capital asset consisting of a copier has been capitalized in the amount of $13,590. This amount represents the present value of minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2007 was $850, leaving a current book value of $12,740. A corresponding liability was recorded in the government-wide financial statements. Principal payments made in the 2007 fiscal year totaled $2,127 paid by the general fund.

NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE – (Continued)

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2007.

Year Ending December 31,	Amount
2008	$ 3,300
2009	3,300
2010	3,300
2011	3,300
2012	275
Total future minimum lease payments	13,475
Less: amount representing interest	(2,012)
Present value of net minimum lease payments	$ 11,463

NOTE 12 - COMPENSATED ABSENCES

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

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

At December 31, 2007, vested benefits for vacation leave for governmental activities employees totaled $614,115 and vested benefits for sick leave totaled $85,215. These amounts represent the non-current portion of the vested benefits and are reported in the government-wide financial statements. For business-type activities, vested benefits for vacation leave totaled $21,731 and vested benefits for sick leave totaled $2,485. These amounts represent the current and non-current portion of the vested benefits and are reported as a liability of the fund from which the employee is paid. In accordance with GASB Statement No. 16, an additional liability of $151,386 for governmental activities employees and $6,474 for business-type activities employees was accrued to record termination (severance) payments for employees expected to become eligible to retire in the future.

NOTE 13 - LONG-TERM OBLIGATIONS

A. Governmental Long-Term Obligations

During the fiscal year 2007, the following changes occurred in the County's governmental long-term obligations:

	Issue Date	Maturity Date	Balance 12/31/06	Additions	Reductions	Balance 12/31/07	Amount Due in One Year
Ohio Water Development Authority Loans							
Delta/Worthington Steel							
Waterlines - 6.36%	07/01/96	2012	$ 356,762	$ -	$ (53,411)	$ 303,351	$ 53,341
Sewerlines - 1%	01/01/96	2012	442,366	-	(62,829)	379,537	66,824
Total OWDA loans			799,128	-	(116,240)	682,888	120,165
Special Assessment Bonds							
Elmira & Assumption waterlines	12/31/92	12/01/11	90,000		(15,000)	75,000	15,000
Ditch #2093 - 4.95%	07/30/04	10/01/09	31,095		(9,868)	21,227	10,357
Ditch #2091 - 3.95%	07/30/04	10/01/09	126,188		(40,644)	85,544	42,047
Smith Kellogg Ditch - 3.45%	07/30/04	10/01/09	14,442		(4,652)	9,790	4,812
Ditch Bond, Ditch #2096	03/17/05	10/01/10	15,535		(3,612)	11,923	3,788
Ditch Bond, Ditch #2100	06/30/06	10/01/11	27,000	-	(4,756)	22,244	5,058
Total special assessment bonds			304,260	-	(78,532)	225,728	81,062
General Obligation Notes							
Fulton County							
solid waste building	01/10/03	12/01/17	278,800	-	(19,800)	259,000	20,958
Total general obligation notes			278,800	-	(19,800)	259,000	20,958
General Obligation Bonds							
County Board of DD Renovations	12/23/04	12/01/24	158,774		(16,746)	142,028	17,550
Various purposes	8/30/07	8/15/17		300,000		300,000	25,000
Various purposes	8/30/07	8/15/17	-	615,000	-	615,000	50,000
Total general obligation bonds			158,774	915,000	(16,746)	1,057,028	92,550

- Continued

NOTE 13 - LONG-TERM OBLIGATIONS – (Continued)

	Issue Date	Maturity Date	Balance 12/31/06	Additions	Reductions	Balance 12/31/07	Amount Due in One Year
OPWC Loans							
Issue II Loan - Co Rd C Project	12/01/06	01/01/27	95,250		(4,762)	90,488	4,763
Issue II Loan - Co Rd 14 Project	12/01/06	01/01/27	82,669		(4,134)	78,535	4,133
Issue II Loan - Co Rd C Reconstruction	01/01/07	01/01/28	-	25,000	-	25,000	1,250
Total OPWC Loans			177,919	25,000	(8,896)	194,023	10,146
Other Long-Term Obligations							
Landfill closure/postclosure costs			435,300		(1,695)	433,605	7,350
Capital lease obligations				13,590	(2,127)	11,463	2,472
Compensated absences			873,627	642,592	(665,503)	850,716	632,038
Total other long-term obligations			1,308,927	656,182	(669,325)	1,295,784	641,860
Total governmental activities long-term liabilities			$ 3,027,808	$ 1,596,182	$ (909,539)	$ 3,714,451	$ 966,741

