



Mary Taylor, CPA
Auditor of State

MONROE COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Monroe County
101 North Main Street
Woodsfield, Ohio 43793

To the Board of County 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 Monroe 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.

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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Monroe County, Ohio, as of December 31, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Public Assistance, Maintenance, and Mental Retardation Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 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 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.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

October 28, 2008

Monroe County, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2007 Unaudited

Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of Monroe County's (the County) 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. The MD&A should be read in conjunction with the County's basic financial statements and notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- The County's total net assets decreased by \$210,335 from the total net assets at the beginning of the year 2007.
- At the end of the current year, the County reported net assets for governmental activities of \$20,365,965. Of this amount, only \$89,086 is unrestricted and may be used to meet the County's ongoing obligations.
- The County had \$15,616,714 in expenses related to governmental activities; only \$11,238,555 of these expenses are offset by program specific charges for services, grants, contributions, and interest. General revenues of \$3,931,955 were not adequate enough to provide for these programs.
- At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$5,410,165, an increase of \$303,267 from the prior year. Of this amount, \$4,941,925 is available for spending (unreserved undesignated fund balance) on behalf of its citizens.
- At the end of the current year, unreserved fund balance for the General Fund was \$147,678, which represents 3.8 percent of total General Fund expenditures.

Using This Annual Financial Report

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

The *Statement of Net Assets* and the *Statement of Activities* provide information about the activities of the whole County, presenting an aggregate view of the County's finances as well as a longer-term view of those assets.

Fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's most significant funds in more detail than the government-wide statements. Nonmajor funds are presented separately from major funds in total and in one column.

Government-Wide Financial Statements

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

Statement of Net Assets

While this document contains information about the funds used by the County to provide services to our citizens, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The *Statement of Net Assets* and the *Statement of Activities* answer this question.

Monroe County, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2007 Unaudited

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

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

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

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

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The County's sole business-type activity is the Care Center.

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 statements provide detailed information about the County's major funds. Based on the restriction on the use of moneys, the County has established many funds that account for the multitude of services provided to its residents. The County's major governmental funds are the General Fund and the Public Assistance, Maintenance, and Mental Retardation Special Revenue Funds.

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

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

Monroe County, Ohio

**Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited**

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

Proprietary Funds - The County maintains one proprietary fund, the Care Center Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements.

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

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

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net assets for 2007 compared to 2006:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets:						
Current and Other Assets	\$10,175,181	\$10,257,516	\$1,386,552	\$1,195,140	\$11,561,733	\$11,452,656
Capital Assets, Net	13,289,190	13,459,419	213,409	241,864	13,502,599	13,701,283
Total Assets	23,464,371	23,716,935	1,599,961	1,437,004	25,064,332	25,153,939
Liabilities:						
Current and Other Liabilities	2,292,886	2,052,361	332,507	333,828	2,625,393	2,386,189
Long-Term Liabilities	805,520	852,405	824,409	896,000	1,629,929	1,748,405
Total Liabilities	3,098,406	2,904,766	1,156,916	1,229,828	4,255,322	4,134,594
Net Assets:						
Invested in Capital Assets, Net of Related Debt	13,037,532	13,193,929	(522,489)	(573,150)	12,515,043	12,620,779
Restricted	7,239,347	7,505,455	0	0	7,239,347	7,505,455
Unrestricted	89,086	112,785	965,534	780,326	1,054,620	893,111
Total Net Assets	\$20,365,965	\$20,812,169	\$443,045	\$207,176	\$20,809,010	\$21,019,345

Monroe County, Ohio

**Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited**

As noted earlier, the County's net assets, when reviewed over time, may serve as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities by \$20,809,010 (\$20,365,965 in governmental activities and \$443,045 in business-type activities) as of December 31, 2007. The minimal change in net assets, a decrease of \$210,335, represents approximately a one percent decrease from the prior year. This immaterial change shows that the County is trying to stabilize the programs that produce the above assets and liabilities.

A portion of the County's net assets \$12,515,043 or 60 percent, reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The County uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. By far the largest portion of the County's net assets, \$7,239,347 or 35 percent, represents resources that are subject to restrictions on how they can be used. The balance of unrestricted net assets (5 percent) is to be used to meet the County's ongoing obligations to citizens and creditors.

Table 2 shows the changes in net assets for 2007, compared to the changes in net assets for 2006:

Monroe County, Ohio

**Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited**

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues						
Charges for Services	\$1,808,001	\$1,513,158	\$3,540,410	\$3,628,121	\$5,348,411	\$5,141,279
Operating Grants, Contributions, and Interest	9,392,534	11,974,344	0	0	9,392,534	11,974,344
Capital Grants and Contributions	38,020	971,394	0	0	38,020	971,394
Total Program Revenues	11,238,555	14,458,896	3,540,410	3,628,121	14,778,965	18,087,017
General Revenues						
Property Taxes	1,413,503	1,489,363	0	0	1,413,503	1,489,363
Permissive Sales Taxes	1,358,363	1,206,720	0	0	1,358,363	1,206,720
Intergovernmental	481,235	388,867	0	0	481,235	388,867
Investment Earnings	317,383	347,299	0	0	317,383	347,299
Payments in Lieu of Taxes	8,755	7,968	0	0	8,755	7,968
Miscellaneous	352,716	651,032	753	37,408	353,469	688,440
Total General Revenues	3,931,955	4,091,249	753	37,408	3,932,708	4,128,657
Total Revenues	15,170,510	18,550,145	3,541,163	3,665,529	18,711,673	22,215,674
Program Expenses						
General Government						
Legislative and Executive	1,581,140	1,598,202	0	0	1,581,140	1,598,202
Judicial	667,337	691,134	0	0	667,337	691,134
Public Safety	1,953,541	1,718,238	0	0	1,953,541	1,718,238
Public Works	3,375,931	3,211,291	0	0	3,375,931	3,211,291
Health	1,962,351	1,788,431	0	0	1,962,351	1,788,431
Human Services	5,532,192	7,635,759	0	0	5,532,192	7,635,759
Economic Development	520,359	547,085	0	0	520,359	547,085
Intergovernmental	10,500	0	0	0	10,500	0
Interest and Fiscal Charges	13,363	7,611	0	0	13,363	7,611
Care Center	0	0	3,305,294	3,871,467	3,305,294	3,871,467
Total Expenses	15,616,714	17,197,751	3,305,294	3,871,467	18,922,008	21,069,218
Change in Net Assets	(446,204)	1,352,394	235,869	(205,938)	(210,335)	1,146,456
Net Assets Beginning of Year	20,812,169	19,459,775	207,176	413,114	21,019,345	19,872,889
Net Assets End of Year	\$20,365,965	\$20,812,169	\$443,045	\$207,176	\$20,809,010	\$21,019,345

Governmental Activities

Total revenues of the governmental activities decreased by \$3,379,635 during 2007. The County's direct charges to users of governmental services made up \$1,808,001 or 12 percent of total governmental activities revenues. Operating grants, contributions, and restricted interest were the largest program revenues, accounting for \$9,392,534 or 62 percent of total revenues for governmental activities. This revenue source decreased by \$2,581,810 during 2007. The major recipients of intergovernmental revenues were the Public Assistance, Maintenance, Mental Retardation, and Community Development Block Grant Special Revenue Funds.

Monroe County, Ohio

**Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited**

Permissive sales tax revenues account for \$1,358,363 or 9 percent of total governmental revenues. Another major component of general governmental revenues was property tax revenues, which accounted for \$1,413,503 or 9 percent of total governmental revenues. The County's human services programs accounted for \$5,532,192, or 35 percent of total expenses for governmental activities. Other major program expenses for governmental activities include public works programs, which accounted for \$3,375,931, or 21 percent of total expenses, and public safety programs, which accounted for \$1,953,541 or 13 percent of total expenses. The largest change in expenses occurred in the human services program, a decrease of \$2,103,567. This decrease results from County's public assistance activities.

Business-Type Activities

The net assets for business-type activities increased \$235,839 during 2007. Charges for services were the only program revenue, accounting for \$3,540,410 or 99 percent of total business-type revenues.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services for 2007, as compared to 2006. The Statement of Activities reflects the cost of program services and the charges for services, grants, contributions, and interest offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues, unrestricted intergovernmental revenues, and unrestricted interest earnings.

Table 3
Governmental Activities

	<u>Total Cost of Services</u> <u>2007</u>	<u>Net Cost of Services</u> <u>2007</u>	<u>Total Cost of Services</u> <u>2006</u>	<u>Net Cost of Services</u> <u>2006</u>
General Government				
Legislative and Executive	\$1,581,140	\$866,864	\$1,598,202	\$839,572
Judicial	667,337	435,477	691,134	478,951
Public Safety	1,953,541	1,240,651	1,718,238	655,253
Public Works	3,375,931	(162,336)	3,211,291	(596,534)
Health	1,962,351	874,467	1,788,431	557,235
Human Services	5,532,192	707,401	7,635,759	1,633,316
Economic Development	520,359	391,772	547,085	(836,549)
Intergovernmental	10,500	10,500	0	0
Interest and Fiscal Charges	13,363	13,363	7,611	7,611
Total Expenses	<u>\$15,616,714</u>	<u>\$4,378,159</u>	<u>\$17,197,751</u>	<u>\$2,738,855</u>

Charges for services, operating and capital grants, contributions, and interest of \$11,238,555, or 72 percent of the total costs of services, were received and used to fund the governmental activities expenses of the County. The remaining \$4,378,159 in governmental expenses is funded primarily by property and permissive sales taxes, non-restricted intergovernmental revenues, interest, and miscellaneous revenues.

Financial Analysis of County Funds

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

Monroe County, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2007 Unaudited

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year. As of December 31, 2007, the County's governmental funds reported a combined ending fund balance of \$5,410,165, an increase of \$303,267 in comparison with the prior year. \$4,941,925, or 91 percent of this total, constitutes unreserved undesignated fund balance, which is available for spending. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior year (\$164,785), has been reserved for claimants (\$106,431), or has been reserved for loans receivable (\$197,024). While the bulk of the governmental fund balances is not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets due to restrictions for use for a particular purpose mandated by the source of the funding, such as tax levy language or the underlying grant.

