



Mary Taylor, CPA
Auditor of State

PICKAWAY COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants Report	1
Management Discussion & Analysis.....	3
BASIC FINANCIAL STATEMENTS	
<u>Governmental Financial Statements</u>	
Statement of Net Assets	14
Statement of Activities.....	15
<u>Fund Financial Statements</u>	
Balance Sheet-Governmental Funds.....	17
Reconciliation of Total governmental Fund Balances To Net Assets of Governmental Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Budget Basis)	
General Fund	21
Auto, License and Gas Tax Fund	22
Job and Family Services.....	23
Board of Mental Retardation	24
Statement of Fund Net Assets- Proprietary Fund.....	25
Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Funds.....	26
Statement of Cash Flows- Proprietary Funds.....	27
Statement of Fiduciary Net Assets-Fiduciary Funds.....	29
Statement of Changes in Fiduciary Net Assets- Fiduciary Fund	30
Notes to the Basic Financial Statements	31
Federal Awards Expenditure Schedule.....	67
Notes to the Federal Awards Expenditure Schedule	69

PICKAWAY COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Independent Accountant' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	71
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	73
Schedule of Findings.....	75
Schedule of Prior Audit Findings.....	80



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pickaway County
207 South Court Street
Circleville, Ohio 43113

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the remaining fund information of Pickaway 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 did not audit the financial statements of the Brooks-Yates Center for Diversified Opportunities, Inc., which is a discretely presented component unit and represents 0.59% of assets, 3.84% of the net assets and fund balances, and 6.88% of the revenues of the aggregate discretely presented component units. Other auditors audited those financial statements. They have furnished their report thereon to us and we base our opinion, insofar as it relates to the amounts included for the Brooks-Yates Center for Diversified Opportunities, Inc. on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the remaining fund information of Pickaway 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, Auto License Gas Tax, Job and Family Services, and Board of 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 September 11, 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.

88 E. Broad St. / Tenth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

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

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

Mary Taylor, CPA
Auditor of State

September 11, 2008

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

The discussion and analysis of Pickaway County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2007. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- The assets of the County exceeded its liabilities at December 31, 2007, by \$51,015,290.
- The net assets of governmental activities increased \$3,125,164 which represents a 6.59 percent increase from 2006, while the net assets of business-type activities increased \$195,782, which represents a 62.17 percent increase.
- For 2007, all revenues of the County totaled \$37,587,974. General revenues accounted for \$15,695,435 in revenue or 41.76 percent of all revenues. Program revenues in the form of charges for services and grants and contributions accounted for \$21,892,539 or 58.24 percent of all revenues.
- The County had \$34,267,028 in total expenses: only \$21,892,539 of these expenses was offset by program specific charges for services, grants and contributions. General revenues were \$15,695,435 of which \$12,479,164 was taxes with the remaining \$3,216,271 interest, grants, entitlements and miscellaneous revenues.
- As of December 31, 2007, the County's governmental funds reported combined ending fund balances of \$15,207,228 an increase of \$2,814,300 or 22.71 percent in comparison with the prior year.

Overview of the Financial Statements

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

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: The government-wide financial statements, fund financial statements, and notes to the basic financial statements.

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 private-sector businesses. The statement of net assets and the statement of activities provide information about activities of the County as a whole, presenting both an aggregate view of the County's finances and a longer-term view of those assets.

Pickaway 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. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's tax base, current property tax laws in Ohio restricting revenue growth, and the condition of the County's capital assets (roads, bridges, sewer lines, etc.). These factors need to be considered when assessing the overall health of the County.

The statement of activities presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the County is divided into two distinct kinds of activities: governmental activities and business-type activities.

Governmental Activities - Most of the County's programs and services are reported here including human services, health, public safety, public works, economic development and assistance, conservation and recreation and general government (legislative and executive and judicial). 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 countywide sewer operation and the Sheriff web check activity are reported here.

Component Units - The County's financial statements include financial data for the Pickaway County Airport Authority and Brook-Yates Center Diversified Opportunities, Inc. These component units are described in the notes to the basic financial statements. The component units are separate and may buy, sell, lease and mortgage property in their own name and can sue and be sued in their own name.

Fund Financial Statements

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General, Auto, License and Gas Tax, Job and Family Services, and Board of Mental Retardation.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. 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 one of three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

Proprietary Funds - The County maintains only two proprietary funds. It uses enterprise funds to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise funds to account for its Countywide Sewer and Instant Web Check funds.

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

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

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

Government-Wide Financial Analysis

You may recall that the statement of net assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's net assets for 2007 compared to 2006:

Table 1
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	Restated 2006	2007	2006	2007	Restated 2006
<i>Assets:</i>						
Current and Other Assets	\$25,415,829	\$24,527,432	\$389,614	\$243,015	\$25,805,443	\$24,770,447
Capital Assets, Net	35,483,369	34,408,988	2,474,493	2,417,476	37,957,862	36,826,464
Total Assets	<u>60,899,198</u>	<u>58,936,420</u>	<u>2,864,107</u>	<u>2,660,491</u>	<u>63,763,305</u>	<u>61,596,911</u>
<i>Liabilities:</i>						
Current Liabilities	7,600,324	8,723,131	7,257	39,466	7,607,581	8,762,597
Long-Term Liabilities	2,715,084	2,754,663	2,346,139	2,306,096	5,061,223	5,060,759
Total Liabilities	<u>10,315,408</u>	<u>11,477,794</u>	<u>2,353,396</u>	<u>2,345,562</u>	<u>12,668,804</u>	<u>13,823,356</u>
<i>Net Assets:</i>						
Invested in Capital Assets, Net of Related Debt	35,060,164	34,015,905	128,354	111,380	35,188,518	34,127,285
<i>Restricted For:</i>						
Roads and Bridges	3,145,680	3,522,293	0	0	3,145,680	3,522,293
Mental Retardation Services	4,035,240	2,533,348	0	0	4,035,240	2,533,348
Capital Projects	2,312,739	443,904	0	0	2,312,739	443,904
Other Purposes	3,189,316	3,354,623	0	0	3,189,316	3,354,623
Unrestricted	<u>2,840,651</u>	<u>3,588,553</u>	<u>382,357</u>	<u>203,549</u>	<u>3,223,008</u>	<u>3,792,102</u>
Total Net Assets	<u>\$50,583,790</u>	<u>\$47,458,626</u>	<u>\$510,711</u>	<u>\$314,929</u>	<u>\$51,094,501</u>	<u>\$47,773,555</u>

Governmental current assets increased for the year ended 2007 when compared with 2006. The majority of the increase is due to an increase in the cash and cash equivalents held by the County.

The overall decrease in current liabilities is due to a decrease in deferred revenue, which includes property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations. There also was a significant decrease in accounts payable in 2007, which was most significant in the General Fund.

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$51,094,501 (\$50,583,790 in governmental activities and \$510,711 in business-type activities) at the end of the 2007 year.

The County's net assets are reflected in three categories: invested in capital assets, net of related debt, restricted and unrestricted.

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

The County's largest portion of net assets relates to invested in capital assets, net of related debt. This accounts for 68.82 percent of net assets. The County uses these capital 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 capital assets themselves cannot be used to pay these liabilities.

The County's smallest portion of net assets is unrestricted which accounts for 6.32 percent of net assets.

The remaining balance of \$12,682,975 or 24.86 percent is restricted assets. The restricted net assets are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County is able to report positive balances in just two categories of net assets, invested in capital assets, net of related debt and restricted assets.

Business-type current assets increased due to increases in charges for services, revenues and operating grants and contributions, which increase cash and cash equivalents. Capital assets increased due to construction improvements to the Darby Township Sanitary Sewer System. Long-term liabilities increased due to an increase in loans from the Ohio Water Development Authority for the construction improvements to the Darby Township Sanitary Sewer System.

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

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

Table 2
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<i>Program Revenues:</i>						
Charges for Services	\$3,726,702	\$3,845,218	\$423,165	\$310,637	\$4,149,867	\$4,155,855
Operating Grants & Contributions	17,142,672	15,641,811	0	0	17,142,672	15,641,811
Capital Grants & Contributions	600,000	0	0	0	600,000	0
<i>Total Program Revenues</i>	<u>21,469,374</u>	<u>19,487,029</u>	<u>423,165</u>	<u>310,637</u>	<u>21,892,539</u>	<u>19,797,666</u>
<i>General Revenues:</i>						
Property Taxes	6,583,785	7,043,602	0	0	6,583,785	7,043,602
Sales Taxes	5,895,379	5,686,142	0	0	5,895,379	5,686,142
Grants & Entitlements	891,812	1,523,611	0	0	891,812	1,523,611
Interest	908,894	637,424	0	0	908,894	637,424
Miscellaneous	1,364,216	1,344,533	51,349	755	1,415,565	1,345,288
<i>Total General Revenues</i>	<u>15,644,086</u>	<u>16,235,312</u>	<u>51,349</u>	<u>755</u>	<u>15,695,435</u>	<u>16,236,067</u>
<i>Total Revenues</i>	<u>37,113,460</u>	<u>35,722,341</u>	<u>474,514</u>	<u>311,392</u>	<u>37,587,974</u>	<u>36,033,733</u>
<i>Program Expenses:</i>						
<i>General Government:</i>						
Legislative & Executive	4,055,503	4,960,399	0	0	4,055,503	4,960,399
Judicial	2,079,168	1,688,229	0	0	2,079,168	1,688,229
Public Safety	7,167,053	6,408,287	0	0	7,167,053	6,408,287
Public Works	4,918,844	3,750,285	0	0	4,918,844	3,750,285
Health	4,422,507	3,630,087	0	0	4,422,507	3,630,087
Human Services	9,985,709	9,769,225	0	0	9,985,709	9,769,225
Conservation & Recreation	630,089	402,930	0	0	630,089	402,930
Economic Development & Assistance	631,930	618,018	0	0	631,930	618,018
Other	21,880	33,540	0	0	21,880	33,540
Interest & Fiscal Charges	75,613	124,191	0	0	75,613	124,191
Countywide Sewer	0	0	261,941	191,276	261,941	191,276
Instant Web Checks	0	0	16,791	12,483	16,791	12,483
<i>Total Program Expenses</i>	<u>33,988,296</u>	<u>31,385,191</u>	<u>278,732</u>	<u>203,759</u>	<u>34,267,028</u>	<u>31,588,950</u>
<i>Changes in Net Assets</i>	<u>3,125,164</u>	<u>4,337,150</u>	<u>195,782</u>	<u>107,633</u>	<u>3,320,946</u>	<u>4,444,783</u>
Net Assets at January 1	<u>47,458,626</u>	<u>43,121,476</u>	<u>314,929</u>	<u>252,730</u>	<u>47,773,555</u>	<u>43,328,772</u>
Net Assets at December 31	<u>\$50,583,790</u>	<u>\$47,458,626</u>	<u>\$510,711</u>	<u>\$360,363</u>	<u>\$51,094,501</u>	<u>\$47,773,555</u>

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

Governmental Activities

The most significant program expenses for the County are Human Services, Public Safety, Public Works, Health and Legislative and Executive. These programs account for 89.88 percent of the total governmental activities. Human Services, which accounts for 29.38 percent of the total, represents costs associated with providing services for Workforce Investment Act, child support and enforcement assistance programs, welfare programs, and Byrne program for families and individuals. These expenses reflect programs administered by Job and Family Services, Child Support Enforcement Agency and Children Services. Public Safety, which represents 21.09 percent of the total, represents costs mainly associated with the operation of the Sheriff's Department and County Jail. Public Works, which accounts for 14.47 percent of the total, represents costs associated with the operation of the County Engineer in maintaining the County's roads and bridges. Health, which accounts for 13.01 percent of the total, primarily represents costs associated with the services provided by the Board of Mental Retardation. Legislative and Executive expenses, which is 11.93 percent of the total, represents costs associated with the general administration of county government including the County Commissioners, Auditor, Treasurer, Prosecutor and Recorder. Funding for the most significant programs indicated above is from charges for services, operating grants, and in some instances property and sales taxes. The Job and Family Services, Child Support Enforcement Agency, Children Services and Clerk of Courts are basically funded with federal and state monies. The operation of the Sheriff's Department and County Jail is funded through General Fund general revenues and per diem charges to house prisoners from other jurisdictions. The Board of Mental Retardation is partially funded by a voted property tax levy. The most significant funding sources for the County Engineer are motor vehicle license fees and gasoline taxes.

As noted previously, the net assets for the governmental activities increased \$3,125,164 or 6.59 percent. This change is unlike last year when net assets increased \$4,712,727 or 11.04 percent. Total revenues increased \$1,391,119 or 3.89 percent over last year and expenses increased \$2,978,682 or 9.61 percent over last year.