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

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

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

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

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

NOTE 13 - LONG-TERM OBLIGATIONS – (Continued)

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

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

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

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

	Special Assessment Bonds			OWDA Loans		
Year Ending	Principal	Interest	Total	Principal	Interest	Total
2008	$ 81,062	$ 11,452	$ 92,514	$ 120,165	$ 28,414	$ 148,579
2009	88,696	7,807	96,503	124,740	24,617	149,357
2010	29,885	3,690	33,575	130,339	19,017	149,356
2011	26,085	1,756	27,841	136,247	13,108	149,355
2012				142,485	6,872	149,357
2013 - 2014	-	-	-	28,912	289	29,201
Total	$ 225,728	$ 24,705	$ 250,433	$ 682,888	$ 92,317	$ 775,205

NOTE 13 - LONG-TERM OBLIGATIONS – (Continued)

	OPWC Loans			General Obligation Bonds		
Year Ending	Principal	Interest	Total	Principal	Interest	Total
2008	$ 10,146	$ -	$ 10,146	$ 92,550	$ 42,138	$ 134,688
2009	10,146		10,146	98,393	39,297	137,690
2010	10,146		10,146	99,275	35,168	134,443
2011	10,146		10,146	105,201	30,992	136,193
2012	10,146		10,146	111,170	26,463	137,633
2013 - 2017	50,730		50,730	550,439	61,306	611,745
2018 - 2022	50,730		50,730			
2023 - 2027	41,833	-	41,833	-	-	-
Total	$ 194,023	$ -	$ 194,023	$ 1,057,028	$ 235,364	$ 1,292,392

	General Obligation Notes		
Year Ending	Principal	Interest	Total
2008	$ 20,958	$ 975	$ 21,933
2009	21,933	1,020	22,953
2010	22,952	1,067	24,019
2011	24,020	1,117	25,137
2012	25,137	1,169	26,306
2013 - 2017	144,000	6,912	150,912
Total	$ 259,000	$ 12,260	$ 271,260

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

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first $100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of $100,000,000 and not in excess of $300,000,000, plus two and one-half percent of such valuation in excess of $300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was $18,171,982 at December 31, 2007, and the unvoted legal debt margin was $6,414,234 at December 31, 2007.

NOTE 13 - LONG-TERM OBLIGATIONS – (Continued)

C. Business-Type Activities

During the fiscal year 2007, the following changes occurred in the County's business-type long-term obligations:

	Issue Date	Maturity Date	Balance 12/31/06	Additions	Reductions	Balance 12/31/07	Amount Due in One Year
Ohio Water Development Authority Loan							
Waterline - Lucas County/North Star Steel	1996	2012	$ 4,056,965	$ -	$ (524,122)	$ 3,532,843	$ 557,457
Waterline - Lucas County/North Star Steel	1996	2012	2,192,319		(328,097)	1,864,222	327,668
Waterline - Teleflex Extension	2000	2009	88,529		(21,161)	67,368	21,796
Sewerline - Worthington/North Star Steel	1996	2012	700,750		(105,432)	595,318	109,735
Sewer Infrastructure - Fulton County	2002	2012	239,211		(40,631)	198,580	41,858
Sewer - Wastewater collection/treatment	2007	2028	-	171,900	-	171,900	-
Total OWDA Loans			7,277,774	171,900	(1,019,443)	6,430,231	1,058,514
Special Assessment Bonds							
Pettisville Waterline	09/01/97	12/01/14	160,000		(20,000)	140,000	20,000
Waterline Extension Assessment	06/15/06	06/15/26	14,087		(254)	13,833	280
Exit 3 Sewer Improvement	01/13/99	12/01/18	365,000		(25,000)	340,000	25,000
Industrial Corridor Sewer District	12/23/04	12/01/24	131,320	-	(4,668)	126,652	4,901
Total special assessment bonds			670,407	-	(49,922)	620,485	50,181
Other Long-Term Obligations							
Loan payable			277,461		(12,305)	265,156	12,726
Compensated absences			16,646	25,801	(11,757)	30,690	21,731
Total other long-term obligations			294,107	25,801	(24,062)	295,846	34,457
Total business-type activities long-term liabilities			$ 8,242,288	$ 197,701	$ (1,093,427)	$ 7,346,562	$ 1,143,152