The General Fund is the primary operating fund of the County. At the end of 2007, unreserved fund balance was \$147,678, while total fund balance was \$254,109. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 4 percent to total General Fund expenditures, while total fund balance represents 7 percent of that same amount. The fund balance decreased from 2006 by \$266,101. Management is aware and working hard to maintain expenditures and other financing uses at or below fixed revenue sources.

At the end of 2007, the Public Assistance Special Revenue Fund had fund balance of \$115,239, in comparison to a fund balance of (\$61,050) at the end of 2006. This is due to an increases in state funding for the various public assistance programs.

The fund balance of the Maintenance Special Revenue Fund at December 31, 2007 was \$2,689,627, an increase of \$326,705 from the previous year. This minimal change is a direct result of this department matching projected revenue streams and spending levels. Due to this conservative budgeting, this department was able to maintain a consistent fund balance for carryover into the next year.

The fund balance of the Mental Retardation Special Revenue Fund at December 31, 2007 was \$1,168,051, an increase of \$277,417. This change is the result of increased revenues and associated taxes within this department.

Proprietary Funds - The County maintains one proprietary fund, the Care Center Enterprise Fund. Enterprise funds are used to report functions presented as business-type activities on the government-wide financial statements. As of December 31, 2007, net assets for the County's enterprise fund was \$443,045. Of that total, \$965,534 represents unrestricted net assets that are available for spending at the County's discretion.

General Fund Budgetary Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. By State statute, the Board of County Commissioners adopts a temporary operating budget for the County prior to the first day of January. The Board of County Commissioners adopts a permanent annual operating budget for the County prior to the first day of April.

Monroe County, Ohio

**Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited**

During the course of 2007, the County amended its General Fund estimated revenues and appropriations, but only minimally and the budgetary statements reflect both the original and final appropriation amounts. For the General Fund, original budgeted revenues were \$3,650,855 and final budgeted revenues were \$3,938,230. Original budgeted expenditures were \$3,612,312 and final budgeted expenditures were approximately \$3,967,521. The ending fund balance was \$6,690 higher than the final budgeted amount of \$124,631.

Capital Assets and Debt Administration

Capital Assets - The County's capital assets for governmental and business-type activities as of December 31, 2007, were \$13,502,599 (net of accumulated depreciation). This includes land, construction in progress, infrastructure, buildings and improvements, and vehicles and equipment. Table 4 provides a comparison of capital assets as of the end of 2006 and 2007. In addition, Note 10 (Capital Assets) provides capital asset activity during 2007.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$40,580	\$40,580	\$0	\$0	\$40,580	\$40,580
Construction in Progress	65,468	50,051	0	0	65,468	50,051
Infrastructure	10,427,599	10,603,418	0	0	10,427,599	10,603,418
Buildings and Improvements	1,228,677	1,346,313	213,409	241,864	1,442,086	1,588,177
Vehicles and Equipment	1,526,866	1,419,057	0	0	1,526,866	1,419,057
Total Capital Assets	\$13,289,190	\$13,459,419	\$213,409	\$241,864	\$13,502,599	\$13,701,283

Long-Term Debt - As of December 31, 2007, the County had total debt outstanding of \$988,507; \$251,658 in governmental activities and \$736,849 in business-type activities. Table 5 outlines the long-term debt held by the County during 2007 and 2006.

Table 5
Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$244,127	\$255,227	\$0	\$0	\$244,127	\$255,227
Truck Loan	7,531	10,263	0	0	7,531	10,263
Revenue Bonds	0	0	736,849	815,965	736,849	815,965
Total Long-Term Debt	\$251,658	\$265,490	\$736,849	\$815,965	\$988,507	\$1,081,455

In addition to the above debt, the County's long-term obligations include compensated absences and early retirement incentives. Additional information on the County's long-term debt can be found in Note 15 of this report. The County's total unvoted legal debt margin at December 31, 2007, is \$2,051,359.

Monroe County, Ohio

**Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited**

Economic Factors

The County is currently stable financially. Department heads are continuing to remain within their appropriated budgets for the year.

The various economic factors were considered in the preparation of the County's 2007 budget, and will be considered in the preparation of future budgets. Appropriate measures will be taken to ensure spending is within available resources.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Pandora Neuhart, Monroe County Auditor, 101 North Main Street, Room 22, Woodsfield, Ohio 43793.

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Monroe County, Ohio
Statement of Net Assets
December 31, 2007

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$5,308,643	\$880,914	\$6,189,557
Cash and Cash Equivalents with Fiscal Agents	297,117	0	297,117
Property Taxes Receivable	1,271,153	0	1,271,153
Accounts Receivable	0	515,514	515,514
Interest Receivable	15,123	0	15,123
Internal Balances	29,471	(29,471)	0
Intergovernmental Receivable	2,600,278	0	2,600,278
Prepaid Items	61,142	50	61,192
Sales Taxes Receivable	220,150	0	220,150
Loans Receivable	197,024	0	197,024
Materials and Supplies Inventory	175,080	19,545	194,625
Non-Depreciable Capital Assets	106,048	0	106,048
Depreciable Capital Assets, Net	13,183,142	213,409	13,396,551
<i>Total Assets</i>	<u>23,464,371</u>	<u>1,599,961</u>	<u>25,064,332</u>
Liabilities			
Accounts Payable	381,288	86,362	467,650
Accrued Wages Payable	107,105	40,538	147,643
Intergovernmental Payable	633,824	202,293	836,117
Accrued Interest Payable	6,767	3,314	10,081
Deferred Revenue	1,163,902	0	1,163,902
Long-Term Liabilities:			
Due Within One Year	255,132	147,922	403,054
Due In More Than One Year	550,388	676,487	1,226,875
<i>Total Liabilities</i>	<u>3,098,406</u>	<u>1,156,916</u>	<u>4,255,322</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	13,037,532	(522,489)	12,515,043
Restricted for:		0	
Other Purposes	998,413	0	998,413
Capital Projects	164,308	0	164,308
Public Assistance	322,819	0	322,819
Road and Bridge Maintenance	3,684,944	0	3,684,944
Mental Retardation and Developmental Disabilities	1,225,636	0	1,225,636
Community Development	843,227	0	843,227
Unrestricted	89,086	965,534	1,054,620
<i>Total Net Assets</i>	<u>\$20,365,965</u>	<u>\$443,045</u>	<u>\$20,809,010</u>

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Activities
For the Year Ended December 31, 2007

	Program Revenues				Net (Expense) Revenue and Change in Net Assets		
	Primary Government						
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government:							
Legislative and Executive	\$1,581,140	\$686,424	\$27,852	\$0	(\$866,864)	\$0	(\$866,864)
Judicial	667,337	208,563	23,297	0	(435,477)	0	(435,477)
Public Safety	1,953,541	385,011	289,859	38,020	(1,240,651)	0	(1,240,651)
Public Works	3,375,931	33,489	3,504,778	0	162,336	0	162,336
Health	1,962,351	176,626	911,258	0	(874,467)	0	(874,467)
Human Services	5,532,192	310,547	4,514,244	0	(707,401)	0	(707,401)
Economic Development	520,359	7,341	121,246	0	(391,772)	0	(391,772)
Intergovernmental	10,500	0	0	0	(10,500)	0	(10,500)
Interest and Fiscal Charges	13,363	0	0	0	(13,363)	0	(13,363)
<i>Total Governmental Activities</i>	<u>15,616,714</u>	<u>1,808,001</u>	<u>9,392,534</u>	<u>38,020</u>	<u>(4,378,159)</u>	<u>0</u>	<u>(4,378,159)</u>
Business-Type Activities:							
Care Center	3,305,294	3,540,410	0	0	0	235,116	235,116
<i>Total Business-Type Activities</i>	<u>3,305,294</u>	<u>3,540,410</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>235,116</u>	<u>235,116</u>
<i>Total Primary Government</i>	<u>\$18,922,008</u>	<u>\$5,348,411</u>	<u>\$9,392,534</u>	<u>\$38,020</u>	<u>(4,378,159)</u>	<u>235,116</u>	<u>(4,143,043)</u>
General Revenues							
Property Taxes Levied for:							
General Purposes					721,523	0	721,523
Health					691,980	0	691,980
Sales Taxes Levied for General Purposes					1,358,363	0	1,358,363
Grants and Entitlements not Restricted to Specific Programs					481,235	0	481,235
Investment Earnings					317,383	0	317,383
Payments In Lieu of Taxes					8,755	0	8,755
Miscellaneous					352,716	753	353,469
<i>Total General Revenues</i>					<u>3,931,955</u>	<u>753</u>	<u>3,932,708</u>
<i>Change in Net Assets</i>					(446,204)	235,869	(210,335)
Net Assets Beginning of Year					<u>20,812,169</u>	<u>207,176</u>	<u>21,019,345</u>
<i>Net Assets End of Year</i>					<u>\$20,365,965</u>	<u>\$443,045</u>	<u>\$20,809,010</u>

See accompanying notes to the basic financial statements

**Monroe County, Ohio
Balance Sheet
Governmental Funds
December 31, 2007**

	General	Public Assistance	Maintenance	Mental Retardation	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$70,713	\$467,937	\$2,216,906	\$896,850	\$1,549,806	\$5,202,212
Cash and Cash Equivalents with Fiscal Agents	0	0	0	297,117	0	297,117
Receivables:						
Property Taxes	686,401	0	0	584,752	0	1,271,153
Interest	15,123	0	0	0	0	15,123
Interfund	97,908	445,910	11,299	0	3,678	558,795
Intergovernmental	216,588	0	1,664,571	77,803	641,316	2,600,278
Sales Taxes	220,150	0	0	0	0	220,150
Loans Receivable	0	0	0	0	197,024	197,024
Prepaid Items	58,616	304	732	0	1,490	61,142
Materials and Supplies Inventory	12,204	4,772	156,531	689	884	175,080
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	106,431	0	0	0	0	106,431
Total Assets	<u>\$1,484,134</u>	<u>\$918,923</u>	<u>\$4,050,039</u>	<u>\$1,857,211</u>	<u>\$2,394,198</u>	<u>\$10,704,505</u>