One major factor in the change in revenues is the significant increase in program revenues for operating grants and contributions which increased \$1,500,861 or 9.59 percent, which is the result of increased grant funding in the Motor Vehicle Permissive Tax, Community Corrections, and Workforce Development Funds. The other major factor in the change in revenues is the \$600,000 increase in capital grants and contributions, which is the result of a \$600,000 donation to be used for capital improvements.

Expenses increased 9.61 percent during 2007. Several factors led to this increase. Public Works increased \$1,544,136 or 45.76 percent which is due to increases in Issue II funding from Ohio Public Works and which resulted in more expenditures on public works projects. Health increased \$792,420 or 21.83 percent which is the result of the increases in salaries and benefits in providing social services to the public through the Board of Mental Retardation. Public Safety expenditures increased \$758,766 or 11.84 percent, as a result of increased expenditures associated with operating the Sheriff's Department and County Jail.

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

Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2006	2006
<i>General Government:</i>				
Legislative and Executive	\$4,055,503	\$1,793,114	\$4,960,399	\$3,423,920
Judicial	2,079,168	1,189,939	1,688,229	1,089,601
Public Safety	7,167,053	5,649,614	6,408,287	4,585,579
Public Works	4,918,844	(664,213)	3,374,708	(1,050,293)
Health	4,422,507	2,047,795	3,630,087	1,872,602
Human Services	9,985,709	1,359,063	9,769,225	1,062,000
Conservation and Recreation	630,089	611,976	402,930	402,930
Economic Development and Assistance	631,930	434,141	618,018	(21,485)
Other	21,880	21,880	33,540	33,540
Interest and Fiscal Charges	75,613	75,613	124,191	124,191
Total Expenses	\$33,988,296	\$12,518,922	\$31,009,614	\$11,522,585

Of the \$33,988,296 total governmental activities expenses, \$21,469,374 or 63.17 percent was covered by direct charges to users of the services and intergovernmental grants. The majority of program revenues are grants, with the remaining portion consisting of fees and charges for services. These charges are for fees charged for real estate transfers, for the collection of property taxes throughout the County, for title fees and for court fees. Public Safety charges for services include items such as fees for boarding prisoners, patrolling subdivisions, and for special details. Health includes charges for services provided to clients of the Mental Retardation Board. For Public Works, the County Engineer has fully funded their operations.

Additional revenues were provided to the governmental activities by the state and federal governments for operations and capital improvements.

Business-Type Activities

In the past, program revenues had been adequate to cover the costs of operation for the County's business-type activities. This year, net assets increased by \$195,782 or 62.17 percent. For 2007, there was an increase in revenues and an increase in expenses, which was the result of increased activity due to new customers being added during the year.

Financial Analysis of the County's Funds

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

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

As of the end of the current year, the County's governmental funds reported combined ending fund balances of \$15,207,228. Of this total, \$14,804,995 represents unreserved fund balance, which is available for appropriation at the government's discretion within certain legal constraints and purposes restrictions. The remainder of fund balance is reserved to indicate that it is not available for new spending. While a large amount of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the statement of net assets due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state or federal government or the local tax levy.

The General Fund is the primary operating fund of the County. At the end of the 2007, unreserved fund balance of the General Fund was \$3,269,695. Unreserved fund balance represents 28.26 percent of expenditures. This is one measurement of the General Fund's liquidity. The fund balance of the General Fund decreased by \$225,222. With revenues exceeding expenditures by \$279,971, the reason for the decrease in fund balance is the amount of transfers made to subsidize several programs of the County.

The Auto, License and Gas Tax Fund balance decreased by \$374,275, which is due to increased costs associated with maintaining public roads and bridges. The Job and Family Services Fund balance decreased by \$120,824, which is the result of an increased cost of providing services to the public. The Board of Mental Retardation Fund balance increased by \$1,498,757, which is the result of increased intergovernmental revenues and a decrease in expenditures.

Proprietary Fund - The County's significant proprietary fund is the Countywide Sewer Fund, which accounts for the providing of sewer services to several subdivisions. Net assets of this proprietary fund at year end was \$510,711, of which \$382,357 was unrestricted.

Budgetary Highlights - General Fund

By state statute, the Board of County Commissioners adopts the annual operating budget for the County. Essentially the budget is the County's appropriations, which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Ohio Revised Code.

The County had several revisions to the original appropriations approved by the County Commissioners. Overall these changes resulted in a decrease from the original appropriations of 3.09 percent or \$419,576 in the General Fund. The majority of the increase occurred in the Public Safety and Transfers out expenditure functions. The majority of the decrease occurred in the Human Services expenditure functions. The County spent 91.85 percent of the amount appropriated in the General Fund during 2007.

The General Fund's budgeted revenue only decreased \$242,365 over the original amount during 2007. This is a result of Pickaway County's steady economic conditions. Fluctuations in growth and diversity have typically not occurred in Pickaway County, allowing departmental managers the ability to consistently predict revenues. The County does not increase its estimated revenues unless there are insufficient revenues to cover the total appropriations of the General Fund.

Capital Assets and Debt Administration

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

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2007 amounts to \$35,188,518 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, improvements other than buildings, machinery and equipment, furniture and fixtures, vehicles, and infrastructure.

The most significant capital asset events during 2007 were improvements to the County's infrastructure, which included \$2,498,384 for the resurfacing of County roads, the replacement of two bridges, and for replacing culverts throughout the County.

Business-type capital assets increased \$57,017 due to addition of infrastructure.

For more information regarding the County's capital assets, see Note 8 of the notes to the basic financial statements.

Debt

Outstanding special assessment bonds at December 31, 2007, totaled \$225,000 with \$6,000 being retired during the year. Special assessment bonds are backed by the full faith and credit of the County. In the event of payment default by the property owner, the County would be responsible for the debt service payments.

General obligation notes outstanding at December 31, 2007 were \$827,300 with \$375,519 being retired during the year. These notes relate to proceeds used for improvements to County's facilities, finance voting machine equipment, purchase of a building, and reconstruction of roads.

Loans outstanding at December 31, 2007 were \$340,000 from the Ohio Public Works Commission and \$2,006,139 from the Ohio Water Development Authority. This relates to proceeds used to complete renovations of the Darby Township Sanitary Sewer System. The Ohio Water Development Authority has approved this loan up to and not to exceed \$2,111,726 for this sewer project. The Ohio Public Works Commission approved its sewer project loan for \$380,000.

The County continues to monitor its outstanding debt. Information relative to the County's debt is identified in Note 9 and 10 of the notes to the basic financial statements.

Economic Factors

The County's budget for the general fund in 2007 is conservative. Revenues are projected to come in just slightly above what was actually received in 2006. Appropriations for 2007 are expected to remain the same as the actual expenditures for 2006. The ending fund balance for 2007 is expected to be slightly lower than the ending balance for 2006 as Sales tax was diverted into the Capital Improvement Fund in anticipation of major capital projects in 2008.

Much of the reason for the conservative budget centers on the slow down in economic growth and uncertainty of the future economic climate. The County continues to have an unemployment rate that is slightly higher than the state and federal rates. The state legislature has continued to reduce the amounts for state based programs including local government, local government revenue assistance and state funded grant programs, which may require more local support in order to maintain the current level of service. The phase out of the personal property tax on business inventory continues and also the elimination of the personal property tax exemption reimbursement from the state.

An increase in the amount of interest income earned by the County is projected based on a slight upward turn of the

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

interest rates by the Federal Reserve, but the County also saw a slight decline in sales tax revenue in 2007. The Super Wal-Mart Facility continues to see new construction which is bring more retail stores and restaurants to our community. Our Economic Development Director and the Pickaway Progress Partnership (formerly CIC) is working hard at marketing Pickaway County with the goal of bringing new business to the County, which would enhance our Sales Tax and Real Estate revenues. Listed are some of those accomplishments.

P3 Speculative Building/Ashville Commerce Center: In the summer of 2007 P3 was awarded a \$1,000,000 loan to construct a 12,000 SF LEED certified/Green building on SR 752 in Ashville. The favorable loan allows the a 5 years to lease or sell the building without making a principal or interest payment and \$500,000 of the loan is forgiven once the building is leased or sold. A little over 10 acres as been donated for the building and an industrial park. This building and land will fill a large gap in our inventory of available space and will allow us to attract small-medium sized industrial and logistics companies to Pickaway County.

Northern Pickaway County JEDD: After several years of discussions, public meetings and negotiations, all parties signed the JEDD and Annexation Moratorium documents. The Pickaway County Commissioners approved the JEDD October 15, 2007. A JEDD Board of Governors was formed to manage the JEDD including one representative from Harrison Township, one from Columbus and one appointed by those two. The Harrison Township Trustees voted to appoint the Economic Development Director as their representative, Nathan Green.

American Wood Fibers: As a result of the significant damage caused to American Wood Fiber's (AWF) facility by a fire late last year P3 worked with AWF and the Ohio Department of Development (ODOD) to explore funding possibilities to bring the plant back to full production. ODOD agreed to give AWF a grant that will help rebuild the plant and retain their existing workforce of over 30 employees.

Hyperlogistics: P3 worked with Duke Realty and the Columbus Regional Airport Authority to attract this third-party logistics provider to the Rickenbacker Global Logistics Park next to the Intermodal Terminal. Hyperlogistics will employ roughly 40 people at this new facility. They will take occupancy in June of 2008 in their 407,000 SF facility, an investment of \$16 million. They are the first business to locate in Pickaway County as a result of the Intermodal Terminal.

The County's business-type activity is projected to operate at a similar level as in 2006. The rates charged remain unchanged and expenses for sewer operations are anticipated to remain stable.

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, request for additional financial information or about obtaining the separately issued financial statements of the County's component units should be addressed to Melissa A. Betz, Pickaway County Auditor, 207 S. Court Street, Circleville, Ohio 43113.

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Pickaway County, Ohio

Statement of Net Assets

December 31, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Pickaway County Airport Authority	Brooks-Yates Center Diversified Opportunities, Inc.
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$13,756,996	\$275,798	14,032,794	\$114,927	\$130,535
Cash and Cash Equivalents in					
Segregated Accounts	179,034	0	179,034	0	0
Materials and Supplies Inventory	464,432	0	464,432	0	11,993
Accrued Interest Receivable	88,376	0	88,376	0	0
Accounts Receivable	15,275	89,981	105,256	1,060	87,120
Intergovernmental Receivable	3,816,850	23,835	3,840,685	62,740	0
Sales Taxes Receivable	868,909	0	868,909	0	0
Property Taxes Receivable	5,853,925	0	5,853,925	0	0
Special Assessments Receivable	116,961	0	116,961	0	0
Prepaid Items	255,071	0	255,071	0	0
Workers Compensation Deposit	0	0	0	0	477
Nondepreciable Capital Assets	738,028	13,964	751,992	218,036	0
Depreciable Capital Assets, Net	34,745,341	2,460,529	37,205,870	1,092,419	81,070
<i>Total Assets</i>	<u>60,899,198</u>	<u>2,864,107</u>	<u>63,763,305</u>	<u>1,489,182</u>	<u>311,195</u>
Liabilities:					
Accounts Payable	624,601	0	624,601	1,373	3,206
Accrued Wages and Benefits	1,078,981	1,667	1,080,648	0	27,211
Contracts Payable	30,664	4,177	34,841	64,432	0
Intergovernmental Payable	133,373	1,413	134,786	0	0
Accrued Interest Payable	17,133	0	17,133	0	0
Deferred Revenue	5,601,248	0	5,601,248	0	0
Deposits Held and Due To Others	47,362	0	47,362	0	0
Due To Component Unit	66,962	0	66,962	0	0
<i>Long-Term Liabilities:</i>					
Due Within One Year	1,345,009	120,306	1,465,315	0	0
Due In More Than One Year	1,370,075	2,225,833	3,595,908	0	0
<i>Total Liabilities</i>	<u>10,315,408</u>	<u>2,353,396</u>	<u>12,668,804</u>	<u>65,805</u>	<u>30,417</u>
Net Assets:					
Invested in Capital Assets, Net of Related Debt	35,060,164	128,354	35,188,518	1,310,455	81,070
<i>Restricted for:</i>					
Road and Bridge Maintenance and Repair	3,145,680	0	3,145,680	0	0
Mental Retardation Services	4,035,240	0	4,035,240	0	0
Capital Projects	2,312,739	0	2,312,739	2,226	0
Other Purposes	3,189,316	0	3,189,316	0	0
Unrestricted	2,840,651	382,357	3,223,008	110,696	199,708
<i>Total Net Assets</i>	<u>\$50,583,790</u>	<u>\$510,711</u>	<u>\$51,094,501</u>	<u>\$1,423,377</u>	<u>\$280,778</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Activities
December 31, 2007

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	\$4,055,503	\$1,812,389	\$0	\$450,000
Judicial	2,079,168	629,096	260,133	0
Public Safety	7,167,053	872,029	645,410	0
Public Works	4,918,844	158,511	5,424,546	0
Health	4,422,507	149,713	2,074,999	150,000
Human Services	9,985,709	86,851	8,539,795	0
Conservation and Recreation	630,089	18,113	0	0
Community and Economic Development	631,930	0	197,789	0
Other	21,880	0	0	0
Interest and Fiscal Charges	75,613	0	0	0
<i>Total Governmental Activities</i>	<u>33,988,296</u>	<u>3,726,702</u>	<u>17,142,672</u>	<u>600,000</u>
Business-Type Activities:				
Countywide Sewer	261,941	399,567	0	0
Instant Web Checks	16,791	23,598	0	0
<i>Total Business-Type Activities</i>	<u>278,732</u>	<u>423,165</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$34,267,028</u>	<u>\$4,149,867</u>	<u>\$17,142,672</u>	<u>\$600,000</u>
Component Units:				
Pickaway County Airport Authority	\$243,825	\$132,281	\$95,714	\$0
Brooks-Yates Center Diversified Opportunities, Inc.	704,481	604,896	139,694	0
<i>Total Component Units</i>	<u>\$948,306</u>	<u>\$737,177</u>	<u>\$235,408</u>	<u>\$0</u>
General Revenues:				
<i>Property Taxes Levied for:</i>				
General Purposes				
Board of Mental Retardation				
Capital Projects				
Debt Service				
<i>Sales Tax for:</i>				
General Purposes				
Capital Projects				
Grants and Entitlements not Restricted to Specific Programs				
Investment Earnings				
Miscellaneous				
<i>Total General Revenues</i>				
Changes in Net Assets				
<i>Net Assets at Beginning of Year, As Restated</i>				
<i>Net Assets at End of Year</i>				

See accompanying notes to the basic financial statements .