Ohio Water Development Authority Loans - 1996 Issues: During 1996, Fulton County entered into various loan agreements with the Ohio Water Development Authority (OWDA) as incentives for the location of two steel mills. The loan agreements were for the construction of water and sewer lines. Repayment of these loans are funded through tax increment financing (TIF) payments made by the two steel mills. Semi-annually the TIF payments are made to the County and subsequently remitted to the OWDA. The loans are amortized over a period of fifteen years.

Ohio Water Development Authority Loan - 2002 Issue: During 2002, the County entered into a loan agreement with the OWDA for County Infrastructure. Repayment of this loan is funded through user charges in the sewer enterprise fund.

NOTE 13 - LONG-TERM OBLIGATIONS – (Continued)

Ohio Water Development Authority Loan - 2000 Issue: During 2000, the County entered into a loan agreement with the OWDA for an extension to the Teleflex Waterline. Repayment of this loan is funded through TIF payments made by Teleflex. Semi-annually the TIF payments are made to the County and subsequently remitted to the OWDA. This loan is amortized over ten years.

Ohio Water Development Authority Loan - 2007 Issue: During 2007, the County entered into a loan agreement with the OWDA for wastewater collection and treatment. Repayment of this loan is funded through user charges in the sewer enterprise fund. This loan has not been fully disbursed as of December 31, 2007. Therefore the accompanying amortization schedule is not included with the remaining OWDA loans.

Special Assessment Bonds: On June 15, 2006, the County issued special assessment bonds which retired the bond anticipation note issued in 2005 for the waterline extension project. On December 23, 2004, the County issued special assessment bonds for the industrial corridor sewer project in the amount of $140,000. Other special assessments issued in prior years include the Pettisville waterline and Exit 3 sewer improvement projects. These bonds are supported by the full faith and credit of the County. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners in the sewer fund.

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

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

	Special Assessment Bonds			OWDA Loans		
Year Ended	Principal	Interest	Total	Principal	Interest	Total
2008	$ 50,181	$ 33,339	$ 83,520	$ 1,058,514	$ 281,620	$ 1,340,134
2009	50,455	30,755	81,210	1,102,361	242,550	1,344,911
2010	50,744	28,154	78,898	1,153,334	191,576	1,344,910
2011	51,049	25,461	76,510	1,183,272	137,822	1,321,094
2012	56,371	22,723	79,094	1,215,506	81,835	1,297,341
2013 - 2017	247,358	69,333	316,691	545,344	25,108	570,452
2018 - 2022	88,663	17,944	106,607			
2023 - 2026	25,664	2,577	28,241	-	-	-
Total	$ 620,485	$ 230,286	$ 850,771	$ 6,258,331	$ 960,511	$ 7,218,842

NOTE 13 - LONG-TERM OBLIGATIONS – (Continued)

	Loan Payable		
Year Ended	Principal	Interest	Total
2008	$ 12,726	$ 8,882	$ 21,608
2009	13,161	8,447	21,608
2010	13,611	7,997	21,608
2011	14,076	7,532	21,608
2012	14,557	7,050	21,607
2013 - 2017	80,602	27,438	108,040
2018 - 2022	95,353	12,684	108,037
2023	21,070	537	21,607
Total	$ 265,156	$ 80,567	$ 345,723

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

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

NOTE 14 - RISK MANAGEMENT

A. County Risk Sharing Authority, Inc.

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

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

NOTE 14 - RISK MANAGEMENT – (Continued)

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

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

B. Fulton-Henry Counties Employee Insurance Benefits Program

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

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

The degree of control exercised by any participating member is limited to its representation on the Board. Upon withdrawal from the Program, a program agreement shall govern the disposition of any contributions by the withdrawing member to each program of the Council in excess of that member's share of the costs of that program. In fiscal year 2007, the County contributed a total of $2,689,053 for this plan.