Liabilities and Fund Balances

Liabilities

Accounts Payable	\$51,592	\$40,729	\$98,355	\$7,250	\$183,362	\$381,288
Interfund Payable	990	30,589	25,307	0	472,438	529,324
Accrued Wages Payable	21,203	23,266	40,852	14,679	7,105	107,105
Intergovernmental Payable	211,420	311,142	75,791	13,288	22,183	633,824
Deferred Revenue	944,820	397,958	1,120,107	653,943	525,971	3,642,799
Total Liabilities	<u>1,230,025</u>	<u>803,684</u>	<u>1,360,412</u>	<u>689,160</u>	<u>1,211,059</u>	<u>5,294,340</u>

Fund Balances

Reserved for Encumbrances	0	27,091	131,970	0	5,724	164,785
Reserved for Unclaimed Monies	106,431	0	0	0	0	106,431
Reserved for Loans Receivable	0	0	0	0	197,024	197,024
Unreserved:						
Undesignated, Reported in:						
General Fund	147,678	0	0	0	0	147,678
Special Revenue Funds (Deficit)	0	88,148	2,557,657	1,168,051	854,102	4,667,958
Capital Projects Funds	0	0	0	0	126,289	126,289
Total Fund Balances	<u>254,109</u>	<u>115,239</u>	<u>2,689,627</u>	<u>1,168,051</u>	<u>1,183,139</u>	<u>5,410,165</u>
Total Liabilities and Fund Balances	<u>\$1,484,134</u>	<u>\$918,923</u>	<u>\$4,050,039</u>	<u>\$1,857,211</u>	<u>\$2,394,198</u>	

Amounts reported for governmental activities in 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. 13,289,190

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property Taxes	107,251	
Other/Accounts Receivable	494,991	
Intergovernmental	<u>1,876,655</u>	
Total		2,478,897

Long-term liabilities and accrued interest are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds	(244,127)	
Truck Loan	(7,531)	
Compensated Absences	(463,460)	
Early Retirement Incentive	(90,402)	
Accrued Interest Payable	<u>(6,767)</u>	
Total		<u>(812,287)</u>

Net Assets of Governmental Activities

\$20,365,965

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Public Assistance	Maintenance	Mental Retardation	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$790,540	\$0	\$0	\$647,126	\$98,180	\$1,535,846
Permissive Sales Taxes	1,358,363	0	0	0	0	1,358,363
Payments in Lieu of Taxes	4,856	0	0	3,851	48	8,755
Intergovernmental	509,116	3,988,294	3,519,228	850,618	1,644,998	10,512,254
Interest	317,383	2,775	59,469	0	18,823	398,450
Licenses and Permits	906	0	0	0	44,591	45,497
Fines and Forfeitures	43,041	0	9,673	0	8,455	61,169
Rentals	1,463	0	0	0	10,732	12,195
Charges for Services	748,040	99,000	23,816	13,979	605,746	1,490,581
Contributions and Donations	1,310	0	0	1,200	18,609	21,119
Other	12,311	291,042	7,253	0	42,110	352,716
<i>Total Revenues</i>	<u>3,787,329</u>	<u>4,381,111</u>	<u>3,619,439</u>	<u>1,516,774</u>	<u>2,492,292</u>	<u>15,796,945</u>
Expenditures						
Current:						
General Government:						
Legislative and Executive	1,407,771	0	0	0	158,932	1,566,703
Judicial	607,414	0	0	0	71,947	679,361
Public Safety	1,322,752	0	0	0	654,358	1,977,110
Public Works	13,875	0	3,367,734	0	2,807	3,384,416
Health	343,365	0	0	1,239,357	286,596	1,869,318
Human Services	189,000	4,204,822	0	0	1,042,431	5,436,253
Economic Development	0	0	0	0	542,514	542,514
Intergovernmental	10,500	0	0	0	0	10,500
Principal Retirement	0	0	0	0	13,832	13,832
Interest and Fiscal Charges	1,045	0	0	0	12,626	13,671
<i>Total Expenditures</i>	<u>3,895,722</u>	<u>4,204,822</u>	<u>3,367,734</u>	<u>1,239,357</u>	<u>2,786,043</u>	<u>15,493,678</u>
<i>Excess of Revenues Over(Under)</i> <i>Expenditures</i>	<u>(108,393)</u>	<u>176,289</u>	<u>251,705</u>	<u>277,417</u>	<u>(293,751)</u>	<u>303,267</u>
Other Financing Source (Use)						
Transfers In	0	0	75,000	0	82,708	157,708
Transfers Out	(157,708)	0	0	0	0	(157,708)
<i>Total Other Financing Source (Use)</i>	<u>(157,708)</u>	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>82,708</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(266,101)	176,289	326,705	277,417	(211,043)	303,267
Fund Balances (Deficit) at						
Beginning of Year	<u>520,210</u>	<u>(61,050)</u>	<u>2,362,922</u>	<u>890,634</u>	<u>1,394,182</u>	<u>5,106,898</u>
<i>Fund Balances at End of Year</i>	<u>\$254,109</u>	<u>\$115,239</u>	<u>\$2,689,627</u>	<u>\$1,168,051</u>	<u>\$1,183,139</u>	<u>\$5,410,165</u>

See accompanying notes to the basic financial statements

Monroe County, Ohio
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007

Net Change in Fund Balances - Governmental Funds		\$303,267
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:		
Capital Asset Additions	859,071	
Current Year Depreciation	(995,869)	
Total	(136,798)	(136,798)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(33,431)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Property Taxes	(122,343)	
Intergovernmental	(702,651)	
Other/Charges for Services	198,559	
Total	(626,435)	(626,435)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		13,832
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.		
		308
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Early Retirement Incentive	64,382	
Compensated Absences Payable	(31,329)	
Total	33,053	33,053
Change in Net Assets of Governmental Activities		(\$446,204)

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$855,156	\$759,493	\$794,154	\$34,661
Permissive Sales Taxes	1,278,457	1,315,544	1,315,544	0
Payments in Lieu of Taxes	5,327	4,419	4,856	437
Intergovernmental	240,503	518,992	519,162	170
Charges for Services	783,415	885,135	885,135	0
Fines and Forfeitures	44,213	46,877	46,877	0
Licenses and Permits	2,024	881	881	0
Interest	298,307	310,527	310,527	0
Rent	2,077	1,463	1,463	0
Contributions and Donations	0	1,310	1,310	0
Other	141,376	93,589	14,238	(79,351)
<i>Total Revenues</i>	<u>3,650,855</u>	<u>3,938,230</u>	<u>3,894,147</u>	<u>(44,083)</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	1,343,735	1,365,041	1,321,348	43,693
Judicial	564,459	586,033	580,965	5,068
Public Safety	1,232,535	1,405,914	1,400,201	5,713
Public Works	13,875	13,875	13,875	0
Health	269,052	347,848	338,153	9,695
Human Services	188,656	190,265	188,456	1,809
Intergovernmental	0	10,500	10,500	0
Debt Service:				
Principal Retirement	0	47,000	47,000	0
Interest and Fiscal Charges	0	1,045	1,045	0
<i>Total Expenditures</i>	<u>3,612,312</u>	<u>3,967,521</u>	<u>3,901,543</u>	<u>65,978</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>38,543</u>	<u>(29,291)</u>	<u>(7,396)</u>	<u>21,895</u>
Other Financing Sources (Uses)				
Advances In	0	43,042	0	(43,042)
Advances Out	0	(43,042)	0	43,042
Revenue Notes Issued	27,169	47,000	47,000	0
Proceeds from Sale of Capital Assets	3,000	0	0	0
Transfers In	1,950	83,637	0	(83,637)
Transfers Out	(157,055)	(210,935)	(142,503)	68,432
<i>Total Other Financing Sources (Uses)</i>	<u>(124,936)</u>	<u>(80,298)</u>	<u>(95,503)</u>	<u>(15,205)</u>
<i>Net Change in Fund Balance</i>	(86,393)	(109,589)	(102,899)	6,690
Fund Balance at Beginning of Year	193,546	193,546	193,546	0
Prior Year Encumbrances Appropriated	40,674	40,674	40,674	0
<i>Fund Balance at End of Year</i>	<u>\$147,827</u>	<u>\$124,631</u>	<u>\$131,321</u>	<u>\$6,690</u>

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public Assistance Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$50,000	\$113,709	\$113,709	\$0
Intergovernmental	5,567,494	4,033,127	4,033,127	0
Interest	2,500	2,860	3,109	249
Other	916,500	291,042	291,042	0
<i>Total Revenues</i>	<u>6,536,494</u>	<u>4,440,738</u>	<u>4,440,987</u>	<u>249</u>
Expenditures				
Current:				
Human Services	<u>6,348,038</u>	<u>4,545,416</u>	<u>4,236,929</u>	<u>308,487</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>188,456</u>	<u>(104,678)</u>	<u>204,058</u>	<u>308,736</u>
Other Financing Sources (Uses)				
Transfers In	245,000	153,757	0	(153,757)
Advances In	245,000	0	0	0
Transfers Out	(322,125)	(208,416)	0	208,416
<i>Total Other Financing Sources (Uses)</i>	<u>167,875</u>	<u>(54,659)</u>	<u>0</u>	<u>54,659</u>
<i>Net Change in Fund Balance</i>	356,331	(159,337)	204,058	363,395
Fund Balance at Beginning of Year	202,186	202,186	202,186	0
Prior Year Encumbrances Appropriated	<u>63</u>	<u>63</u>	<u>63</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$558,580</u>	<u>\$42,912</u>	<u>\$406,307</u>	<u>\$363,395</u>