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Pickaway County Airport Authority	Brooks-Yates Center Diversified Opportunities, Inc.
(\$1,793,114)	\$0	(\$1,793,114)	\$0	\$0
(1,189,939)	0	(1,189,939)	0	0
(5,649,614)	0	(5,649,614)	0	0
664,213	0	664,213	0	0
(2,047,795)	0	(2,047,795)	0	0
(1,359,063)	0	(1,359,063)	0	0
(611,976)	0	(611,976)	0	0
(434,141)	0	(434,141)	0	0
(21,880)	0	(21,880)	0	0
(75,613)	0	(75,613)	0	0
<u>(12,518,922)</u>	<u>0</u>	<u>(12,518,922)</u>	<u>0</u>	<u>0</u>
0	58,415	58,415	0	0
<u>0</u>	<u>6,807</u>	<u>6,807</u>	<u>0</u>	<u>0</u>
0	65,222	65,222	0	0
<u>(12,518,922)</u>	<u>65,222</u>	<u>(12,453,700)</u>	<u>0</u>	<u>0</u>
0	0	0	(15,830)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>40,109</u>
0	0	0	(15,830)	40,109
2,676,730	0	2,676,730	0	0
3,599,989	0	3,599,989	0	0
299,501	0	299,501	0	0
7,565	0	7,565	0	0
4,131,434	0	4,131,434	0	0
1,763,945	0	1,763,945	0	0
891,812	0	891,812	0	0
908,894	0	908,894	276	3,428
<u>1,364,216</u>	<u>51,349</u>	<u>1,415,565</u>	<u>970</u>	<u>1,693</u>
<u>15,644,086</u>	<u>51,349</u>	<u>15,695,435</u>	<u>1,246</u>	<u>5,121</u>
3,125,164	195,782	3,320,946	(14,584)	45,230
<u>47,458,626</u>	<u>314,929</u>	<u>47,773,555</u>	<u>1,437,961</u>	<u>235,548</u>
<u>\$50,583,790</u>	<u>\$510,711</u>	<u>\$51,094,501</u>	<u>\$1,423,377</u>	<u>\$280,778</u>

Pickaway County, Ohio

Balance Sheet

Governmental Funds

December 31, 2007

	General	Auto, License and Gas Tax	Job and Family Services	Board of Mental Retardation
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,934,268	\$1,153,550	\$189,411	\$4,041,148
Cash and Cash Equivalents In Segregated Accounts	100,522	0	0	0
Materials and Supplies Inventory	45,619	412,784	3,777	0
Accrued Interest Receivable	88,376	0	0	0
Accounts Receivable	1,819	0	0	0
Interfund Receivable	38,069	0	0	0
Intergovernmental Receivable	531,788	1,932,669	442,895	238,974
Prepaid Items	219,685	0	19,795	7,000
Sales Taxes Receivable	847,909	0	0	0
Property Taxes Receivable	2,454,583	0	0	3,399,342
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$7,262,638</u>	<u>\$3,499,003</u>	<u>\$655,878</u>	<u>\$7,686,464</u>
Liabilities:				
Accounts Payable	\$225,862	\$47,667	\$161,187	\$62,911
Accrued Wages and Benefits	468,785	117,236	234,205	153,511
Contracts Payable	0	0	0	0
Intergovernmental Payable	18,582	0	7,511	39
Interfund Payable	0	0	0	0
Due to Component Unit	0	0	16,976	49,986
Deferred Revenue	3,012,667	1,271,310	0	3,596,968
Deposits Held and Due To Others	47,362	0	0	0
<i>Total Liabilities</i>	<u>3,773,258</u>	<u>1,436,213</u>	<u>419,879</u>	<u>3,863,415</u>
Fund Balances:				
Reserved:				
Reserved for Encumbrances	0	48,800	0	0
Reserved for Debt Service	0	0	0	0
Reserved for Prepays	219,685	0	19,795	7,000
<i>Unreserved, Undesignated, Reported in:</i>				
General Fund	3,269,695	0	0	0
Special Revenue Funds	0	2,013,990	216,204	3,816,049
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>3,489,380</u>	<u>2,062,790</u>	<u>235,999</u>	<u>3,823,049</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,262,638</u>	<u>\$3,499,003</u>	<u>\$655,878</u>	<u>\$7,686,464</u>

See accompanying notes to the basic financial statements .

Pickaway County, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2007*

Other Governmental Funds	Total Governmental Funds
\$5,438,619	\$13,756,996
78,512	179,034
2,252	464,432
0	88,376
13,456	15,275
0	38,069
670,524	3,816,850
8,591	255,071
21,000	868,909
0	5,853,925
116,961	116,961
<u>\$6,349,915</u>	<u>\$25,453,898</u>
\$126,974	\$624,601
105,244	1,078,981
30,664	30,664
107,241	133,373
38,069	38,069
0	66,962
345,713	8,226,658
0	47,362
<u>753,905</u>	<u>10,246,670</u>
0	48,800
98,362	98,362
8,591	255,071
0	3,269,695
3,176,318	9,222,561
2,312,739	2,312,739
<u>5,596,010</u>	<u>15,207,228</u>
<u>\$6,349,915</u>	<u>\$25,453,898</u>

Total Governmental Funds Balances	\$15,207,228
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	35,483,369
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	319,068
Intergovernmental Revenue	2,189,381
Special Assessments	<u>116,961</u>
Total	2,625,410
In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds an interest expenditure is reported when due.	(17,133)
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Notes	(827,300)
Special Assessment Bonds	(225,000)
Capital Leases Payable	(85,905)
Compensated Absences Payable	<u>(1,576,879)</u>
Total	<u>(2,715,084)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$50,583,790</u>

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
December 31, 2007

	General	Auto, License and Gas Tax	Job and Family Services	Board of Mental Retardation
Revenues:				
Property Taxes	\$2,684,000	\$0	\$0	\$3,696,104
Sales Tax	4,131,434	0	0	0
Charges for Services	2,157,116	98,091	0	35,136
Licenses and Permits	4,159	0	0	0
Fines and Forfeitures	123,353	963	0	0
Intergovernmental	1,526,966	3,974,796	6,006,183	1,919,764
Interest	736,025	137,859	0	0
Contributions and Donations	0	0	0	0
Rent	78,407	0	0	0
Other	410,582	34,241	224,503	29,813
<i>Total Revenues</i>	<u>11,852,042</u>	<u>4,245,950</u>	<u>6,230,686</u>	<u>5,680,817</u>
Expenditures:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	3,243,935	0	0	0
Judicial	1,673,634	0	0	0
Public Safety	5,498,600	0	0	0
Public Works	86,967	4,596,009	0	0
Health	85,948	0	0	4,182,060
Human Services	508,340	0	6,633,364	0
Conservation and Recreation	379,350	0	0	0
Community and Economic Development	0	0	0	0
Other	21,880	0	0	0
Capital Outlay	0	0	0	0
<i>Debt Service:</i>				
Principal Retirement	67,553	22,943	14,823	0
Interest and Fiscal Charges	5,864	1,273	1,202	0
<i>Total Expenditures</i>	<u>11,572,071</u>	<u>4,620,225</u>	<u>6,649,389</u>	<u>4,182,060</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>279,971</u>	<u>(374,275)</u>	<u>(418,703)</u>	<u>1,498,757</u>
Other Financing Sources (Uses):				
Proceeds from the Sale of Notes	0	0	0	0
Inception of Capital Lease	0	0	35,793	0
Transfers In	0	0	262,086	0
Transfers Out	(505,193)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(505,193)</u>	<u>0</u>	<u>297,879</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(225,222)	(374,275)	(120,824)	1,498,757
<i>Fund Balances (Deficit) at Beginning of Year, As Restated</i>	3,714,602	2,437,065	356,823	2,324,292
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$3,489,380</u>	<u>\$2,062,790</u>	<u>\$235,999</u>	<u>\$3,823,049</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
December 31, 2007*

All Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	\$2,814,300
		<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
\$372,875	\$6,752,979	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 capital outlays exceeded depreciation in the current period:	
1,763,945	5,895,379	Capital Asset Additions	3,478,841
1,199,264	3,489,607	Depreciation	<u>(1,995,624)</u>
0	4,159		
90,507	214,823	Total	1,483,217
5,228,696	18,656,405	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(408,836)
35,010	908,894	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
600,000	600,000	Property Taxes	(163,301)
0	78,407	Intergovernmental Revenue	(621,921)
604,783	1,303,922	Special Assessments	<u>(5,893)</u>
		Total	(791,115)
9,895,080	37,904,575	Repayment of principal of long-term liabilities (e.g. bonds, notes, leases) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	493,346
		Other financing sources in the governmental funds that increase long- term liabilities in the statement of net assets are not reported as revenues in the statement of activities:	
397,507	3,641,442	Proceeds from Sale of Notes	(166,800)
406,881	2,080,515	Inception of Capital Leases	<u>(35,793)</u>
1,149,141	6,647,741	Total	(202,593)
1,623,099	6,306,075	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(11,981)
151,595	4,419,603	Compensated absences expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.	<u>(251,174)</u>
2,714,973	9,856,677	<i>Changes in Net Assets of Governmental Activities</i>	<u><u>\$3,125,164</u></u>
177,243	556,593		
631,930	631,930		
0	21,880		
573,434	573,434		
388,027	493,346		
55,293	63,632		
8,269,123	35,292,868		
1,625,957	2,611,707		
166,800	166,800		
0	35,793		
243,107	505,193		
0	(505,193)		
409,907	202,593		
2,035,864	2,814,300		
3,560,146	12,392,928		
<u>\$5,596,010</u>	<u>\$15,207,228</u>		

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$2,572,500	\$2,748,500	\$2,684,000	(\$64,500)
Sales Tax	5,400,000	5,400,000	4,112,475	(1,287,525)
Charges for Services	2,039,123	2,074,171	2,192,171	118,000
Licenses and Permits	3,600	4,400	4,159	(241)
Fines and Forfeitures	125,364	130,641	121,603	(9,038)
Intergovernmental	1,294,912	1,486,290	1,765,307	279,017
Investment Earnings	725,000	217,882	729,113	511,231
Rent	69,000	65,000	78,407	13,407
Other	500,650	360,900	419,767	58,867
<i>Total Revenues</i>	12,730,149	12,487,784	12,107,002	(380,782)
Expenditures:				
<i>Current:</i>				
<i>General Government:</i>				
Legislative and Executive	4,564,128	4,325,090	3,694,401	630,689
Judicial	1,723,559	1,756,121	1,684,569	71,552
Public Safety	5,681,903	5,810,609	5,484,479	326,130
Public Works	124,558	132,668	90,637	42,031
Health	84,200	87,532	85,773	1,759
Human Services	997,301	515,363	506,433	8,930
Conservation and Recreation	403,250	379,350	379,350	0
Other	7,500	160,090	127,800	32,290
<i>Total Expenditures</i>	13,586,399	13,166,823	12,053,442	1,113,381
<i>Excess of Revenues Over (Under) Expenditures</i>	(856,250)	(679,039)	53,560	732,599
Other Financing Sources (Uses):				
Advances In	0	0	33,987	33,987
Advances Out	0	0	(24,342)	(24,342)
Transfers In	200,000	200,000	0	(200,000)
Transfers Out	(60,000)	(501,565)	(501,565)	0
<i>Total Other Financing Sources (Uses)</i>	140,000	(301,565)	(491,920)	(190,355)
<i>Net Change in Fund Balance</i>	(716,250)	(980,604)	(438,360)	542,244
<i>Fund Balance at Beginning of Year</i>	3,327,193	3,327,193	3,327,193	0
<i>Fund Balance at End of Year</i>	\$2,610,943	\$2,346,589	\$2,888,833	\$542,244

See accompanying notes to the basic financial statements.