NOTE 15 - 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. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement under the Traditional Pension Plan, were required to contribute 9.5% of their annual covered salaries. Members participating in the Traditional Pension Plan that were in law enforcement contributed 10.1% of their annual covered salary. The County's contribution rate for pension benefits for 2007 was 8.85% for the period January 1, 2007, through June 30, 2007, and 7.85% for the period July 1, 2007, through December 31, 2007, except for those plan members in law enforcement and public safety. For those classifications, the County's pension contributions were 12.17% of covered payroll for the period January 1, 2007, through June 30, 2007, and 11.17% of covered payroll for the period July 1, 2007, through December 31, 2007. The Ohio Revised Code provides statutory authority for member and employer contributions. The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2007, 2006, and 2005, were $855,794, $908,086, and $797,189, respectively; 100% has been contributed for 2007, 2006, and 2005. Contributions to the Member-Directed Plan for 2007 were $14,962 made by the County and $10,263 made by plan members.

NOTE 15 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

Certified teachers, employed by the school for Mental Retardation and Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries.

Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS Ohio issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on member contributions and earned interest matched by STRS Ohio funds multiplied by an actuarially determined annuity factor. The DCP allows members to place all of their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The CP offers features of both the DBP and DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balance from the existing DBP into the DCP or CP. This option expired on December 31, 2001.

A DBP or CP member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DCP 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.

For the year ended December 31, 2007, plan members were required to contribute 10% of their annual covered salary and the County was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by STRS Ohio, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's required contribution for pension obligations for the DBP for the years ended December 31, 2007, 2006, and 2005, was $29,708, $29,932, and $27,986, respectively; 100% has been contributed for fiscal years 2007, 2006, and 2005. There were no contributions for the DCP and CP for the fiscal year ended December 31, 2007.

NOTE 16 - POST-EMPLOYMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-employment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the Traditional Pension or Combined Plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the Member-Directed Plan do not qualify for post-employment health care coverage. The health care coverage provided by OPERS is considered an Other Post-employment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Post-employment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the Traditional Pension or Combined Plans is set aside for the funding of post-employment health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85% of covered payroll (17.17% for public safety and law enforcement); 5.00% of covered payroll was the portion that was used to fund health care for the period January 1, 2007, through June 30, 2007, and 6.00% of covered payroll was the portion that was used to fund health care for the period July 1, 2007, through December 31, 2007.

Benefits are advance-funded using the entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.30% based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate (4.00%) plus and an additional factor ranging from .50% to 5.00% for the next eight years. In subsequent years, (nine and beyond) health care costs were assumed to increase at 4.00%.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

The number of active contributing participants in the Traditional Pension and Combined Plans was 374,979 as of December 31, 2007. The County's actual employer contributions for 2007 which were used to fund post-employment benefits were $544,611. 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 information available) were $12.0 billion. At December 31, 2006 (the latest information available), the actuarially accrued liability and the unfunded actuarial accrued liability were $30.7 billion and $18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 16 - POST-EMPLOYMENT BENEFIT PLANS – (Continued)

B. State Teachers Retirement System of Ohio

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the STRS Ohio based on authority granted by State statute. STRS Ohio is funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended December 31, 2007, the Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the County, this amount was $2,285.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was $4.1 billion at June 30, 2007. For the fiscal year ended June 30, 2007, net health care costs paid by STRS Ohio were $265.558 million, and STRS Ohio had 122,934 eligible benefit recipients.

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

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

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

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as payables (GAAP basis).