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Maintenance Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$3,300,000	\$3,449,109	\$3,449,109	\$0
Charges for Services	7,500	23,816	23,816	0
Fines and Forfeitures	5,200	10,325	10,325	0
Interest	0	64,188	64,188	0
Other	7,500	7,253	7,253	0
<i>Total Revenues</i>	3,320,200	3,554,691	3,554,691	0
Expenditures				
Current:				
Public Works	3,506,831	4,100,623	3,389,169	711,454
<i>Excess of Revenues Over (Under) Expenditures</i>	(186,631)	(545,932)	165,522	711,454
Other Financing Source (Use)				
Transfers In	120,000	476,404	476,404	0
Transfers Out	(200,000)	(550,568)	0	550,568
<i>Total Other Financing Source (Use)</i>	(80,000)	(74,164)	476,404	550,568
<i>Net Change in Fund Balance</i>	(266,631)	(620,096)	641,926	1,262,022
Fund Balance at Beginning of Year	1,120,041	1,120,041	1,120,041	0
Prior Year Encumbrances Appropriated	266,631	266,631	266,631	0
<i>Fund Balance at End of Year</i>	\$1,120,041	\$766,576	\$2,028,598	\$1,262,022

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Mental Retardation Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$616,000	\$621,770	\$650,224	\$28,454
Payments in Lieu of Taxes	1,500	3,505	3,851	346
Charges for Services	18,000	13,979	13,979	0
Intergovernmental	672,000	800,394	863,265	62,871
Other	<u>0</u>	<u>1,200</u>	<u>1,200</u>	<u>0</u>
<i>Total Revenues</i>	1,307,500	1,440,848	1,532,519	91,671
Expenditures				
Current:				
Health	<u>1,305,000</u>	<u>1,303,476</u>	<u>1,241,420</u>	<u>62,056</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,500</u>	<u>137,372</u>	<u>291,099</u>	<u>153,727</u>
Other Financing Source (Use)				
Transfers In	5,000	100,000	0	(100,000)
Transfers Out	<u>(120,000)</u>	<u>(120,000)</u>	<u>0</u>	<u>120,000</u>
<i>Total Other Financing Sources (Use)</i>	<u>(115,000)</u>	<u>(20,000)</u>	<u>0</u>	<u>20,000</u>
<i>Net Change in Fund Balance</i>	(112,500)	117,372	291,099	173,727
Fund Balance at Beginning of Year	<u>892,469</u>	<u>892,469</u>	<u>892,469</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$779,969</u></u>	<u><u>\$1,009,841</u></u>	<u><u>\$1,183,568</u></u>	<u><u>\$173,727</u></u>

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Fund Net Assets
Proprietary Fund
December 31, 2007

	Business-Type Activity
	Care Center
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$879,963
Accounts Receivable	515,514
Prepaid Items	50
Interfund Receivable	576
Materials and Supplies Inventory	19,545
<i>Total Current Assets</i>	1,415,648
Noncurrent Assets:	
Restricted Equity in Pooled Cash and Cash Equivalents	951
Depreciable Capital Assets, Net	213,409
<i>Total Noncurrent Assets</i>	214,360
<i>Total Assets</i>	1,630,008
Liabilities	
Current Liabilities:	
Accounts Payable	86,362
Accrued Wages Payable	40,538
Interfund Payable	30,047
Intergovernmental Payable	202,293
Accrued Interest Payable	3,314
Compensated Absences Payable	72,922
Current Portion of General Obligation Bonds Payable	75,000
<i>Total Current Liabilities</i>	510,476
Long-Term Liabilities (Net of Current Portion):	
General Obligation Bonds Payable	661,849
Compensated Absences Payable	14,638
<i>Total Long-Term Liabilities</i>	676,487
<i>Total Liabilities</i>	1,186,963
Net Assets	
Invested in Capital Assets, Net of Related Debt	(522,489)
Unrestricted	965,534
<i>Total Net Asset</i>	\$443,045

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended December 31, 2007

	Business-Type Activity
	Care Center
Operating Revenues	
Charges for Services	\$3,540,410
Operating Expenses	
Personal Services	2,089,240
Contractual Services	820,090
Materials and Supplies	283,043
Depreciation	28,455
Other	41,676
<i>Total Operating Expenses</i>	3,262,504
<i>Operating Income</i>	277,906
Non-Operating Revenue (Expense)	
Non-Operating Revenues	753
Interest and Fiscal Charges	(42,790)
<i>Total Non-Operating Revenue (Expense)</i>	(42,037)
<i>Change in Net Assets</i>	235,869
Net Assets Beginning of Year	207,176
<i>Net Assets End of Year</i>	\$443,045

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2007

	Business-Type Activity
	Care Center
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$3,606,790
Cash Payments for Employee Services and Benefits	(2,078,900)
Cash Payments for Goods and Services	(1,095,045)
Other Non-Operating Revenues	753
Other Operating Expenses	(43,312)
<i>Net Cash Provided by Operating Activities</i>	390,286
Cash Flows from Capital and Related Financing Activities	
Principal Paid on General Obligation Bonds	(80,000)
Interest and Fiscal Charges Paid on General Obligation Bonds	(42,155)
<i>Net Cash Used for Capital and Related Financing Activities</i>	(122,155)
<i>Net Increase in Cash and Cash Equivalents</i>	268,131
Cash and Cash Equivalents Beginning of Year	612,783
<i>Cash and Cash Equivalents End of Year</i>	\$880,914
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$277,906
Adjustments:	
Other Non-Operating Revenues	753
Depreciation	28,455
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	66,956
Decrease in Materials and Supplies Inventory	6,755
Decrease in Prepaid Items	163
Decrease Accounts Payable	(4,391)
Decrease in Interfund Receivable	(576)
Decrease in Accrued Wages Payable	(1,056)
Increase in Compensated Absences Payable	7,525
Increase in Interfund Payable	3,421
Increase in Intergovernmental Payable	4,375
<i>Net Cash Used for Operating Activities</i>	\$390,286

See accompanying notes to the basic financial statements

Monroe County, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2007

Assets	
Equity in Pooled Cash and Cash Equivalents	\$720,594
Cash and Cash Equivalents in Segregated Accounts	139,585
Investments in Segregated Accounts	107,568
Receivables:	
Property Taxes	7,196,019
Accounts	42,711
Intergovernmental	<u>1,745,011</u>
<i>Total Assets</i>	<u><u>\$9,951,488</u></u>
 Liabilities	
Intergovernmental Payable	\$9,651,570
Deposits Held and Due to Others	109,572
Undistributed Monies	<u>190,346</u>
<i>Total Liabilities</i>	<u><u>\$9,951,488</u></u>

See accompanying notes to the basic financial statements

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Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

NOTE 1 - REPORTING ENTITY

Established in 1813, Monroe County, Ohio (the County), is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County who manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a County Court Judge, and a Common Pleas-Juvenile-Probate Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and chief administrators of public services for the County, including each of these departments.

Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the program's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the levying of taxes, or the issuance of debt. The Monroe Adult Crafts Organization, Inc. (the Workshop), was previously presented as a component unit of the County. However, for 2007, this component unit's activity was considered immaterial and thus excluded from the financial statements.

The following potential component units have been excluded from the County's financial statements because the County is not financially accountable for these organizations nor are these entities for which the County approves the budget, the issuing of debt, or the levying of taxes:

Monroe County Agricultural Society
Monroe County Historical Society
Monroe County Law Library

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

Monroe County General Health District (District) - The District is a separately elected governing body that is legally separate. The five-member Board of Directors which oversees the operation of the District is elected by a District Advisory Council comprised of township trustees, mayors of participating municipalities, and members of the District, and approves the District's budget; however, this oversight is ministerial. The County will report the District and its activity will be reported as an agency fund.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

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

The Monroe County Regional Planning Commission, Monroe County Family and Children First Council, and the Monroe County Park District are presented as agency funds of the County because the County Auditor is the fiscal agent for these organizations.

The County participates in the following organizations which are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is discussed in Note 18.

Buckeye Hills-Hocking Valley Regional Development District
Joint Solid Waste District
Guernsey-Monroe-Noble Community Action Corporation (GMN)
Southeast Ohio Juvenile Rehabilitation District (SOJRD)
Belmont, Harrison, and Monroe Counties Cluster
Mental Health Recovery Board
South Eastern Narcotics Team (SENT)
Monroe County Family and Children First Council
Buckeye Hills Resource Conservation and Development Project
Mid East Ohio Regional Council of Governments (MEORC)
Ohio Valley Employment Resource

The County is associated with the following organizations which are defined as related organizations. Additional financial information concerning the related organizations is presented in Note 19.

Monroe County District Public Library
Monroe County Community Improvement Corporation (CIC)
Monroe County Emergency Medical Service

The County is associated with the County Risk Sharing Authority, Inc. (CORSA) and the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan which are defined as public entity pools. Additional information concerning these organizations is presented in Note 20.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

A. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Assets and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

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

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

B. Fund Accounting

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

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

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

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

Public Assistance Fund - The Public Assistance Fund accounts for various federal and state grants used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

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

Mental Retardation Fund - The Mental Retardation Fund accounts for expenditures that benefit the mentally retarded and developmentally disabled. Revenue sources include a County-wide property tax levy and federal and state grants.

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

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

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

Care Center Fund - The Care Center Fund accounts for activity associated with the operation of a nursing home and rehabilitation center. Revenues are derived from patients and other non-operating sources. Expenses are for operating and capital related financing activities from the operation of the center.

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

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

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

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

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within 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 an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgetary Process

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

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

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

F. Cash and Cash Equivalents

Cash balances of the County's funds, except cash held by a trustee, fiscal agent, or held in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. During 2007, investments were limited to non-participating certificates of deposit, negotiable certificates of deposit, and STAROhio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Non-participating investment contracts are reported at cost or amortized cost. STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does not operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2007. 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 presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

Interest revenue is distributed to the funds according to the Monroe County Prosecutor's interpretation of Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2007 amounted to \$317,383, which includes \$305,672 assigned from other County funds.

G. Restricted Assets

Restricted cash and cash equivalents in the General Fund represent the amount of unclaimed monies not available for appropriation. The proprietary statement of net assets is also showing restricted cash and cash equivalents resulting from unspent debt proceeds relating to a previous bond issuance.

H. Receivables and Payables

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility. Using this criteria, the County has elected to not record child support arrearages. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

I. Inventory of Supplies

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

J. Prepaid Items

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

K. Interfund Balances

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

L. Capital Assets

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

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

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 \$10,000 for buildings, improvements, equipment and vehicles and \$15,000 for infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest costs incurred during the construction of capital assets utilized by the enterprise funds are also capitalized.