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Auto, License and Gas Tax Fund
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	\$78,000	\$95,000	\$76,770	(\$18,230)
Licenses and Permits	800	250	963	713
Intergovernmental	3,800,000	3,846,000	3,965,856	119,856
Interest	0	0	137,859	137,859
Other	20,000	20,000	34,241	14,241
<i>Total Revenues</i>	<u>3,898,800</u>	<u>3,961,250</u>	<u>4,215,689</u>	<u>254,439</u>
Expenditures:				
<i>Current:</i>				
Public Works	4,339,964	5,097,413	4,891,982	205,431
<i>Total Expenditures</i>	<u>4,339,964</u>	<u>5,097,413</u>	<u>4,891,982</u>	<u>205,431</u>
<i>Net Change in Fund Balance</i>	(441,164)	(1,136,163)	(676,293)	459,870
<i>Fund Balance at Beginning of Year</i>	<u>1,441,536</u>	<u>1,441,536</u>	<u>1,441,536</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,000,372</u>	<u>\$305,373</u>	<u>\$765,243</u>	<u>\$459,870</u>

See accompanying notes to the basic financial statements

Pickaway County, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Job and Family Services Fund
December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$6,662,398	\$6,219,314	\$6,227,811	\$8,497
Other	222,476	350,000	224,503	(125,497)
<i>Total Revenues</i>	<u>6,884,874</u>	<u>6,569,314</u>	<u>6,452,314</u>	<u>(117,000)</u>
Expenditures:				
<i>Current:</i>				
Human Services	6,884,874	7,001,400	6,696,678	304,722
<i>Total Expenditures</i>	<u>6,884,874</u>	<u>7,001,400</u>	<u>6,696,678</u>	<u>304,722</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>(432,086)</u>	<u>(244,364)</u>	<u>187,722</u>
Other Financing Sources:				
Transfers In	0	262,086	262,086	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>262,086</u>	<u>262,086</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	(170,000)	17,722	187,722
<i>Fund Balance at Beginning of Year</i>	<u>171,691</u>	<u>171,691</u>	<u>171,691</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$171,691</u></u>	<u><u>\$1,691</u></u>	<u><u>\$189,413</u></u>	<u><u>\$187,722</u></u>

See accompanying notes to the basic financial statements .

Pickaway County, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Board of Mental Retardation Fund
December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$3,725,000	\$3,660,000	\$3,696,104	\$36,104
Charges for Services	16,000	25,000	35,136	10,136
Intergovernmental	901,600	1,466,600	1,894,950	428,350
Other	5,000	58,500	29,317	(29,183)
<i>Total Revenues</i>	<u>4,647,600</u>	<u>5,210,100</u>	<u>5,655,507</u>	<u>445,407</u>
Expenditures:				
<i>Current:</i>				
Health	3,994,000	4,782,000	4,121,855	660,145
<i>Total Expenditures</i>	<u>3,994,000</u>	<u>4,782,000</u>	<u>4,121,855</u>	<u>660,145</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>653,600</u>	<u>428,100</u>	<u>1,533,652</u>	<u>1,105,552</u>
Other Financing Uses:				
Transfers Out	615,000	165,000	0	(165,000)
<i>Total Other Financing Uses</i>	<u>615,000</u>	<u>165,000</u>	<u>0</u>	<u>(165,000)</u>
<i>Net Change in Fund Balance</i>	1,268,600	593,100	1,533,652	940,552
<i>Fund Balance Beginning of Year</i>	<u>2,507,498</u>	<u>2,507,498</u>	<u>2,507,498</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,776,098</u>	<u>\$3,100,598</u>	<u>\$4,041,150</u>	<u>\$940,552</u>

See accompanying notes to the basic financial statements .

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

	Business-Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
Assets:			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$264,831	\$10,967	\$275,798
Accounts Receivable	89,981	0	89,981
Intergovernmental	23,835	0	23,835
<i>Total Current Assets</i>	<u>378,647</u>	<u>10,967</u>	<u>389,614</u>
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	13,964	0	13,964
Depreciable Capital Assets, Net	2,460,529	0	2,460,529
<i>Total Noncurrent Assets</i>	<u>2,474,493</u>	<u>0</u>	<u>2,474,493</u>
<i>Total Assets</i>	<u>2,853,140</u>	<u>10,967</u>	<u>2,864,107</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accrued Wages and Benefits	1,667	0	1,667
Contracts Payable	3,397	780	4,177
Intergovernmental Payable	0	1,413	1,413
OPWC Loans Payable	20,000	0	20,000
OWDA Loans Payable	100,306	0	100,306
<i>Total Current Liabilities</i>	<u>125,370</u>	<u>2,193</u>	<u>127,563</u>
<i>Long-Term Liabilities:</i>			
OPWC Loans Payable	320,000	0	320,000
OWDA Loans Payable	1,905,833	0	1,905,833
<i>Total Long-Term Liabilities</i>	<u>2,225,833</u>	<u>0</u>	<u>2,225,833</u>
<i>Total Liabilities</i>	<u>2,351,203</u>	<u>2,193</u>	<u>2,353,396</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	128,354	0	128,354
Unrestricted	373,583	8,774	382,357
<i>Total Net Assets</i>	<u>\$501,937</u>	<u>\$8,774</u>	<u>\$510,711</u>

See accompanying notes to the basic financial statements.

Pickaway County, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
December 31, 2007*

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
Operating Revenues:			
Charges for Services	\$399,567	\$23,598	\$423,165
Other	51,349	0	51,349
<i>Total Operating Revenues</i>	<u>450,916</u>	<u>23,598</u>	<u>474,514</u>
Operating Expenses:			
Personal Services	20,842	0	20,842
Fringe Benefits	3,230	0	3,230
Contractual Services	212,854	16,791	229,645
Materials and Supplies	2,821	0	2,821
Depreciation	22,194	0	22,194
<i>Total Operating Expenses</i>	<u>261,941</u>	<u>16,791</u>	<u>278,732</u>
<i>Change in Net Assets</i>	188,975	6,807	195,782
<i>Net Assets at Beginning of Year, Restated</i>	<u>312,962</u>	<u>1,967</u>	<u>314,929</u>
<i>Net Assets at End of Year</i>	<u>\$501,937</u>	<u>\$8,774</u>	<u>\$510,711</u>

See accompanying notes to the basic financial statements.

Pickaway County, Ohio

Statement of Cash Flows

Proprietary Funds

December 31, 2007

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$376,121	\$23,598	\$399,719
Cash Received from Other Revenues	22,263	0	22,263
Cash Payments to Employees for Services and Benefits	(23,987)	0	(23,987)
Cash Payments for Goods and Services	(2,821)	0	(2,821)
Cash Payments for Contract Services	(215,882)	(16,971)	(232,853)
<i>Net Cash from Operating Activities</i>	<u>155,694</u>	<u>6,627</u>	<u>162,321</u>
Cash Flows from Capital and Related Financing Activities:			
Cash Proceeds Received from OWDA Loans	64,004	0	64,004
Principal Paid on OPWC Loan	(20,000)	0	(20,000)
Principal Paid on OWDA Loans	(3,961)	0	(3,961)
<i>Net Cash from Capital and Related Financing Activities</i>	<u>40,043</u>	<u>0</u>	<u>40,043</u>
<i>Net Increase in Cash and Cash Equivalents</i>	195,737	6,627	202,364
<i>Cash and Cash Equivalents at Beginning of Year, Restated</i>	<u>69,094</u>	<u>4,340</u>	<u>73,434</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$264,831</u>	<u>\$10,967</u>	<u>\$275,798</u>

See accompanying notes to the basic financial statements.

(Continued)

Pickaway County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2007
(continued)

	Business - Type Activities		
	Countywide Sewer	Other Enterprise Fund	Total
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating Income	\$188,975	\$6,807	\$195,782
<i>Adjustments:</i>			
Depreciation	22,194	0	22,194
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	389	0	389
Intergovernmental Receivable	(23,835)	0	(23,835)
<i>Increase (Decrease) in Liabilities:</i>			
Intergovernmental Payable	0	(960)	(960)
Contracts Payable	(3,028)	780	(2,248)
Accrued Wages and Benefits	85	0	85
Deferred Revenue	(29,086)	0	(29,086)
<i>Net Cash from Operating Activities</i>	<u>\$155,694</u>	<u>\$6,627</u>	<u>\$162,321</u>

See accompanying notes to the basic financial statements.

Pickaway County, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2007

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$1,863	\$2,994,748
Cash and Cash Equivalents in Segregated Accounts	0	460,551
Property Taxes Receivable	0	40,730,248
<i>Total Assets</i>	1,863	\$44,185,547
Liabilities:		
Accounts Payable	0	12,254
Accrued Wages and Benefits	0	64,692
Intergovernmental Payable	0	43,534,957
Deposits Held and Due To Others	0	244,171
Undistributed Monies	0	329,473
<i>Total Liabilities</i>	0	\$44,185,547
Net Assets:		
Held in Trust for Other Individuals and Organizations	1,863	
<i>Total Net Assets</i>	\$1,863	

See accompanying notes to the basic financial statements .

Pickaway County, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
December 31, 2007

	<u>Private Purpose Trust</u>
Additions	\$0
Deductions	<u>0</u>
<i>Change in Net Assets</i>	0
<i>Net Assets at Beginning of Year</i>	<u>1,863</u>
<i>Net Assets at End of Year</i>	<u><u>\$1,863</u></u>

See accompanying notes to the basic financial statements .

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 1 - DESCRIPTION OF PICKAWAY COUNTY AND REPORTING ENTITY

Pickaway County, Ohio (the County), was created in 1810. 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 that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, Probate Court Judge and a Common Pleas 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 the chief administrators of public services for the entire County.

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. For Pickaway County, this includes the Pickaway County Board of Mental Retardation and Development Disabilities, Pickaway County Child Support Enforcement Agency, Pickaway County Job and Family Services and departments and activities that are directly operated by the elected County officials.

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

Discretely Presented Components Units

The component unit columns in the basic financial statements identify the financial data of the County's component units, Brooks-Yates Center Diversified Opportunities, Inc. and Pickaway County Airport Authority. They are reported separately to emphasize that they are legally separate from the County.

Brooks-Yates Center Diversified Opportunities, Inc. - Brooks-Yates Center Diversified Opportunities, Inc. provides resources, support and opportunities to individuals with mental retardation and developmental disabilities of Pickaway County through the provision of services, ownership and management of properties, purchase of supplies or equipment, receipt and disbursement of funds by fees, reimbursement or donations and any other method as deemed appropriate. An eleven-member board of trustees governs the organization with the existing board making any new appointments. The only restriction on board appointments is that there can never be a majority of board members being from Brooks-Yates Center MRDD Board. The superintendent of the Brooks-Yates Center MRDD Board serves as a non-voting ex-officio member and two members of the MRDD Board also serve as non-voting ex-officio members. All of Brooks-Yates Center Diversified Opportunities, Inc.'s activities are included in the financial statements which are presented as a component unit of Pickaway County. Brooks-Yates Center Diversified Opportunities, Inc. is included as a component unit as it would be misleading to omit it from the County's statements. Brooks-Yates Center Diversified Opportunities, Inc. operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from Brooks-Yates Center Diversified Opportunities, Inc., located at 548 State Route 22 East, Circleville, Ohio 43113.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 1 - DESCRIPTION OF PICKAWAY COUNTY AND REPORTING ENTITY *(Continued)*

Pickaway County Airport Authority - Pickaway County Airport Authority (the Authority) operates on a fiscal year ending December 31. The five member Board for the Authority is appointed by the County Commissioners. The Commissioners also review the budget and have the ability to impose its will on the Authority. Pickaway County provides utilities and insurance for the Authority. During 2007, the County made \$4,387 in financial contributions either to or on behalf of the Authority. Financial information is included in the accompanying financial statements.

The County is associated with certain organizations that are defined as jointly governed organizations or related organizations. These organizations are presented in Notes 19 and 20 to the basic financial statements. These organizations are:

- Berger Hospital
- Paint Valley Mental Health Alcohol and Drug Addiction Board
- Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District
- County Risk Sharing Authority (CORSA)
- Southern Ohio Council of Governments
- Pickaway County 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 districts listed below, the County serves as fiscal agent, but the districts are not fiscally dependent on the County. Accordingly, the activity of the following districts is presented as agency funds within the County's financial statements.