(d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

(e) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balances

	Governmental Fund Types				
	General	Motor Vehicle Gas Tax	County Board of DD	Public Assistance	EMS A and BLS
Budget basis	$ (238,003)	$ (344,163)	$ 1,007,757	$ (209,082)	$ 443,551
Net adjustment for revenue accruals	174,934	77,839	(30,548)	290,514	(58,530)
Net adjustment for expenditure accruals	21,248	(80,110)	111,746	25,003	41,975
Net adjustment for other financing sources/(uses) accruals	50,349				
Encumbrances (budget basis)	205,881	161,487	160,106	295,129	20,500
GAAP basis	$ 214,409	$ (184,947)	$ 1,249,061	$ 401,564	$ 447,496

NOTE 18 - CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

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

NOTE 19 - LANDFILL

State laws and regulations require that the County perform certain maintenance and monitoring functions at the closed landfill site for thirty years after closure. The landfill was closed in 1983. The estimated liability for landfill postclosure care has a balance of $433,605 as of December 31, 2007. The estimated cost of landfill postclosure care expenses is based on the amount that would be paid if all materials and services required to monitor and maintain the closed landfill were acquired as of December 31, 2007. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The costs will be paid from current County revenues.

NOTE 20 - CONDUIT DEBT OBLIGATIONS

To provide for the financing of certain expenditures at the Fulton County Health Center, the Health Center has issued special facility revenue bonds. These consist of $5,200,000 in 1995 and $7,000,000 in 1999, Fulton County, Ohio, Tax-Exempt Variable Rate Demand Bonds, with final maturity in 2021. The special facility bonds were refunded and new bonds were issued in the amount of $28,500,000. These bonds do not constitute a debt or pledge of the faith and credit of the County and have not been reported in the accompanying financial statements. As of December 31, 2007, $28,500,000 was still outstanding.

NOTE 21 - FEDERAL TRANSACTIONS

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

FINANCIAL CONDITION
FULTON COUNTY

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

FEDERAL GRANTOR *Pass-through Grantor* Program Title	Federal CFDA Number	Project Number	Expenditures
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through the Ohio Department of Development			
Community Development Block Grants			
Formula Grants-05	14.228	B-W-05-024-01	$ 477,214
Formula Grants-06	14.228	B-F-06-024-01	20,558
Community Housing Improvement Program (CHIP)	14.228	B-C-06-024-01	28,465
Total Community Development Block Grants			526,237
Home Improvement Programs	14.239	B-C-06-024-02	239,261
Total U.S. Department of Housing and Urban Development			765,498
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Ohio Department of Job and Family Services			
Special Programs for the Aging - Title III -B	93.044		21,752
Passed through Ohio Department of Mental Retardation and Developmental Disabilities			
TCM Received by County	93.778		123,457
TCM 2006 Rate Adjustment	93.778		14,584
Day Habilitation Reimbursement Received by County	93.778		581,843
Waiver Administration	93.778		24,097
Day Habilitation 2005 Settlement	93.778		16,223
Total Medicaid Assistance Programs			760,204
Social Services Block Grant (Title XX)	93.667		36,735
Total U.S. Department of Health and Human Services			818,691
UNITED STATES DEPARTMENT OF LABOR			
Passed through Area 7, Workforce Investment Board (Montgomery County)			
Workforce Investment Act Cluster			
Workforce Investment Act - Adult	17.258		116,416
Workforce Investment Act - Youth	17.259		61,520
Workforce Investment Act - Dislocated Worker	17.260		196,534
Total Workforce Investment Act Cluster			374,470
Total U.S. Department of Labor			374,470

(Continued)

FINANCIAL CONDITION
FULTON COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)

FEDERAL GRANTOR ***Pass-through Grantor*** Program Title	Federal CFDA Number	Project Number	Expenditures
UNITED STATES DEPARTMENT OF HOMELAND SECURITY			
Pass-Through the Ohio Emergency Management Agency			
Emergency Management Performance Grant-06	97.042		29,424
Pass-Through the Ohio Office of Domestic Preparedness			
Fiscal Year 2006 State Homeland Security Program	97.073		33,800
Total U.S. Department of Homeland Security			63,224
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
Congressional Mandated Project	66.202	XP-00E07201	764,600
Total U.S. Environmental Protection Agency			764,600
UNITED STATES ARMY CORPS OF ENGINEERS			
Energy and Water Development Apparitions Act	12.XXX		263,000
Total U.S. Army Corps of Engineers			263,000
TOTAL FEDERAL AWARDS EXPENDITURES			$ 3,049,483

THE ACCOMPANYING NOTES ARE A INTEGRAL PART OF THIS SCHEDULE

NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
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 - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, and are included as disbursements on the Schedule. There were no new loans issued in 2007.