All reported capital assets are depreciated except for land, land improvements, and construction in progress. Improvements are depreciated or amortized 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 replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Infrastructure	25-75 Years	25-75 Years
Buildings and Improvements	10-50 Years	10-50 Years
Vehicles and Equipment	4-20 Years	4-20 Years

Infrastructure consisting of roads and bridges are capitalized and includes infrastructure acquired prior to the implementation of Governmental Accounting Standards Board Statement No. 34.

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year-end taking into consideration any limits specified in the County's termination policy. The County records a liability for sick leave for employees with twenty or more years of service at any age or 10 years of service at age 50. The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

N. Accrued Liabilities and Long-Term Obligations

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

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

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, 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 governmental fund financial statements when due.

O. Fund Balance Reserves

The County records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, loans receivable, and claimants. Reservation for claimants is established because by law, as unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

P. Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities.

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

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

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 adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include activities involving the upkeep of the County's roads and bridges, services for the handicapped and mentally retarded, and community development. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Net Assets reports \$7,239,347 of restricted net assets, of which no amounts were restricted by enabling legislation.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as non-operating.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence.

T. Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For 2007, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS and the STRS post-employment healthcare plans in the amount of \$38,976 and \$0, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2007**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- C. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance.
- D. Unrecorded cash and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
- E. Cash that is held by the agency funds on behalf of County funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate County fund.

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

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2007**

Net Change in Fund Balances
General and Major Special Revenue Funds

	General	Public Assistance	Maintenance	Mental Retardation
GAAP Basis	(\$266,101)	\$176,289	\$326,705	\$277,417
Net Adjustment for Revenue Accruals	101,492	14,751	(69,467)	10,893
Beginning of the Year:				
Unrecorded Cash	35,403	51,559	7,132	1,754
Agency Fund				
Cash Allocation	15,746	0	0	13,497
Prepaid Items	89,224	3,956	1,267	100
End of the Year:				
Unrecorded Cash	(33,691)	(6,434)	(2,413)	0
Agency Fund				
Cash Allocation	(12,132)	0	0	(10,399)
Prepaid Items	(58,616)	(304)	(732)	0
Net Adjustment for				
Expenditure Accruals	10,571	19,437	163,925	(2,163)
Debt Service Principal	(47,000)	0	0	0
Note Proceeds	47,000	0	0	0
Transfers In	0	0	401,404	0
Transfers Out	15,205	0	0	0
Encumbrances	0	(55,196)	(185,895)	0
Budget Basis	<u>(\$102,899)</u>	<u>\$204,058</u>	<u>\$641,926</u>	<u>\$291,099</u>

NOTE 5 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The Children Services Special Revenue Fund had a deficit fund balance as of December 31, 2007 in the amount of \$270,795. This deficit is due to the recognition of payables in accordance with generally accepted accounting principles. The General Fund provides operating transfers for these funds but only as cash is required, not as deficits occur.

B. Legal Compliance

The following accounts had expenditures plus encumbrances in excess of appropriations contrary to section 5705.41, Revised Code:

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

	<u>Excess</u>
General Fund	
Health	
Contractual Services	\$818
Special Revenue Funds:	
Mental Retardation	
Health	
Other	8,128
E-Squad Levy	
Health	
Contractual Services	4,371

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

NOTE 6 - DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State Statute into two categories, active and inactive.

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.

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 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.

Deposits held by the County, which are not considered active, are classified as inactive. Beginning June 15, 2004, inactive monies may be deposited or invested in the following securities provided a written investment policy has been filed with the Ohio Auditor of State:

1. United States Treasury Bills, Notes, 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, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, 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;

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above, and repurchase agreements secured by such obligations, provided that these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Commercial paper notes, corporate notes, and bankers' acceptances; and,
10. Debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

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

Cash on Hand

At year-end, the County had \$105,483 in undeposited cash on hand which is included on the financial statements of the County as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

Custodial Credit Risk Custodial Credit Risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$3,411,212 of the County's bank balance of \$3,926,361 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

The County has no deposit policy for custodial 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 pledge to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

At December 31, 2007, the County's Mental Retardation Special Revenue Fund had a cash balance of \$297,117 with MEORC, a jointly governed organization (See Note 18). The money is held by MEORC in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 40. Any risk associated with the cash and cash equivalents and investments for MEORC as a whole may be obtained from their audit report. To obtain financial information, write to the Mid East Ohio Regional Council, Cathy Henthorn, who serves as Associate Director of Business, 160 Columbus Road, Mt. Vernon, Ohio 43050.

Investments

As of December 31, 2007, the County had the following investments which are in the internal investment pool:

	Fair Value	Maturity	Percent of Total Investments	Rating	Rating Agency
Negotiable Certificates of Deposit	\$295,000	5/02/08-12/26/08	100%	N/A	N/A
STAROhio	\$3,420,541	41 days	N/A	N/A	N/A

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

Credit Risk STAROhio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAR-Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The County has no investment policy that would limit its investment choices other than what has been approved by State statute.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The negotiable certificates of deposit are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agency but not in the County's name. The County has no investment policy dealing with investment custodial credit risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

Concentration of Credit Risk The County places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2007 for real and public utility property taxes represents collections of 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in, and intended to finance 2008.

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

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out - the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009.

The full tax rate for all County operations for the year ended December 31, 2007, was \$8.10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$175,722,650
Public Utility Personal Property	44,579,770
General Business	9,612,462
Total Assessed Value	<u>\$229,914,882</u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their 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. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2007 and for which there is an enforceable legal claim. In the General Fund and Mental Retardation Special Revenue Fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2007 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

Monroe County, Ohio

Notes to the Basic Financial Statements
December 31, 2007

NOTE 8 - PERMISSIVE SALES AND USE TAXES

In 1967, in accordance with Section 5739.02 of the Revised Code, counties were authorized to levy an excise tax of 0.5% to 1.5%. The tax must be levied pursuant to a resolution of the County Commissioners and a copy of the resolution of the County Commissioners sent to the Tax Commissioner not later than 60 days prior to the effective date of the tax. The Tax Commissioner shall within forty-five days after the end of each month certify to the Director of Budget and Management the amount of the proceeds of such tax or taxes paid to the Treasurer of State during that month to be returned to the County. The Director then provides for payment to the County Treasurer on or before the twentieth day of the month in which the certification is made. The County Commissioners, adopted resolutions amounting to 1.5% for permissive sales tax as allowed by Section 5739.02 and 5741.02, Revised Code.

The State Tax Commissioner certifies to the Office of Budget and Management (OBM) the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. OBM then has five days in which to draw the warrant payable to the County. Proceeds of the tax are credited entirely to the General Fund. Sales and use tax revenue in 2007 amounted to \$1,358,363.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2007, consisted of taxes, interest, accounts (billings for user charged services), loans, and intergovernmental receivables arising from grants, entitlements and shared revenues. Management believes all receivables are fully collectible. Management believes all receivables are fully collectible within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
Homestead and Rollback	\$85,555
Local Government, Local Government Revenue Assistance, and Library and Local Governmental Support Subsidies	144,131
Motor Vehicle License Tax	472,736
Motor Vehicle Gas Tax	1,191,835
Sheriff Subsidy Reimbursement	3,506
Prosecutor Subsidy Reimbursement	8,854
Title IVE Administrative Reimbursement	17,401
Mental Retardation Daycare Reimbursement	10,609
Indigent Defense	11,166
Community Development Block Grants	455,830
Youth Services Grants	41,547
DARE Grant	4,068
Foster Parent Training	300
Community Corrections Grants	32,725
Emergency Management Grants	4,545
Homeland Security Grants	38,019
CSEA Grants and Subsidies	12,540
Victim Witness Assistance Program Grants	27,783
Mental Retardation State and Federal Grants	30,570
Ohio Department of Transportation Grants	6,558
Total Governmental Activities	<u>\$2,600,278</u>

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2007**

The Community Development Block Grant Special Revenue Fund reflects loans receivable of \$197,024. This amount is for the principal owed to the County for Federal Community Development Block Grant Program monies loaned to businesses for improvements. The loans bear interest at annual rates of three to five percent. These loans are to be repaid over the next seven years.

NOTE 10 - CAPITAL ASSETS

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

	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
<u>Governmental Activities</u>				
Non-Depreciable Capital Assets:				
Land	\$40,580	\$0	\$0	\$40,580
Construction in Progress	50,051	15,417	0	65,468
Total Non-Depreciable Capital Assets	<u>90,631</u>	<u>15,417</u>	<u>0</u>	<u>106,048</u>
Depreciable Capital Assets:				
Infrastructure	16,059,952	404,669	(77,582)	16,387,039
Buildings and Improvements	2,539,919	63,326	0	2,603,245
Vehicles and Equipment	4,222,932	375,659	(632,913)	3,965,678
Total Depreciable Capital Assets	<u>22,822,803</u>	<u>843,654</u>	<u>(710,495)</u>	<u>22,955,962</u>
Accumulated Depreciation:				
Infrastructure	(5,456,534)	(547,057)	44,151	(5,959,440)
Buildings and Improvements	(1,193,606)	(180,962)	0	(1,374,568)
Vehicles and Equipment	(2,803,875)	(267,850)	632,913	(2,438,812)
Total Accumulated Depreciation	<u>(9,454,015)</u>	<u>(995,869) *</u>	<u>677,064</u>	<u>(9,772,820)</u>
Total Depreciable Capital Assets, Net	<u>13,368,788</u>	<u>(152,215)</u>	<u>(33,431)</u>	<u>13,183,142</u>
Governmental Capital Assets, Net	<u>\$13,459,419</u>	<u>(\$136,798)</u>	<u>(\$33,431)</u>	<u>\$13,289,190</u>

*Depreciation expense was charged to governmental activities as follows:

Public Safety	\$120,468
Public Works	645,017
Health	73,403
Human Services	143,504
Legislative and Executive	13,477
Total Depreciation Expense	<u>\$995,869</u>