- Soil and Water Conservation District
- Pickaway County Health District

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 activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the County's accounting policies are described below.

A. Basis of Presentation

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

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 and component units, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

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

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

B. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: 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 - This fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Auto, License and Gas Tax Fund - This fund accounts for the County road and bridge maintenance, repair and improvement programs. Revenue sources include State grants, charges for services and license fees.

Job and Family Services Fund - This fund accounts for various Federal and State grants, as well as transfers from the General Fund that are used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Board of Mental Retardation Fund - This fund accounts for the operation of a school, workshop and resident homes for the mentally retarded and developmentally disabled. Revenue sources include a County-wide property tax levy and Federal and State grants.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

Other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose, and funding sources used for debt service and capital projects.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The County has no internal service fund.

Countywide Sewer Fund - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Countywide Sewer Fund accounts for sewer services provided to individual users in several subdivisions of the County.

The Sheriff web check fund accounts for criminal background check services completed by the Sheriff's office for area businesses and governments.

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 a private-purpose trust fund and agency funds. The County's private-purpose trust fund is established to account for assets that are used by the Juvenile Court for the benefit of the children of the County. The County's agency funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that have been collected and which will be distributed to other political subdivisions.

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.

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

Like the government-wide statements, 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 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.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

The private-purpose trust fund is reported using the economic resources measurement focus.

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. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the 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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of year-end.

Non-exchange 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 fiscal year for which the taxes are levied (See Note 12). 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 non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, revenue sources considered to be both measurable and available at year-end include delinquent property taxes, sales taxes, charges for services and fees, fines and forfeitures, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), and grants.

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

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but 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.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

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 Jail Commissary (non-major special revenue), Law Enforcement - Prosecutor (non-major special revenue) and fiduciary 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 level of control has been established by County Commissioners at the object level within each department. Advances between funds are not required to be budgeted.

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 certificate of estimated resources was adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2007.

The 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 for the Auto, License and Gas Tax Fund and Motor Vehicle Permissive Tax Fund. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

F. Cash, Cash Equivalents, and Investments

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

Cash and cash equivalents that are held separately with the departments of the County, and not included in the County Treasury, are recorded as "cash and cash equivalents in segregated accounts".

During 2007, investments were limited to STAR Ohio, U.S. Government Securities, certificates of deposits, and other interest bearing accounts with local commercial banks.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2007.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during 2007 amounted to \$736,025 which includes \$509,683 assigned from other County funds.

G. Inventory

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

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental funds when used.

H. 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.

I. 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 the enterprise fund are reported both in the business-type activities column of the government-wide statement of net assets and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and 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 five thousand dollars. The County's infrastructure consists of roads, bridges, culverts and sanitary sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	40-150 years	N/A
Improvements Other Than Buildings	40-150 years	N/A
Machinery and Equipment	3-25 years	N/A
Furniture and Fixtures	10-30 years	N/A
Vehicles	3-15 years	N/A
Plant and Facilities	N/A	40-150 years
Infrastructure	10-60 years	70 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans 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 balance. As of December 31, 2007, there were no internal balances reported on the statement of net assets.

K. Compensated Absences

The County reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences" as interpreted by Interpretation No. 6 of the GASB, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements".

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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 employees for whom it is probable will become eligible to receive payment in the future. The County has determined that employees with the County for ten or more years are probable to receive payment in the future. The liability is based on accumulated sick leave and employees' wage rates at year end.

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-term Obligations

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

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

M. Fund Balance Reserves

The County reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances, prepaids and debt service.

N. 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. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for sewer services and charges for background checks. 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 nonoperating.

P. Interfund Transactions

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

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in 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. 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. Neither type of transaction occurred during 2007.

R. Estimates

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the County is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budget basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget and actual (budget basis) is presented for the General Fund and major special revenue funds on the budget basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and modified accrual GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance.
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP and budget basis statements for the General Fund and major special revenue funds:

Net Change in Fund Balances (Deficits) / Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses				
	General	Auto, License and Gas Tax	Job and Family Services	Board of Mental Retardation
GAAP Basis	(\$225,222)	(\$374,275)	(\$120,824)	\$1,498,757
<i>Adjustments:</i>				
Net Adjustment for Revenue Accruals	254,960	(30,261)	221,628	(25,310)
Net Adjustment for Expenditure Accruals	(481,371)	(271,757)	(47,289)	60,205
Net Adjustment for Other Sources (Uses)	13,273	0	(35,793)	0
Budget Basis	(\$438,360)	(\$676,293)	\$17,722	\$1,533,652

NOTE 4 - PRIOR PERIOD ADJUSTMENT AND NEW ACCOUNTING PRONOUNCEMENT

Prior Period Adjustment

The County changed the useful lives for capitalizing capital assets which changed accumulated depreciation during 2007 which resulted in December 31, 2006 capital asset balances being restated. The County found that at December 31, 2006, materials and supplies inventory for the engineer's department had been understated, which resulted in the December 31, 2006 net assets/fund balance to be understated. It was determined that a cash adjustment was made in error in a previous year which resulted in a misstated cash balance in the General Fund and the Countywide Sewer Fund.

	Governmental Activities	General Fund	Auto, License and Gas Tax Fund
Net Assets/Fund Balance at December 31, 2006	\$39,232,154	\$3,669,168	\$2,061,488
Changes in Capital Assets	7,805,461	0	0
Understatement of Materials and Supplies Inventory	375,577	0	375,577
Understatement of Cash and Cash Equivalentents	45,434	45,434	0
Adjusted Net Assets/Fund Balance at December 31, 2006	<u>\$47,413,192</u>	<u>\$3,714,602</u>	<u>\$2,437,065</u>

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

	Business-Type Activities	Countywide Sewer
Net Assets at December 31, 2006	\$360,363	\$358,396
Overstatement of Cash and Cash Equivalents	(45,434)	(45,434)
Adjusted Net Assets at December 31, 2006	\$314,929	\$312,962

New Accounting Pronouncement

For fiscal year 2007, the County has implemented Governmental Accounting Standards Board (GASB) Statement 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”. GASB Statement 48 establishes accounting and financial standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. The application of this new standard did not have a material effect on the County’s financial statements, nor did its implementation require a restatement of prior year balances.

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS

Moneys held in the County Treasury are pooled for the purpose of investment management. The County is authorized to invest in those instruments identified in section 135.35 of the Ohio Revised Code. Specifically, these authorized instruments consist of:

1. United States treasury notes, bills, bonds or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States, or any book entry, zero-coupon 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.
3. Written repurchase agreements in the securities listed above provide that the fair 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 fair value daily, and that the term of the agreement must not exceed thirty days.
4. Bond 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.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investment in securities described in this division 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 exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value.
9. Up to 25 percent of the County's total average portfolio in either (a) high grade commercial paper when the aggregate value of the notes does not exceed 10 percent of the aggregate value of the outstanding commercial paper of the issuing corporation, and the notes mature no later than 270 days after purchase or (b) bankers acceptances of banks insured by the FDIC when the obligations are eligible for purchase by the Federal Reserve System and mature no later than 180 days after purchase.
10. Up to 15 percent of the County's total average portfolio in high grade notes issued by the U.S. corporations, and the notes mature no later than two years after purchase.
11. High grade debt interests issued by foreign nations diplomatically recognized by the U.S. government. All interest and principal shall be denominated and payable in U.S. Funds. In the aggregate, this investment shall not exceed 1 percent of the County's total average portfolio and shall mature no later than five years after purchase.

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

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the County's name. During the year 2007, the County complied with the provisions of these statutes.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

The amounts available for deposit and investment are as follows:

Cash and Cash Equivalents: (carrying amounts)	
- Pooled	\$18,063,160
- Segregated	656,656
- Component Units	245,462
Reconciling items (net*) to arrive at bank balances	1,216,487
Total available for deposits and investments (Bank balance of deposit/carrying amount of investments)	\$20,181,765

The following information is presented in accordance with GASB Statement No. 40, "Deposit and Investment Risk Disclosures." Additional disclosures for the component units are presented in Note 18.

Deposits

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

As of December 31, 2007, the carrying amount of all County deposits was \$2,186,727. Based on the criteria described in GASB Statement No. 40, \$3,403,214 of the County's bank balance of \$3,021,685 was exposed to custodial risk as discussed above while \$500,000 was covered by FDIC. The \$3,021,685 exposed to custodial risk was uninsured, and collateral was held by pledging banks trust department but not in the County's name.

Custodial Credit Risk - The County's policy requires that deposits follow the Ohio Revised Code.

Investments

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

Investment Type	Fair Value	Investment In Maturities in Years		
		Less Than One Year	1-2 Years	3-4 Years
U.S. Government Securities	\$8,152,596	\$3,423,144	\$4,479,452	\$250,000
STAROhio	7,471,981	7,471,981	0	0
Total Investments	\$15,624,577	\$10,895,125	\$4,479,452	\$250,000

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 5 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the County limits investment portfolio matures to five years or less.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County limits its investments to those authorized by State statute. Standard and Poor's has assigned a rating of "AAAm" to STAROhio and "AAA" to U.S. Government Securities.

Custodial Credit Risk - For investments, custodial credit risk is the risk that, in event of the failure of the counter party, the County will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The County's policy provides that investments be held in the County's name. All of the County's investments are held in the County's name.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy minimizes concentration of credit risk by diversifying assets by issuer as necessary. The County's investments in U.S. Government Securities and the STAROhio account were 52.2% and 47.8%, respectively, of the County's total investments.

B. Component Units

Deposits and Investments

Cash and cash equivalents held by Brooks-Yates Center Diversified Opportunities, Inc. and the Pickaway County Airport Authority are classified as "cash and cash equivalents in segregated accounts."

(1) Brooks-Yates Center Diversified Opportunities, Inc.

At year end, the carrying amount of Brooks-Yates Center Diversified Opportunities, Inc. deposits was \$130,535 and the bank balance was \$130,535. All of the bank balance was covered by federal depository insurance. There are no statutory guidelines regarding the deposit and investment of funds by the non-profit corporation.

(2) Pickaway County Airport Authority

At year end, the carrying amount of the Pickaway County Airport Authority deposits was \$114,927 and the bank balance was \$114,927. The entire bank balance was covered by federal depository insurance.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 6 - INTERFUND TRANSACTIONS

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

	Interfund Receivables	Interfund Payable
	<u> </u>	<u> </u>
General	\$38,069	\$0
Nonmajor Special Revenue Funds	0	38,069
Totals	<u>\$38,069</u>	<u>\$38,069</u>

All balances are scheduled to be collected in the subsequent year. All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

A summary of interfund transfers for 2007 were as follows:

	Transfers In	Transfers Out
	<u> </u>	<u> </u>
General	\$0	\$505,193
Job and Family Services	262,086	0
Nonmajor Special Revenue Funds	243,107	0
Totals	<u>\$505,193</u>	<u>\$505,193</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In the year ended December 31, 2007, the County made transfers of \$243,107 and \$262,086 from the General Fund to various Non-major Special Revenue Funds and Job and Family Services Fund, respectively, to subsidize the programs of those funds.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 7 - RECEIVABLES

Receivables at December 31, 2007 consisted of property taxes, sales taxes, accounts (billings for user charged services), interest, special assessments and intergovernmental grants. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivable follows:

Governmental Activities	
<i>General Fund:</i>	
Local Government Distributions	\$389,118
State Property Tax Reimbursements	142,670
Total General Fund	531,788
<i>Auto, License and Gas Tax Fund:</i>	
Motor Vehicle License Tax	502,494
Gasoline Tax	811,721
Grants	618,454
Total Auto, License and Gas Tax Fund	1,932,669
<i>Job and Family Services Fund:</i>	
State and Federal Funding	442,895
<i>Board of Mental Retardation Fund:</i>	
State Property Tax Reimbursements	197,626
Federal Grants	41,348
Total Board of Mental Retardation Fund	238,974

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 7 - RECEIVABLES *(Continued)*

<i>Non Major Special Revenue Funds:</i>	
Title IV-E	3,978
Motor Vehicle Permissive Tax	218,651
Road and Bridge	4,073
Child Support Enforcement Agency	97,319
P.C. Access Visitation Center	3,412
VOCA Grant	12,771
Crime Victims Assistance	69,373
Law Enforcement	3,062
HUD Grants	38,200
Emergency Management	18,041
COPS Grant	4,464
Workforce Development	138,990
Community Correction Grant	58,190
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Nonmajor Special Revenue Funds	670,524
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Total Intergovernmental Receivable	\$3,816,850
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Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 8- CAPITAL ASSETS

A summary of changes in general capital assets during 2007 were as follows:

	Restated Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Governmental Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$738,028	\$0	\$0	\$738,028
Construction in Progress	80,311	0	(80,311)	0
Total Nondepreciable Capital Assets	818,339	0	(80,311)	738,028
<i>Depreciable Capital Assets:</i>				
Buildings	17,437,161	0	0	17,437,161
Improvements Other Than Buildings	965,427	90,561	0	1,055,988
Machinery and Equipment	6,491,533	481,460	(766,658)	6,206,335
Furniture and Fixtures	1,115,295	0	(46,662)	1,068,633
Vehicles	3,441,810	408,436	(520,313)	3,329,933
Infrastructure	23,527,682	2,498,384	(597,720)	25,428,346
Total Depreciable Capital Assets	52,978,908	3,478,841	(1,931,353)	54,526,396
<i>Accumulated Depreciation:</i>				
Buildings	(2,765,324)	(134,561)	0	(2,899,885)
Improvements Other Than Buildings	(144,268)	(21,547)	0	(165,815)
Machinery and Equipment	(3,431,713)	(319,804)	526,923	(3,224,594)
Furniture and Fixtures	(546,990)	(47,459)	33,830	(560,619)
Vehicles	(1,964,474)	(213,967)	444,355	(1,734,086)
Infrastructure	(10,535,490)	(1,258,286)	597,720	(11,196,056)
Total Accumulated Depreciation	(19,388,259)	(1,995,624)	1,602,828	(19,781,055)
Depreciable Capital Assets, Net	33,590,649	1,483,217	0	34,745,341
Governmental Activities Capital Assets, Net	\$34,408,988	\$1,483,217	(\$408,836)	\$35,483,369

At December 31, 2007, capital assets include \$352,935 of machinery and equipment and \$137,931 of vehicles under capitalized leases.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 8- CAPITAL ASSETS (Continued)

For governmental activities, depreciation expense was charged to functions as follows:

Governmental Activities	
<i>General Government:</i>	
Legislative and Executive	\$130,381
Judicial	30,026
Public Safety	271,249
Public Works	1,434,068
Health	58,002
Human Services	68,761
Conservation and Recreation	3,137
Governmental Activities Depreciation Expense	\$1,995,624

	Restated Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Business-Type Activities:				
<i>Nondepreciable Capital Assets:</i>				
Land	\$13,964	\$0	\$0	\$13,964
Construction in Progress	2,367,202	0	(2,367,202)	0
Total Nondepreciable Capital Assets	2,381,166	0	(2,367,202)	13,964
<i>Depreciable Capital Assets:</i>				
Plant and Facilities	376,966	0	0	376,966
Infrastructure	33,215	2,446,413	0	2,479,628
Total Depreciable Capital Assets	410,181	2,446,413	0	2,856,594
<i>Accumulated Depreciation:</i>				
Plant and Facilities	(352,997)	(4,811)	0	(357,808)
Infrastructure	(20,874)	(17,383)	0	(38,257)
Total Accumulated Depreciation	(373,871)	(22,194)	0	(396,065)
Depreciable Capital Assets, Net	36,310	2,424,219	0	2,460,529
Business-Type Activities Capital Assets, Net	\$2,417,476	\$2,424,219	(\$2,367,202)	\$2,474,493

The business-type activities of the County are the sewer operations at various subdivisions throughout the County.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 9 - LONG-TERM OBLIGATIONS

The County's long-term obligations activity for the year ended December 31, 2007, was as follows:

Purpose	Outstanding January 1, 2007	Additions	Deletions	Outstanding December 31, 2007	Amounts Due Within One Year
Governmental Activities:					
<i>General Obligation Notes Payable:</i>					
Jail Window/Downtown Annex Consolidation 2002-2007 4.50%	\$65,019	\$0	\$65,019	\$0	\$0
TIF Note 2004-2010 4.25%	970,000	0	255,000	715,000	285,000
Capital Improvement 2006-2008 4.49%	111,000		55,500	55,500	55,500
Engineer's Note 2007-2011 4.50%	0	56,800	0	56,800	13,278
<i>Special Assessment Bonds with Governmental Commitment:</i>					
Northwood Park Sanitary Sewer Improvement 1999-2019 6.00%	121,000	0	6,000	115,000	7,000
Greenbriar Ditch Extension 2007-2012 4.50%	0	110,000	0	110,000	22,000
<i>Other Long-Term Obligations:</i>					
Compensated Absences	1,325,705	1,451,596	1,200,422	1,576,879	928,749
Capital Leases	161,939	35,793	111,827	85,905	33,482
Governmental Activities Long-Term Obligations	\$2,754,663	\$1,654,189	\$1,693,768	\$2,715,084	\$1,345,009

The Northwood Park Sanitary Sewer Improvement Bonds were issued in 1999 for \$157,160 with a 6.00% interest rate. The Northwood Park Sanitary Sewer Improvement Bonds were issued to finance improvements to the sewer system for the Northwood Park subdivision. These bonds will be repaid through the collection of special assessments on the benefitting property owners in the debt service funds. The County is obligated to the extent of the remaining balance, if the property owners were to default.

The Jail Window/Downtown Annex Consolidation Notes were issued in 2002 for \$286,359 with a 4.5% interest rate. These notes were issued to consolidate an issuance for replacement of windows within the Jail complex and purchase of the County's Downtown Annex. These notes will be repaid through the debt service fund. Principal payment for the subsequent year are due January 7 of that year.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

The 2004 Tax Increment Financing Note was issued for \$970,000 with a 5.50% interest rate. This note was restructured in 2006 with an interest rate of 4.25% and a maturity in 2010. The 2005 Tax Increment Financing Note was issued for \$100,000 with a 5.50% interest rate. This note was paid off during the year. These notes are issued in anticipation of bonds for financing of construction related to the reconstruction of Crites Road and U.S. 23. These notes will be repaid through Tax Increment Financing.

The Capital Improvement Note was issued in 2006 for \$111,000 with a 4.49% interest rate. This note was issued for the purchase of six Sheriff cruisers. This note will be paid through the General Fund.

The Greenbriar Ditch Extension Note was issued in 2007 for \$110,000 with a 4.50% interest rate. This note was issued for the installation and repair of ditching on Greenbriar Road. This note will be paid with Special Assessments.

The Engineer's Note was issued in 2007 for \$56,800 with a 4.50% interest rate. This note was issued for the purchase of a hydraulic boom excavator. This note will be paid by the Engineer's Note Debt Service Fund.

The compensated absences liability will be paid from the fund from which the employees are paid. The capital leases will be repaid through the General Fund, Auto, License and Gas Tax Fund, Job and Family Service Fund and other nonmajor special revenue funds. The amount of principal payments on the capital leases paid in 2007 amounted to \$111,827.

The following is a summary of the County's future principal and interest requirements for long-term obligations, including \$119,991 of interest:

For the Year Ended December 31,	TIF Crites Road Note	Northwood Park Sanitary Sewer Improvement Bonds	Capital Improvement	Greenbriar Ditch Note	Engineer's Note	Totals
2008	\$312,413	\$13,900	\$59,265	\$26,944	\$15,834	\$428,356
2009	310,194	13,480	0	25,956	15,834	365,464
2010	137,869	14,060	0	24,967	15,834	192,730
2011	0	13,580	0	23,978	15,834	53,392
2012	0	14,100	0	22,989	0	37,089
2013 - 2017	0	67,980	0	0	0	67,980
2018 - 2021	0	27,280	0	0	0	27,280
Totals	<u>\$760,476</u>	<u>\$164,380</u>	<u>\$59,265</u>	<u>\$124,834</u>	<u>\$63,336</u>	<u>\$1,172,291</u>

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 10 - LOANS PAYABLE

The County's loan transactions for the year ending December 31, 2007, were as follows:

Purpose	Restated Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007	Amount Due Within One Year
Business - Type Activities:					
<i>OPWC Loans</i>					
Darby Township Sewer Improvements, 0%	\$360,000	\$0	\$20,000	\$340,000	\$20,000
<i>OWDA Loans Payable</i>					
Darby Township Sewer Improvements, 0%	1,946,096	64,004	3,961	2,006,139	100,306
Business - Type Activities Loan Payable	\$2,306,096	\$64,004	\$23,961	\$2,346,139	\$120,306

The Ohio Public Works Commission (OPWC) Loan is related to improvements to the Darby Township Sanitary Sewer System. The loan will be paid in annual installments of \$20,000, over 20 years. The debt is to be repaid by user charges to consumers that use the system. This loan is to be a zero percentage interest rate for the life of the loan. This loan was issued in 2005 for \$380,000.

The Ohio Water Development Authority (OWDA) Loan is related to improvements to the Darby Township Sanitary Sewer System. The OWDA has granted an original loan amount of \$1,624,478 and a supplementary loan amount of \$487,248, for a maximum loan amount of \$2,111,726 for this project. The loan will be repaid in semiannual installments of \$52,793 effective July 1, 2008, over 20 years for the original loan amount with the final installment payable in July 1, 2027. The debt is to be repaid by user charges to consumers that use the system. The County must set rates in an amount that guarantees repayment of the debt construction.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The County has entered into agreements to lease equipment and other assets. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the basic financial statements. Capital lease payments are reflected as debt service in the basic financial statements for the governmental funds. New leases are, in substance, capital purchases and are reflected as current expenditures and proceeds from capital leases in the fund financial statements. The capital lease obligations reflected above as part of the long-term obligations represent the present value of the net future minimum lease payments on all capital leases.

The following is a schedule of the future minimum lease payments under lease obligations which have been capitalized as of December 31, 2007.

For the Year Ended December 31,	Capital Lease Obligations
2008	40,809
2009	30,186
2010	24,175
2011	4,194
Total Minimum Lease Payments	99,364
Less: Amount Representing Interest	13,459
Present Value of Minimum Lease Payments	\$85,905

NOTE 12 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2005. Real property taxes are payable annually or semiannually. The first payment is due March 12, with the remainder payable by July 23.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due October 13. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by October 13.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 12 - PROPERTY TAXES *(Continued)*

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected. The County records receipt of these taxes in various funds.

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes that were measurable and unpaid as of December 31, 2007. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2007 operations. The receivable is therefore offset by a credit to deferred revenue.

The full tax rate for all County operations for the year ended December 31, 2007, was \$3 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Category	Assessed Value
<i>Real Estate:</i>	
Agriculture	\$113,431,850
Residential	684,745,620
Commercial	104,233,650
Industrial	25,091,720
Minerals	275,930
Public Utilities	2,623,510
<i>Personal Property:</i>	
General	39,130,078
Public Utilities	54,119,220
Total Assessed Values	\$1,023,651,578

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 13 - PERMISSIVE SALES TAX

In 1988, in accordance with Sections 5739.02 and 5741.02 of the Revised Code, the County Commissioners, by resolution, imposed a one percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. In December 2001, the County Commissioners, by resolution, imposed an additional one-half percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County. Proceeds of the tax were credited to the General Fund and the Capital Improvement, a Non-Major Capital Projects Fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 2007 amounted to \$5,895,379.

NOTE 14 - ACCOUNTABILITY

The following funds had deficit fund balances as of December 31, 2007:

Non-major Special Revenue Funds:

COPS Grants	\$1,591
Diversion Program	30
Dog & Kennel	29,391

The deficits in these funds are the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

NOTE 15 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2007, the County contracted with County Risk Sharing Authority (CORSA), a jointly governed organization, for liability, property, and crime insurance. The CORSA program has a \$2,500 deductible.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 15 - RISK MANAGEMENT - (Continued)

Coverages provided by the program are as follows:

Property:

Buildings & Contents (\$100,000 annual aggregate pool limit for flood and earthquake)	\$70,029,151
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Liability:

General Liability	\$1,000,000
Excess Liability	5,000,000
Law Enforcement	1,000,000
Automobile	1,000,000
Uninsured/Underinsured Motorist	250,000
Faithful Performance and Employee Bond	1,000,000
Boiler and Machinery (each accident)	100,000,000

Settlement amounts on claims have not exceeded insurance coverage in any of the past three years. There have been no significant reductions in insurance coverage from the prior year.

The County participates in the Workers' Compensation Program provided by the State of Ohio. During 2007, the County agreed to join a pool with 61 other Ohio counties (County Commissioners Association of Ohio) for a workers' compensation group-rating program. The County joined this group plan to achieve lower workers' compensation rates.

The County purchases health, dental and vision insurances through the Franklin County Cooperative Health Benefits Program (FCCHBP). Insurance purchased through the FCCHBP is not considered limited risk health insurance. Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The County pays all elected officials' bonds by statute.

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS

A. Ohio Public Employees Retirement System

All Pickaway County employees, who are not certified teachers with the Board of Mental Retardation and Developmental Disabilities (MRDD), participate 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% 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 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.