These loans are collateralized by mortgages, personal guarantees, promissory notes, and/or security agreements. At December 31, 2007, the gross amount of loans outstanding under this program was $447,266. Delinquent amounts due are $16,788.

NOTE C - MATCHING REQUIREMENTS

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

Mary Taylor, CPA
Auditor of State

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

Fulton County
152 South Fulton Street, Suite 165
Wauseon, Ohio 43567-3310

To the Board of Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fulton 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 29, 2008**.** We qualified our report for the EMS A & B Life Services major fund because we could not obtain sufficient, competent and appropriate support for the accrual of accounts receivable and related deferred revenue for the EMS A & B Life Services major fund. Except as described in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards.*

Internal Control Over Financial Reporting

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

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

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

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We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

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

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

We also noted certain internal control matters that we reported to the County's management in a separate letter dated September 29, 2008.

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 a certain noncompliance matter that we reported to the County's management in a separate letter dated September 29, 2008.

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 29, 2008

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

Fulton County
152 South Fulton Street, Suite 165
Wauseon, Ohio 43567-3310

To the Board of Commissioners:

Compliance

We have audited the compliance of Fulton County, Ohio (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Fulton County, Ohio complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2007.

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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.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 29, 2008

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Qualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(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**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	No
(d)(1)(vii)	**Major Programs (list):**	Community Development Block Grants - CFDA # 14.228 Congressional Mandated Project – CFDA # 66.202 Workforce Investment Act Cluster CFDA # 17.258 - Adult CFDA # 17.259 - Youth CFDA # 17.260 - Dislocated Worker
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

FINDING NUMBER 2007-001

Material Weakness

Monitoring Financial Statements
Accurate financial reporting is the responsibility of the fiscal officer and governing authority and is essential to ensure the information provided to the readers of the financial statements are fairly stated.

The 2007 financial statements contained material errors, such as the following:

- Invested in Capital Assets Net of Related Debt was understated by $1,108,760.
- Special Assessments Receivables were understated by $4,166,494
- Real and Other Taxes Receivables were overstated by $1,204,579
- Capital Contributions were understated by $343,530 in the Sewer Fund and $1,027,600 in the Statement of Cash Flows.

Seven adjusting entries were posted to the financial statements to correct these errors. The financial statements presented have been restated to reflect these corrections. To ensure the County’s financial statements are complete and accurate, the Board of Commissioners should adopt policies and procedures, including a final review of the statements, management discussion and analysis, and notes to the financial statements by the County Auditor, Board of Commissioners and Financial Report Review Committee to identify and correct errors and omissions.

Official’s Response

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

FINDING NUMBER 2007-002

Material Weakness

EMS Billing Procedures

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

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

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

FINDING NUMBER 2006-002
(Continued)

These deficiencies have resulted in EMS accounts receivable that are not substantiated by the County. As a result, we were unable to obtain sufficient, competent and appropriate evidence to support the accrual of accounts receivable and related deferred revenue for the EMS A&B Life Services major fund. EMS A&B Life Services accounts receivable and related deferred revenue represent 12% of total assets and 25% of total liabilities in this major fund.

We recommend:

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

Official's Response

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

FINANCIAL CONDITION
FULTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
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	Material Weakness; Monitoring Financial Statements – Financial statements contained material errors requiring audit adjustments.	No	Not Corrected. Reissued as Finding 2007-001.
2006-002	Material Weakness; EMS Billing Procedures – Weaknesses included lack of formalized policies and procedures, monitoring of timeliness of billing, and control procedures to ensure accuracy and cut off of data entered into the system.	No	Not Corrected. Reissued as Finding 2007-002.

Mary Taylor, CPA
Auditor of State

FINANCIAL CONDITION

FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 6, 2008

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