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2007**

	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
<u>Business - Type Activities</u>				
Depreciable Capital Assets:				
Buildings and Improvements	1,208,246	0	(70,059)	1,138,187
Vehicles and Equipment	24,942	0	0	24,942
Total Depreciable Capital Assets	<u>1,233,188</u>	<u>0</u>	<u>(70,059)</u>	<u>1,163,129</u>
Accumulated Depreciation:				
Buildings and Improvements	(966,382)	(28,455)	70,059	(924,778)
Vehicles and Equipment	(24,942)	0	0	(24,942)
Total Accumulated Depreciation	<u>(991,324)</u>	<u>(28,455)</u>	<u>70,059</u>	<u>(949,720)</u>
Total Depreciable Capital Assets, Net	<u>241,864</u>	<u>(28,455)</u>	<u>0</u>	<u>213,409</u>
Business - Type Activities Capital Assets, Net	<u>\$241,864</u>	<u>(\$28,455)</u>	<u>\$0</u>	<u>\$213,409</u>

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; employee injuries; and natural disasters. The County contracts with County Risk Sharing Authority, Inc. (CORSA) to address liability, auto, and crime insurance coverage. CORSA, a non-profit corporation sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property, casualty, and crime insurance coverage for its members and was established May 12, 1987. Coverage is as follows:

General Liability	\$1,000,000 each occurrence
Law Enforcement Liability	\$1,000,000 each occurrence
Automobile Liability	\$1,000,000 each occurrence
Errors and Omissions Liability	\$1,000,000 each occurrence
	\$1,000,000 annual aggregate
Excess Liability	\$3,000,000
Property Damage Liability	\$35,082,554
Equipment Breakdown	\$100,000,000
Crime	\$1,000,000
Uninsured/Underinsured Motorists	\$250,000
Stop Gap Liability	\$1,000,000
Medical Professional Liability	\$4,000,000
Bridges	\$516,273

The deductible on the above coverage for each occurrence is \$2,500.

Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

For 2007, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 20). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings that accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the plan. Each year, the County pays an enrolment fee to the Plan to cover the costs of administering the program.

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

The County pays all elected official bonds by state statute.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5% of covered payroll, public safety members contributed 9.75%, and law enforcement members contributed 10.1%.

The County's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.17 percent of covered payroll. For the period January 1 through June 30, a portion of the County's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the County of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$673,039, \$746,353, and \$974,000 respectively; 92 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$464 made by the County and \$318 made by the plan members.

B. State Teachers Retirement System (STRS)

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

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

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

Funding Policy - For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the DB Plan for the years ended December 31, 2007, 2006, and 2005 were \$34,073, \$24,290, and \$40,000, respectively; 100 percent has been contributed for years 2007, 2006, and 2005. Contributions to the DC and Combined plans for 2007 were \$0 made by the County and \$52 made by the plan members.

NOTE 13 - POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (OPERS)

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007.

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

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$434,629, \$356,346 and \$250,000 respectively; 92 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

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

B. State Teachers Retirement System (STRS)

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

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

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

Funding Policy - Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2007, 2006 and 2005. The 14 percent contribution is the maximum rate allowed under Ohio law.

All benefit recipients pay a portion of the health care cost in the form of a monthly premium. The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$2,621, \$1,868 and \$2,860 respectively; 100 percent has been contributed for years 2007, 2006, and 2005.

NOTE 14 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn two to five weeks of vacation per year, depending on length of service. Vacation accumulation is limited to three years. All accumulated, unused vacation time is paid to eligible employees upon termination of employment.

Employees earn sick leave at the rate of 1.25 days per month of service. Sick leave accumulation is limited to 120 days. Upon retirement or death, an employee can be paid twenty-five percent of accumulated, unused sick leave.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

B. Early Retirement Incentive

During 2006 and 2007, the County offered one-time retirement incentives. The amount of the incentive is based upon the employees' salaries and years of credit needed to be purchased to take advantage of this option. The OPERS requirements vary in that the County can pay for this cost in one-lump sum or over a period of years. The option chosen by the County depends upon the fund balances at the time these payments are due.

NOTE 15 - LONG-TERM OBLIGATIONS

Changes in the County's long-term obligations during 2007 consist of the following:

	Outstanding 12/31/2006	Additions	Deletions	Outstanding 12/31/2007	Amounts Due Within One Year
<u>Governmental Activities</u>					
General Obligation Bonds:					
1998 4.75 % Senior Center - \$488,000	\$255,227	\$0	\$11,100	\$244,127	\$11,700
2006 Truck Loan - \$11,570 - 5.599%	10,263	0	2,732	7,531	2,887
Early Retirement Incentive	154,784	18,273	82,655	90,402	88,004
Compensated Absences	432,131	202,523	171,194	463,460	152,541
Total Governmental Activities	852,405	220,796	267,681	805,520	255,132
	Outstanding 12/31/2006	Additions	Deletions	Outstanding 12/31/2007	Due Within One Year
<u>Business - Type Activities</u>					
General Obligation Bonds:					
1995 5.95% Care Center Improvement	265,000	0	20,000	245,000	25,000
2002 5.15% Care Center Improvement	565,000		60,000	505,000	50,000
Bond Discount	(14,035)	0	(884)	(13,151)	0
Total General Obligation Bonds	815,965	0	79,116	736,849	75,000
Compensated Absences	80,035	84,414	76,889	87,560	72,922
Total Business - Type Activities	896,000	84,414	156,005	824,409	147,922
 Total Long-Term Liabilities	 \$1,748,405	 \$305,210	 \$423,686	 \$1,629,929	 \$403,054

Governmental Activities

General Obligation Bonds

During 1998, the County issued \$488,000 in general obligation bonds that are direct obligations of the County for which its full faith and credit are pledged for repayment and will be repaid from the Debt Service Fund. These bonds were issued for the construction of a senior citizens facility. The final maturity date of the Senior Center Bonds is December 1, 2022.

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2007**

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2008	\$11,700	\$11,596	\$23,296
2009	12,200	11,040	23,240
2010	12,800	10,461	23,261
2011	13,400	9,853	23,253
2012	14,000	9,216	23,216
2013-2017	80,700	35,437	116,137
2018-2022	99,327	14,388	113,715
Total	<u>\$244,127</u>	<u>\$101,991</u>	<u>\$346,118</u>

Truck Loan

During 2006, the County issued a truck loan for \$11,570. The truck will be used for the County's dog and kennel operations. The loan is backed by the full faith and credit of the County and will be retired from the Dog and Kennel Special Revenue Fund.

Annual debt service requirements to maturity for the truck loan are as follows:

Year Ending December 31,	Principal	Interest	Total
2008	\$2,887	\$348	\$3,235
2009	3,053	182	3,235
2010	1,591	27	1,618
Total	<u>\$7,531</u>	<u>\$557</u>	<u>\$8,088</u>

Early Retirement Incentive

During 2006 and 2007, the County entered into one time retirement incentives. The amount of these incentives are based upon the employees' salaries and years of credit needed to be purchased to take advantage of this option. The County will pay the early retirement incentive from the Public Assistance and Child Support Enforcement Agency Special Revenue Funds.

Compensated Absences

The County will pay compensated absences from the General Fund and the Public Assistance, Maintenance, Real Estate Assessment, Dog and Kennel, Youth Services, Child Support Enforcement Agency, Monroe County Public Transportation, Community Development Block Grant, Mental Retardation, Emergency Management, and Community Corrections Special Revenue Funds.

Business-Type Activities

General Obligation Bonds

The Care Center Improvement General Obligation Bonds were issued to provide funding for various repairs and improvements to the Care Center. These bonds will be paid from revenues derived from the operation of the Care Center. The bonds were sold at a discount that will be amortized over the life of the bonds using the straight-line method.

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2007**

General Obligation Bond debt service requirements to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2008	\$75,000	\$39,016	\$114,016
2009	75,000	35,078	110,078
2010	50,000	31,141	81,141
2011	55,000	28,281	83,281
2012	60,000	25,270	85,270
2013-2017	230,000	66,743	296,743
2018-2022	205,000	37,519	242,519
Total	\$750,000	\$263,048	\$1,013,048

Compensated Absences

The County will pay compensated absences from the Care Center Enterprise Fund.

The County's overall legal debt margin at December 31, 2007 was \$4,954,526.

NOTE 16 - NOTES PAYABLE

The following summarizes the note transactions for the year ended December 31, 2007:

	Interest Rate	Outstanding 12/31/2006	Issued	Retired	Outstanding 12/31/2007
General Fund					
Revenue Anticipation Note	4.95%	\$0	\$20,000	\$20,000	\$0
Revenue Anticipation Note	4.95%	0	27,000	27,000	0
Total General Fund		0	47,000	47,000	0

All notes were revenue anticipation notes and were backed by the full faith and credit of the County. These notes were issued for the purpose of short-term operating financing.

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2007**

NOTE 17 - INTERNAL BALANCES

Interfund balances at December 31, 2007 consist of the following individual fund receivables and payables:

<u>Interfund Payable</u>	Interfund Receivable					Total
	Major Funds			Other		
	General	Public Assistance	Maintenance	Nonmajor Governmental	Care Center	
Major Funds						
General Fund	\$36	\$0	\$0	\$378	\$576	\$990
Public Assistance	30,589	0	0	0	0	30,589
Maintenance	25,307	0	0	0	0	25,307
Other Nonmajor Governmental	11,929	445,910	11,299	3,300	0	472,438
Care Center	30,047	0	0	0	0	30,047
Total All Funds	\$97,908	\$445,910	\$11,299	\$3,678	\$576	\$559,371

The above interfund receivables/payables are due to time lags between the dates interfund goods and services are provided, transactions recorded in the accounting system, and payments between funds were made. Also, interfund balances are the result of short-term loans from the General Fund to the Bus Special Revenue Fund. All amounts are expected to be repaid within one year.

Interfund transfers during 2007 consisted of the following:

<u>Transfer from</u>	Transfer To		Totals
	Major Fund	Other Nonmajor	
	Maintenance	Governmental	
Major Funds:			
General Fund	\$75,000	\$82,708	\$157,708

Transfers were used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

- A. Buckeye Hills-Hocking Valley Regional Development District (District) - The District serves as the Area Agency on Aging for Monroe, Athens, Hocking, Meigs, Morgan, Noble, Perry, and Washington Counties. The District was created to foster a cooperative effort in regional planning, programming, and implementing plans and programs. The District is governed by a fifteen-member Board of Directors.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

The Board is comprised of one County Commissioner from each county, one member from the City of Athens, one member from the City of Marietta, four at-large members appointed from the ten government members, and one member from the minority sector. The Board has total control over budgeting, personnel, and all other financial matters.