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) 222-6701 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement, were required to contribute 9.5% of their annual covered salaries. Members participating in the Traditional Plan who were in law enforcement contributed 10.1% of their annual covered salary; members in public safety contributed 9.75%. The employer contribution rate for pension benefits for 2007 was 13.85%, except for those plan members in law enforcement or public safety. For those classifications, the employer pension contributions were 17.17% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to OPERS for the years ended December 31, 2007, 2006, and 2005 were \$1,230,507, \$1,301,933 and \$1,324,776 respectively; 96.11% has been contributed for 2007, and 100% has been contributed for 2006 and 2005. Of the 2007 amount, \$47,596 was unpaid at December 31, 2007 and is recorded as a liability in the basic financial statements.

B. State Teachers Retirement System of Ohio

The Pickaway County Board of Mental Retardation and Developmental Disabilities contributes for all certified teachers to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, OH 43215-3771 or by calling (614) 227-4090.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 16 - DEFINED BENEFIT RETIREMENT PLANS *(Continued)*

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement 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% 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. Existing members with less than five years of service credit as of June 30, 2002, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2002.

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

Plan members are required to contribute 10% of their annual covered salary and the County is required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's contributions for pension obligations to STRS for the fiscal years ended December 31, 2007, 2006, and 2005 were \$21,466, \$21,849, and \$21,082, respectively. These contributions were equal to the required contributions for each of these years.

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System or the State Teachers Retirement System have an option to choose social security or the Public Employees Retirement System/State Teachers Retirement System. As of December 31, 2007, none of the elected officials had elected social security.

NOTE 17 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. Health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate 2007 was 13.85% of covered payroll for all employees, except those in law enforcement and public safety. The employer contribution rate for law enforcement and public safety was 17.17%. The portion of the County's contributions allocated to fund health care was 5% from January 1 through June 30, 2007, and 6% from July 1 through December 31, 2007.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 17 - POSTEMPLOYMENT BENEFITS *(Continued)*

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5%, an annual increase in active employee total payroll of 4% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase .5% and 5% annually for the next eight years and 4% annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

At year-end, the number of active contributing participants in the Traditional and Combined Plans was 374,979. Actual employer contributions for 2007 that were used to fund postemployment benefits were \$784,747. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

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

B. State Teachers Retirement System

Comprehensive health care benefits are provided through the State Teachers Retirement System of Ohio (STRS) to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physician's fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. The STRS is funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. By law, health care benefits are not guaranteed and the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14% of covered payroll.

The STRS Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the County, this amount equaled \$1,651 for 2007.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007, the balance in the Health Care Stabilization Fund was \$4.1 billion. For the year ended June 30, 2007, net health care costs paid by STRS were \$265,558,000 and there were 122,934 eligible benefit recipients.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 18 - ADDITIONAL DISCLOSURES FOR DISCRETELY PRESENTED COMPONENT UNITS

A. Measurement Focus and Basis of Accounting

Brooks-Yates Center Diversified Opportunities, Inc. uses fund accounting to report on their operations and uses the full accrual basis of accounting as set forth in SFAS No. 117 for non-profit corporations. Pickaway County Airport Authority uses fund accounting to report on their operations and uses the cash basis of accounting.

B. Budgetary Basis of Accounting

Budgetary information for the discretely presented component units is not presented because they are not included in the entity for which the "appropriated budget" is adopted and do not maintain separate budgetary financial records.

C. Capital Assets

Property and equipment for the component units are stated at historical cost and are updated for the costs of additions and retirements during the year. Donated fixed assets have been recorded at the fair market value at the date of the gift. The assets for Brooks-Yates Center Diversified Opportunities, Inc. and the Pickaway County Airport are depreciated on a straight line basis using the following estimated useful lives:

Category	Brooks-Yates Center Diversified Opportunities Inc.	Pickaway County Airport
Buildings and Improvements	40 years	30-40 years
Leasehold Improvements	20-40 years	N/A
Machinery and Equipment	3-10 years	N/A

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 18 - ADDITIONAL DISCLOSURES FOR DISCRETELY PRESENTED COMPONENT UNITS

(Continued)

A summary of changes in Brooks-Yates Center capital assets during 2007 were as follows:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
<i>Depreciable Capital Assets:</i>				
Leasehold Improvements	\$109,465	\$0	\$0	\$109,465
Machinery and Equipment	64,988	3,730	0	68,718
Vehicles	65,426	0	0	65,426
Total Depreciable Capital Assets	239,879	3,730	0	243,609
<i>Accumulated Depreciation:</i>				
Leasehold Improvements	(36,985)	(2,806)	0	(39,791)
Machinery and Equipment	(55,732)	(2,260)	0	(57,992)
Vehicles	(63,418)	(1,338)	0	(64,756)
Total Accumulated Depreciation	(156,135)	(6,404)	0	(162,539)
Capital Assets, Net	\$83,744	(\$2,674)	\$0	\$81,070

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 18 - ADDITIONAL DISCLOSURES FOR DISCRETELY PRESENTED COMPONENT UNITS

(Continued)

A summary of changes in capital assets for the Pickaway County Airport during 2007 were as follows:

	Restated Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
<i>Non-Depreciable Capital Assets:</i>				
Land	218,036	0	0	218,036
Total Non-Depreciable Capital Assets	218,036	0	0	218,036
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	924,555	0	0	924,555
Infrastructure	382,507		0	382,507
Total Depreciable Capital Assets	1,307,062	0	0	1,307,062
<i>Accumulated Depreciation:</i>				
Buildings	(171,060)	(23,114)	0	(194,174)
Infrastructure	(10,906)	(9,563)	0	(20,469)
Total Accumulated Depreciation	(181,966)	(32,677)	0	(214,643)
Depreciable Capital Assets, Net	1,125,096	(32,677)	0	1,092,419
Capital Assets, Net	\$1,343,132	(\$32,677)	\$0	\$1,310,455

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

A. Berger Hospital

Berger Hospital is a jointly governed organization that provides diversified health care services to the community. The hospital is governed by a 9 member board: Pickaway County Commissioners appoint 4 members of the board, the City of Circleville appoints 4 members of the board and the final board member is the City of Circleville's Mayor. The Mayor is the President of the Board but does not have voting privileges unless there is a tie. The City of Circleville holds legal title to the Hospital. The degree of control exercised by the County is limited to its representation on the Board. Pickaway County does not have an ongoing financial interest in or an ongoing financial responsibility for the Hospital. During 2007, the County did not make any contributions to the Hospital. Complete financial statements can be obtained from the Berger Hospital, 600 N. Pickaway, Circleville, Ohio, 43113.

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS *(Continued)*

B. Paint Valley Mental Health Alcohol and Drug Addiction Board

The Paint Valley Mental Health Alcohol and Drug Addiction Board serves Pike, Fayette, Highland, Pickaway and Ross Counties and is a jointly governed organization that is responsible for developing, coordinating, modernizing, funding, monitoring and evaluating a community-based mental health and substance abuse program. The Board consists of eighteen members. The Director of the Ohio Department of Mental Health appoints four members and the Director of the Ohio Department of Alcohol and Drug Addiction Services appoints four members. The remaining members are appointed by the County Commissioners of Pike, Fayette, Highland, Pickaway, and Ross Counties in the same proportion as each County's population bears to the total population of the five counties combined. The Board receives revenue from the participating counties and receives federal and state funding through grant monies that are applied for and received by the Board of Trustees. Pickaway County cannot significantly influence operations of the Board, who has sole budgetary authority and controls surpluses and deficits. Pickaway County has no ongoing financial interest or responsibility. During 2007, Pickaway County contributed \$2,119 to the program.

C. Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District

The County is a member of the Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District, which is a jointly governed organization of the four-named counties. The purpose of the District is to make disposal of waste in the four-county area more comprehensive in terms of recycling, incinerating, and land filling. The District was created in 1989, as required by the Ohio Revised Code.

The Ross, Pickaway, Highland, Fayette Joint Solid Waste Management District is governed and operated through three groups. A twelve member board of directors, comprised of three commissioners from each county, is responsible for the District's financial matters. Financial records are maintained by the Ross County Auditor and Treasurer, and the Ross County Commissioners budget and finance the District with board approval. A twenty-nine member policy committee, comprised of seven members from each county and one at-large member appointed by the board of directors, is responsible for preparing the solid waste management plan of the District in conjunction with a twenty-three member Technical Advisory Council (members appointed by the policy committee). The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. Although the counties contributed amounts to the District at the time of its creation, all contributions have since been returned to the respective counties and no future contributions by the counties are anticipated. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS *(Continued)*

D. County Risk Sharing Authority (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization 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. 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 CORSA. The County's payment for insurance to CORSA in 2007 was \$208,551.

E. Southern Ohio Council of Governments

The County is a member of the Southern Ohio Council of Governments, which is a jointly governed organization created under the Ohio Revised Code Section 167.01. The governing body consists of a thirteen member board with each participating County represented by its Director of its Board of Mental Retardation and Development Disabilities. Member counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto and Vinton Counties. During 2007, the County contributed \$40 to this organization. Financial statements can be obtained from the Southern Ohio Council of Governments, 43 N. Paint St., Chillicothe, Ohio, 45601.

NOTE 20 - RELATED ORGANIZATIONS

A. Pickaway County Library

The Pickaway County District Library is statutorily created as a separate and distinct political subdivision of the State. Four trustees of the District Library are appointed by the County Commissioners, and three trustees are appointed by the judges of the Common Pleas Court. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the County for operational subsidies. Due process is required to remove board members. No subsidies are provided by the County.

Pickaway County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

NOTE 21 - RELATED PARTY TRANSACTION

A. Brooks-Yates Center Diversified Opportunities, Inc.

Brooks-Yates Center Diversified Opportunities, Inc. a discretely presented component unit of Pickaway County, received contributions from the County for facilities, certain equipment, transportation and salaries for administration, implementation and supervision of its program. These contributions are reflected as operating revenues and operating expenses at cost or fair market value as applicable, in the basic financial statements. In 2007, these contributions were \$164,275.

B. Pickaway County Airport Authority

Pickaway County Airport Authority. a discretely presented component unit of Pickaway County, received contributions from the County for improvements to facilities. These contributions are reflected as operating revenues and operating expenses at cost or fair market value as applicable, in the basic financial statements. In 2007, these contributions were \$4,387.

NOTE 22 - 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.

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecutor, any potential liability would not have a material effect on the County's financial condition.

NOTE 23 - SUBSEQUENT EVENTS

On April 14, 2008, the economic development department was approved for a loan in the amount of \$500,000 from the Ohio Department of Development through the Rural Industrial Park Loan Program for the construction of infrastructure and a 12,000 sq. ft. building.

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PICKAWAY COUNTY

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

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Passed through Ohio Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	049080-05-P4-2006/2007	10.553	\$ 2,467
National School Lunch Program	049080-LL-P4-2006/2007	10.555	3,665
Total U.S. Department of Agriculture			<u>6,132</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through Ohio Department of Development:</i>			
Community Development Block Grant	B-F-06-060-1	14.228	176,070
Community Development Block Grant	B-F-05-060-1	14.228	39,314
Community Development Block Grant	B-C-05-060-1	14.228	91,666
Total - Community Development Block Grant			<u>307,050</u>
HOME Investment Partnership Program	B-C-05-060-2	14.239	131,801
Total U.S. Department of Housing and Urban Development			<u>438,851</u>
<u>U.S. Department of Justice</u>			
<i>Passed through Ohio Department of Criminal Justice Services:</i>			
Public Safety Partnership and Community Policing Grants	2004CKWX0133	16.710	12,123
<i>Passed through Ohio Office of Attorney General</i>			
Crime Victim Assistance	2008VAGENE502	16.575	3,856
Crime Victim Assistance	2007VAGENE502	16.575	13,101
Crime Victim Assistance	2007VAGENE095T	16.575	14,777
Crime Victim Assistance	2006VAGENE095T	16.575	67,431
Total - Crime Victim Assistance			<u>99,165</u>
Total U.S. Department of Justice			<u>111,288</u>
<u>U.S. Department of Homeland Security</u>			
<i>Passed through Ohio Department of Homeland Security:</i>			
Emergency Management Performance Grant	2007-EM-E7-0024	97.042	18,041
Total U.S. Department of Homeland Security			<u>18,041</u>
<u>U.S. Department of Education</u>			
<i>Passed through Ohio Department of Education:</i>			
<i>Special Education Cluster:</i>			
Special Education_Grants to States	066191-6BSF-2007/2008	84.027	22,763
Special Education_Preschool Grants	066191-PGS1-2007/2008	84.173	10,319
Total - Special Education Cluster:			<u>33,082</u>
State Grants for Innovative Program	066191-C2S1-2007/2008	84.298	71

PICKAWAY COUNTY

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

(Continued)