The District administers County Community Development Block Grant and Issue II monies. During 2007, the County contributed \$759 to the District. The continued existence of the District is not dependent on the County's continued participation, and no equity interest exists. The District has no outstanding debt.

- B. Joint Solid Waste District (District) - The County is a member of the District, which is a jointly governed organization. The purpose of the District is to make disposal of waste in the six-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989 as required by the Ohio Revised Code.

The District is governed and operated through three groups. An eighteen member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility. The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. Although the County contributed amounts to the District at the time of its creation, no contributions were received from the County in 2007. No future contributions by the County are anticipated.

A forty-three member policy committee, comprised of seven members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Continued existence of the District is not dependent on the County's continued participation. The County does not have an equity interest in or a financial responsibility for the District. The District has no outstanding debt.

- C. Guernsey-Monroe-Noble Community Action Corporation (GMN) - The GMN is a non-profit organization formed to plan, conduct, and coordinate programs designed to combat social and economic problems to help eliminate conditions of poverty within Guernsey, Monroe, and Noble counties. The GMN is governed by a fifteen-member Board of Directors which consists of three Commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings.

GMN received federal and state funding which is applied for and received by, and in the name of, the Board of Directors. Continued existence of GMN is not dependent on the County's continued participation nor does the County have an equity interest in the GMN. GMN is not accumulating significant financial resources and is not experiencing financial distress that may cause an additional financial benefit to or burden on the County.

During 2007, the County contracted with GMN to provide senior citizens services. Through this contract, the County is acting as fiscal agent for the collection and settlement of the senior citizens levy. The County is also annually paying ½ of the cost of the general obligation bonds used to build the senior citizen center.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

- D. Southeast Ohio Juvenile Rehabilitation District (SOJRD) - SOJRD is a jointly-governed organization among Monroe, Belmont, Harrison, Guernsey, Jefferson, and Noble Counties. It was formed to operate a regional juvenile rehabilitation facility for the use of member counties, and to house and treat adjudicated, non-violent, felony offenders. The facility is operated and managed by SOJRD. The participating entities created a Judicial Rehabilitation Board, the members of which are made up of the juvenile court judges of each participating county, to determine policy.

A Board of Trustees has been created whose members are appointed by the Juvenile Court Judges, of whom Belmont and Jefferson Counties have three appointees, Guernsey County has two appointees, and Harrison, Monroe, and Noble Counties each have one appointee. The facility is located on property now owned by the Judicial Rehabilitation Board. The Board is not dependent upon the County for its continued existence, no debt exists, and the County does not have equity interest in, or a financial responsibility for, the Board. Monroe County does not contribute monies directly to fund the district.

- E. Belmont, Harrison, and Monroe Counties Cluster (Cluster) - The Cluster provides services to multi-need youth in Monroe, Belmont, and Harrison Counties. Members of the Cluster include the Belmont, Harrison, and Monroe Counties Mental Health and Recovery Board, the Children Services Board, the Belmont, Harrison, Monroe Crossroads Counseling Services, Student Services, Belmont-Harrison Juvenile District, the Superintendent of Public Instruction, and the Directors of Youth Services, Human Services, and Mental Retardation and Developmental Disabilities.

The operation of the Cluster is controlled by an Advisory Committee, which consists of a representative from each agency. The Cluster is not dependent upon the County for its continued existence, no debt exists, and the County does not have an equity interest in, or a financial responsibility for, the Cluster.

- F. Mental Health Recovery Board (Board) - The Board is responsible for delivery of comprehensive mental health and substance abuse services in Belmont, Harrison, and Monroe Counties. The Board provides no direct services but contracts for their delivery. The Board's function is to assess needs, and to plan, monitor, fund and evaluate the services. The Board is managed by eighteen members, six appointed by Commissioners of Belmont County, two each by Commissioners of Harrison and Monroe Counties and are proportionate to population, four by Ohio Department of Drug and Alcohol, and four by the State Department of Mental Health. Each participating county's influence is limited to the number of members each appoints to the Board. The Board exercises total control of the budgeting, appropriation, contract, and management. The Board is not dependent upon the County for its continued existence, no debt exists, and the County does not have an equity interest in, or a financial responsibility for, the Board. The County's 2007 contribution to the Board was \$6,000.

- G. South Eastern Narcotics Team (SENT) - SENT is a multi-jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Monroe, Belmont, Carroll, Guernsey, Harrison, and Tuscarawas Counties. It is jointly governed among the participating counties and cities. A grant is received from the State of Ohio, which the participating entities must match at 25 percent. SENT is comprised of 32 members and each member's control over the operation of SENT is limited to its representation on the Board.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

- H. Monroe County Family and Children First Council - The Monroe County Family and Children First Council is a jointly governed organization created under the Ohio Revised Code Section 121.37. The Council is comprised of the following members: Superintendent of Monroe Board of MR/DD, a designee from the Monroe County Health Department, Director of Monroe County Department of Job and Family Services, Superintendent of Switzerland of Ohio Local School District, Monroe County Commissioner, Mayor of the Village of Woodsfield, a representative from Ohio Department of Youth Services, a designee from the Mental Health and Recovery Board, Executive Director of GMN Tri-County CAC, a representative from GMN Tri-County, and three parent representatives. The continued existence of the Council is not dependent of the County's continued participation and no equity interest exists. The Council has no outstanding debt.
- I. Buckeye Hills Resource Conservation and Development Project (Project) - The Project was organized to lead local efforts directed toward improving social and economic conditions of the Buckeye Hills RC&D Area through development, conservation, and proper use of all resources of the area. It serves Athens, Belmont, Fairfield, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The Project is governed by an executive council. The Council is composed of one County Commissioner from each county, one member from the Soil and Water Conservation District of each county, a representative chosen jointly by the county commissioners and Soil and Water Conservation District of each county, a member from the Muskingum Watershed Conservancy District, and one member from the Rush Creek Conservancy District. The Council has total control over budgeting, personnel, and all other financial matters. During 2007, the Council received \$625 in dues from Monroe County. The continued existence of the District is not dependent on the County's continued participation and no equity interest exists.
- J. Mid East Ohio Regional Council of Governments (MEORC) - MEORC is a jointly governed organization which serves seventeen counties in Ohio. MEORC provides services to the mentally retarded and developmentally disabled residents in the participating counties. MEORC is made up of the superintendents of each county's Board of Mental Retardation and Developmental Disabilities. Revenues are generated by fees and state grants. During 2007, the County contributed \$6,030 to MEORC. Continued existence of MEORC is not dependent on the County's continued participation, and the County has no equity interest in or financial responsibility for MEORC. MEORC has no outstanding debt.
- K. Ohio Valley Employment Resource - The Ohio Valley Employment Resource is a jointly governed organization whereby the three county commissioners from Monroe, Noble, Morgan, and Washington Counties serve on the governing board. The Ohio Valley Employment Resource was formed for the purpose of creating and providing employment and training programs in response to local need, a part of which is implementation of the Workforce Investment Act, P.L. 105-220. The continued existence of the Ohio Valley Employment Resource is not dependent on the County's continued participation and no equity interest exists. The Ohio Valley Employment Resource has no outstanding debt.

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

NOTE 19 - RELATED ORGANIZATIONS

- A. Monroe County District Public Library (Library) – The Library is statutorily created as a distinct political subdivision of the State of Ohio governed by a Board of Trustees consisting of seven members. The Monroe County Commissioners appoint four members, and the judges of the Monroe County Court of Common Pleas appoint three members. The County made no contributions to the Library during the year. The Board of Trustees possesses its own contracting and budgeting authority, hires personnel, and does not depend on the County for operational subsidies. Although the County does serve as taxing authority of the Library, this is strictly a ministerial function. Once the Board of Trustees has determined that a levy is necessary, its amount, and its duration, the County must place the levy before the voters. The Library may issue debt or the County may provide facilities for the Library through the issuance of debt if the voters agree. The Library currently has no outstanding debt.
- B. Monroe County Community Improvement Corporation (CIC) – The CIC is a non-profit organization that was created under Ohio Revised Code Section 1724.04. Two-fifths of the governing board shall be mayors, county commissioners, or appointed or elected public officials. The remaining three-fifths of the sixteen member Board of Directors is comprised of volunteers. The CIC administers the County's Revolving Loan Fund (RLF), established with Community Development Block Grant Funds. The RLF is used to make loans to small businesses for the purchase of buildings, machinery, and equipment as well as working capital.
- C. Monroe County Emergency Medical Service (EMS) – The EMS is a non-profit organization created under Ohio Revised Code Section 1702. The governing officers consist of a president, vice-president, secretary, and twelve trustees – two from each squad. The EMS furnishes emergency services to Monroe County and to such other political subdivisions that sign and have contracts with the Monroe County Commissioners. The EMS is to conduct an educational course or courses in emergency victim care and rescue to all members and coordinates with existing organizations for planning further education between various emergency rescue services.

NOTE 20 - PUBLIC ENTITY POOLS

- A. County Risk Sharing Authority, Inc. (CORSA)

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

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

Monroe County, Ohio

Notes to the Basic Financial Statements December 31, 2007

The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in or a financial responsibility for CORSA. Any additional premium or contribution amounts and estimates of losses are not reasonably determinable. The County's payment for insurance to CORSA in 2007 was \$170,439.

B. County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

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

NOTE 21 - RELATED PARTY TRANSACTIONS

Monroe Adult Crafts Organization (MACO), an immaterial component unit of Monroe County, received contributions from the County for facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs. These contributions are reflected as in-kind contributions and expenses at cost or fair market value as applicable, in MACO's basic financial statements.

NOTE 22 - FOOD STAMPS

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

NOTE 23 - CONTINGENT LIABILITIES

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

Monroe County, Ohio

**Notes to the Basic Financial Statements
December 31, 2007**

Claims and lawsuits are pending against the County. Based upon information provided by the County's legal counsel, any potential liability and effect on the financial statements, if any, is not determinable at this time.

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MONROE COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Noncash Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Food Donation	N/A	10.550		\$ 973
National School Lunch Program	066142-LLP4-2007 066142-LLP4-2008	10.555	\$ 2,888 3,960	
Total National School Lunch Program			<u>6,848</u>	
Total U.S. Department of Agriculture			6,848	973
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through Ohio Department of Development</i>				
Community Development Block Grants/State's Program	B-F-05-052-1 B-F-06-052-1 B-C-06-052-1	14.228	48,561 200,785 30,518	
			<u>279,864</u>	
CDBG Revolving Loans	N/A		<u>81,808</u>	
Total Community Development Block Grant/State's Program			361,672	
HOME Investment Partnerships Program	B-C-06-052-2	14.239	<u>61,466</u>	
Total U.S. Department of Housing and Urban Development			423,138	
U.S. DEPARTMENT OF JUSTICE				
<i>Passed Through Ohio Department of Public Safety</i>				
Edward Byrne Memorial Justice Assistance Grant Program	2005-JG-E01-6349	16.738	<u>7,595</u>	
Total U.S. Department of Justice			7,595	
U.S. DEPARTMENT OF LABOR				
<i>Passed Through Ohio Valley Employment Resource (Workforce Investment Act Area 15)</i>				
Employment Service/Wagner-Peyser Funded Activities	N/A	17.207	1,000	
Workforce Investment Act (WIA) Cluster:				
WIA Adult Programs (SFY 07)	N/A	17.258	70,617	
WIA Adult Programs (SFY 08)	N/A		<u>43,640</u>	
			114,257	
WIA Youth Activities (SFY 06)	N/A	17.259	37,974	
WIA Youth Activities (SFY 07)	N/A		<u>53,512</u>	
			91,486	
WIA Dislocated Workers (SFY 07)	N/A	17.260	831,274	
WIA Dislocated Workers (SFY 08)	N/A		377,953	
WIA Dislocated Workers (SFY 07)-Admin	N/A		805	
WIA Dislocated Workers (SFY 08)-Admin	N/A		<u>282</u>	
			1,210,314	
Total Workforce Investment Act Cluster			<u>1,416,057</u>	
Total U.S. Department of Labor			1,417,057	
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Department of Transportation</i>				
Highway Planning and Construction	PID 75338	20.205	27,063	
Formula Grants for Other Than Urbanized Areas	RPT 4056-026-071 RPT 0056-026-072	20.509	120,662 <u>25,861</u>	
Total Formula Grants for Other Than Urbanized Areas			<u>146,523</u>	
Total U.S. Department of Transportation			173,586	

MONROE COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Noncash Disbursements
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Special Education Cluster				
Special Education - Grants to States	066142-6BSF-2007	84.027	\$ 14,228	
	066142-6BSF-2008		<u>10,910</u>	
Total Special Education - Grants to States			25,138	
Special Education - Preschool Grants	066142-PGS1-2007	84.173	4,572	
	066142-PGS1-2008		<u>3,464</u>	
Total Special Education - Preschool Grants			<u>8,036</u>	
Total Special Education Cluster			33,174	
State Grants for Innovative Programs	066142-C2S1-2007	84.298	45	
	066142-C2S1-2008		<u>34</u>	
Total State Grants for Innovative Programs			79	
<i>Passed Through Ohio Department of Health</i>				
Special Education - Grants for Infants and Families with Disabilities	5610021EG07	84.181	11,728	
	5610021HG0108		<u>10,391</u>	
Total Special Education - Grants for Infants and Families with Disabilities			<u>22,119</u>	
Total U.S. Department of Education			55,372	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>				
Social Services Block Grant	N/A	93.667	23,094	
Medical Assistance Program	TCM WAIVERS	93.778	11,891	
			<u>85,334</u>	
Total Medical Assistance Program			97,225	
<i>Passed through Ohio Department of Jobs and Family Services</i>				
Promoting Safe and Stable Families	N/A	93.556	36,216	
Child Welfare Services - State Grants	N/A	93.645	32,480	
Child Abuse and Neglect State Grants	N/A	93.669	<u>2,000</u>	
Total U.S. Department of Health and Human Services			191,015	
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed Through Ohio Department of Public Safety</i>				
Emergency Management Performance Grants	2007-EME70024	97.042	16,795	
State Homeland Security Program (SHSP)	2006-GE-T6-0051	97.073	12,068	
Disaster Grants - Public Assistance	FEMA-1556-DR FEMA-1580-DR	97.036	1,605	
			<u>20,611</u>	
Total Disaster Grants - Public Assistance			<u>22,216</u>	
Total U.S. Department of Homeland Security			51,079	
Total Federal Awards Expenditures			<u>\$2,325,690</u>	<u>\$973</u>

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

MONROE COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2007**

NOTE A — SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B — SUBRECIPIENTS

The County passes-through certain Federal assistance received from the Ohio Department of Development to other governments or not-for-profit agencies (subrecipients). As described in Note A, the County records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the County is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

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.

NOTE D – FOOD DONATION PROGRAM

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

NOTE E – REVOLVING LOAN PROGRAM

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

These loans are collateralized by mortgages on the property and/or equipment located at the various businesses.

In 2007, the Ohio Department of Development granted a waiver to the County to use a portion of the Revolving Loan Fund dollars for a community project in the amount of \$30,000 to replace a roof on a building that is utilized for job training and habilitation of mentally and physically disabled persons. The waiver is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures.

MONROE COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2007
(Continued)**

NOTE E – REVOLVING LOAN PROGRAM (Continued)

Activity in the CDBG revolving loan fund during 2007 was as follows:

Beginning loans receivable balance as of January 1, 2007	\$274,581
Loans made	22,090
Loan principal repaid on loans issued prior to 2007	(98,114)
Loan principal repaid on 2007 loans issued	(1,533)
Ending loans receivable balance as of December 31, 2007	<u>\$197,024</u>
Cash balance on hand in the revolving loan fund as of December 31, 2007	\$123,804
Administrative costs expended during 2007	29,718
Community project waivers expended during 2007	30,000
Total value of RLF portion of the CDBG 14.228 program	380,546
Other grants administered through the 14.228 program	279,864
Total CDBG 14.228 program	<u>\$660,410</u>
Delinquent amounts due as of December 31, 2007	<u>\$38,591</u>



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*

Monroe County
101 North Main Street
Woodsfield, Ohio 43793

To the Board of County 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 Monroe County, Ohio (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 October 28, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the County's management in a separate letter dated October 28, 2008.

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Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the County's management in a separate letter dated October 28, 2008.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 28, 2008



Mary Taylor, CPA

Auditor of State

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

Monroe County
101 North Main Street
Woodsfield, Ohio 43793

To the Board of County Commissioners:

Compliance

We have audited the compliance of Monroe 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 its major federal program 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 program. 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, Monroe County complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying Schedule of Findings as item 2007-001.

Internal Control Over Compliance

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

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

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as finding 2007-001 to be a significant deficiency.

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. We consider finding 2007-001 described in the accompanying Schedule of Findings to be a material weakness.

The County's response to the finding we identified 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 audit committee, management, the Board of County Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

October 28, 2008

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

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Workforce Investment Act (WIA) Cluster CFDA #17.258, 17.259, 17.260
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

MONROE COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2007
(Continued)**

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

None

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2007-001
CFDA Title and Number	Workforce Investment Act (WIA) Cluster CFDA #17.258, 17.259, 17.260
Federal Award Number / Year	N/A
Federal Agency	U.S. Department of Labor
Pass-Through Agency	Ohio Valley Employment Resource (WIA Area 15)

Noncompliance Finding/Material Weakness – Workforce Investment Act (WIA) Cash Management

29 C.F.R. § 97.20(b)(7) provides, in part, that procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees. 31 C.F.R. § 205.33(a) provides that fund transfers shall be limited to the minimum amounts needed and be timed to be in accord with the actual, immediate cash requirements of the organization in carrying out the purpose of the program or project. The timing and amount of fund transfers shall be as close as is administratively feasible to the actual cash outlay by the State for direct program costs and the proportionate share of any allowable indirect costs.

Monroe Works entered into a contract with Ohio Valley Employment Resource. Under the contractual agreement, Monroe Works submits all requests for funds to the Ohio Valley Employment Resource weekly and will follow the State Department of Job and Family Services draw calendar. The Ohio Department of Job and Family Services currently has a 10 day disbursement cycle.

We noted excessive cash balances maintained in the WIA funds. We recalculated the daily cash need to be less than \$7,050; however, the WIA fund carried a balance throughout the year averaging over \$110,000. This resulted in average daily cash balances exceeding 15 days of average daily cash need, which indicates that drawdowns submitted by Monroe Works were in excess of their immediate needs. Requesting a draw down in excess of immediate need was the result of a lack of management oversight.

We recommend Monroe Works implement procedures to monitor the cash drawdown requests provided to Ohio Valley Employment Resource to ensure the cash requests are for immediate needs.

Officials’ Response and Corrective Action Plan:

Monroe County Department of Job and Family Services (MCDJFS) took control of WIA on September 11, 2007 by Commissioner resolution. Since then, MCDJFS have implemented procedures that keep very close track of the money drawn and expended.

Responsible contact person – Debbie Haney, Director MCDJFS
Anticipated completion date – January 1, 2009

MONROE 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	<p>Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated.</p> <p>Ohio Rev. Code Section 5705.36 (A)(3) allows all subdivisions to request an increased amended certificate of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater than the amount in the official estimate. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue.</p> <p>The County did not post certain Issue II on-behalf payments to the accounting system which resulted in adjustments to the financial statements and the County also did not budget for this activity.</p>	Yes	N/A.
2006-002	<p>29 C.F.R. § 97.20(b)(7) provides that procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. There were excessive cash balances maintained in the WIA funds.</p>	No	Not Corrected; Repeated as Finding No. 2007-001 in the current audit.



Mary Taylor, CPA
Auditor of State

FINANCIAL CONDITION

MONROE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 13, 2008**