Federal Grantor / Pass through Grantor / Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<i>Passed Through Ohio Department of Health</i>			
Special Education_Grants for Infants and Families with Disabilities	31-6400-083	84.181	48,199
Total U.S. Department of Education			<u>81,352</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities</i>			
Social Services Block Grant	31-6400-083	93.667	26,352
State Children's Insurance Program	31-6400-083	93.767	356
Medical Assistance Program			
Target Case Management	31-6400-083	93.778	114,877
Waiver Administration	31-6400-083	93.778	20,657
Waiver Day Habilitation	31-6400-083	93.778	40,307
Total - Medical Assistance Program			<u>175,841</u>
Total U.S. Department of Health and Human Services			<u>202,549</u>
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	n/a	20.106	85,474
Airport Improvement Program	n/a	20.106	30,740
Total - Airport Improvement Program			<u>116,214</u>
<i>Passed through Ohio Department of Public Safety:</i>			
State and Community Highway Safety	HVEO-2008-65	20.600	2,317
State and Community Highway Safety	HVEO-2007-65	20.600	6,601
Total - State and Community Highway Safety			<u>8,918</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	HVEO-2007-65	20.601	6,601
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	HVEO-2008-65	20.601	2,317
Total - Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants			<u>8,918</u>
<i>Passed through Ohio Department of Transportation:</i>			
Highway Planning and Construction	PIC-CR7-9.080	20.205	61,353
Total U.S. Department of Transportation			<u>195,403</u>
<u>U.S. Department of Labor</u>			
<i>Passed through Ohio Department of Job & Family Services:</i>			
Work Investment Act-Adult	31-6400-083	17.258	348,117
Work Investment Act-Youth	31-6400-083	17.259	149,138
Work Investment Act-Dislocated Worker	31-6400-083	17.260	297
Work Investment Act- Workkeys Assessment	31-6400-083	17.260	2,227
Work Investment Act- Workforce Service Month	31-6400-083	17.260	181,194
Total U.S. Department of Labor			<u>680,973</u>
Total Federal Awards Expenditures			<u>\$ 1,734,589</u>

The accompanying notes to this schedule are an integral part of this schedule.

PICKAWAY COUNTY

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The County passes-through certain Federal assistance received from Workforce Investment Board, Area 20 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.

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Mary Taylor, CPA

Auditor of State

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

Pickaway County
207 South Court Street
Circleville, Ohio 43113

To the Board of Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the discretely presented component units of Pickaway 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 September 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of the Brooks-Yates Center for Diversified Opportunities, Inc., which is a discretely presented component unit, as described in our opinion on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

Internal Control Over Financial Reporting

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

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

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

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-002 and 2007-003.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe finding number 2007-002 is also a material weakness.

We also noted certain internal control matters that we reported to the County's management in a separate letter dated September 11, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated September 11, 2008.

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

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



Mary Taylor, CPA
Auditor of State

September 11, 2008



Mary Taylor, CPA

Auditor of State

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

Pickaway County
207 South Court Street
Circleville, Ohio 43113

To the Board of Commissioners:

Compliance

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

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

In our opinion, Pickaway County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2007. 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 2007-003.

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.

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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 2007-003 to be a significant deficiency.

A material weakness is significant deficiency, or combination of significant deficiencies, that result 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 did not consider the deficiency 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, Board of Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

September 11, 2008

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant/States Program: CFDA #14.228 Workforce Investment Act: CFDA # 17.258, 17.259, 17.260
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No.

PICKAWAY 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**

FINDING NUMBER 2007-001

Finding for Recovery – Repaid Under Audit – County Sheriff’s Office

As public services, the Pickaway County Sheriff’s Office performs BCI WebChecks®, and issues Concealed Carry Weapon permits. The Sheriff’s Office also collects and holds funds in a custodial nature on behalf of inmates held at the Pickaway County Jail.

Karen Brown, a former employee, was responsible for the collection of all three of these receipts between the years of 2005 through 2008. During the year end reconciliation of the Inmate Trust Fund, the Pickaway County Sheriff’s Office discovered that not all amounts collected were deposited to the related bank account for the Inmate Trust Fund, and not all collections were paid into the County treasury for Webcheck® Fees and Concealed Carry Weapon Fees. Subsequently, the Pickaway County Sheriff’s Office conducted an internal investigation of these three receipt types from the time Cpl. Brown became involved in their collection through mid-March 2008, the time at which Cpl. Brown’s employment was terminated. Ms. Brown admitted to the theft when interviewed during the course of the investigation.

Results of the Sheriff’s Office internal investigation revealed the following:

- Inmate Trust Fund – \$4,605 in cash was collected but not deposited.
- WebCheck® Fees – \$12,294 in cash was collected but not deposited.
- Concealed Carry Weapon Fees – in cash \$1,553 was collected but not deposited.

We performed procedures to ensure the above amounts were complete, and identified the following additional amounts collected but not deposited:

- Inmate Trust Fund – an additional \$45 was identified as collected but not deposited.
- WebCheck® Fees – an additional \$117 was identified as collected but not deposited.
- Concealed Carry Weapon Fees – an additional \$45 was identified as collected but not deposited.

Internal Controls at the Sheriff’s Office were not adequate to ensure completeness of these receipts.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies collected but unaccounted for is hereby issued against Karen Brown in the amount of \$207 and in favor of the Pickaway County Sheriff’s Office.

On September 9, 2008 Karen Brown repaid the Pickaway County Sheriff’s Office the total \$18,659 identified above.

Officials’ Response:

In response to the above finding on Corporal Karen Brown, our office is one of public trust and therefore must be held at a higher standard. As stated our office conducted an independent internal investigation which led to the identification of the missing funds and criminal charges being filed against Corporal Brown. As a result our office notified the Auditor of State of the Internal Investigation that had been conducted and requested their guidance for further direction. Subsequently a review of our investigation by the State Auditor substantiated our findings and identified an additional \$207 dollars in missing funds that could not be validated through documentation.

PICKAWAY 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 (continued)

FINDING NUMBER 2007-002

Financial Statement Adjustments – Significant Deficiency/Material Weakness

Sound financial reporting is the responsibility of the County Auditor and the Board of Commissioners and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments and reclassifications were made to the December 31, 2007 financial statements, as well as the County's accounting and capital asset records:

1. To increase depreciable assets for Business Type Activities by \$79,211, the amount paid to the County by the OWDA for the Darby Creek Sewer Project.
2. To reclassify cash in the amount of \$45,434 from the General Fund to the Sewer Fund for a sewer receipt that was erroneously posted to the general fund on the GAAP basis.

In addition to the adjustments noted above, the following audit adjustments and reclassifications were inconsequential to the overall financial statements of the County and were not posted to the December 31, 2007 financial statements.

1. To reduce the amount reserved for prepaid items by \$136,260 to exclude the portion of the County's premium for CORSA insurance for the services that were provided during fiscal year 2007. The policy was effective from May 1, 2007 through April 30, 2008; the full amount was recorded as being pre-paid.
2. The County obtained a \$38,000 bank note and then loaned the proceeds to the Pickaway County Agricultural Society. However, this amount was not included as a receivable and liability on the County's financial statements.
3. To reduce the amount of long-term liabilities due in more than one year for compensated absences by \$239,455 in order to agree with the County's sick leave policy.
4. Entries in remaining fund information to properly state amounts due to County funds. These entries were to increase Intergovernmental Receivable by \$73,679 for revenue received in 2008, to decrease Deferred Revenue and increase revenue by \$14,659 for amounts that were received during the available period, and to increase related Intergovernmental Revenue by \$68,338 and charges for services by \$20,000 for services related to the County's contract for services provided by the County Dog Warden.
5. For the Governmental Activities, entries to increase Long-Term Liabilities – Due Within One Year by \$41,117 and increase Long-Term Liabilities – Due in More Than One Year by \$13,184, and related expenditures in Judicial and Legislative and Executive functions for employees that were excluded from the calculation of compensated absences when they should have been included.
6. Entries to increase Sales Taxes Receivable and related Sales Tax Revenue by \$598,918 in the General Fund and \$43,666 in the remaining fund information to accrue amounts related to sales taxes collected on sales occurring in Pickaway County during the months of November and December 2007 that were not received by the County until March 2008.

PICKAWAY 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 (continued)

FINDING NUMBER 2007-002 (continued)

Financial Statement Adjustments – Significant Deficiency/Material Weakness (continued)

7. For the General Fund, Auto License Gas Tax Fund, Human Services Fund, and remaining fund information opinion units, entries to increase Accounts Payable by \$56,453 and Intergovernmental Payable by \$111,083 for expenditures incurred but not accrued as payables.
8. To decrease Other Revenue in the Auto License Gas Tax Fund for \$25,837 of reimbursements that should have been recorded as a reduction to expenditures.
9. To reduce restricted revenues in the form of Operating Grants and Contributions by \$114,944 and increase general (unrestricted) revenues Grants and Entitlements Not Restricted to Specific Programs for the amount of homestead and rollback received by the County.
10. Changes to the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budget Basis) for the General Fund so original budget amounts would agree with the approved budget by decreasing investment revenues by \$72,247 and human services expenditures by \$416,515.
11. Changes to the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budget Basis) for the MRDD Fund; original budget amounts were changed to agree with the approved budget by decreasing intergovernmental revenues by \$112,500, decreasing transfers-in by \$450,000 and decreasing health expenditures by \$788,000.
12. Entries to decrease Cash in Segregated Accounts in the General Fund by \$34,928 to reverse the amount that was recorded in the previous year.

Although the County has implemented various controls over financial reporting, the need to issue audit reclassifications suggests controls may not be effective or may not be operating as management intended.

We recommend the County take steps to ensure the accurate posting of all transactions to the accounting records. By exercising accuracy in recording financial activity, the County can reduce posting errors and increase the reliability of the financial data throughout the year.

We also recommend the County implement additional procedures over the completeness and accuracy of financial information reported within the financial statements. Such procedures may include review of the financial statements and related components with analytical comparisons of the current year annual report to the prior year reports for obvious errors or omissions.

Officials' Response:

We did not receive a response from management regarding this finding.

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

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2007-003
CFDA Title and Number	14.228 – Community Development Block Grant/State's Program
Federal Award Number / Year	B-F-05-060-1, B-C-05-060-01, B-F-06-060-1
Federal Agency	U.S. Department of Housing and Urban Development
Pass-Through Agency	The Ohio Department of Development

**Federal Cash Management – 15 Day Rule –
Material Non-Compliance/Significant Deficiency**

24 C.F.R. Section 85.21(c) and Section (A)(3)(f) of the Ohio Department of Development, Office of Housing and Community Partnership's Financial Management Rules and Regulations Handbook, require grantees to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that fund draw downs should be limited to amounts that will enable the grantee to disburse funds on hand to a balance of less than \$5,000 within fifteen days of receipt.

The County did not disburse federal cash received from drawdown requests within the 15 day requirement for six of the seven Community Development Block Grant drawdowns it received, ranging in amount between \$7,800 and \$114,000; these funds were held in excess of fifteen days, varying from 30 days to as many as 140 days. There were no controls in place to ensure the County's compliance.

Although the County held the monies for more than the allowable 15 day period, funds were deposited in a non-interest bearing account.

We recommend the County adhere to the guidance provided in the Ohio Department of Development, Office of Housing and Community Partnership's Financial Management Rules and Regulations Handbook, and implement controls to ensure compliance.

Officials' Response and Corrective Action Plan:

The County is aware of this rule and endeavors to comply. In the County's earnest desire to be in conformity with this regulation, the concept of providing Cash Advances from the General Fund, which will then be advanced back once the drawn funds have been received from the Ohio Department of Development to pay contractor invoices, is an option that will be taken under consideration.

Anticipated completion date: September 11, 2008
 Responsible Contact: Patricia Webb, Clerk of County Commissioners

PICKAWAY 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	Financial Statement Adjustments	No	Re-issued as Finding #2007-002.
2006-002	The Pickaway County Airport Authority, a discretely-presented component unit of the County, reported on the cash basis.	Yes	Fully Corrected
2006-003	All interest earned by the County in 2006 was paid into the General Fund. Contrary to Article XII, Section 5a of the Ohio Constitution and 1982 Op. Atty. Gen. No. 82-031, there was no indication that interest earned on the principal of the motor vehicle license and fuel taxes were allocated to the proper funds.	Yes	Fully Corrected
2006-004	The County adopted a change to its Capital Asset Policy, but did not apply it when compiling its financial statements, resulting in an estimated effect of \$1.3 million dollars to net depreciable capital assets.	Yes	Fully Corrected
2006-005	Contrary to Ohio Rev. Code Section 149.351 records related to operating leases could not be located for the Pickaway County Airport Authority.	Yes	Fully Corrected
2006-006	Contrary to Ohio Rev. Code Section 308.12, the Clerk of the Pickaway County Airport Authority was not bonded.	Yes	Fully Corrected
2006-007	The County did not disburse CDBG Grant funds received within 15 days of receipt as required.	No	Re-issued as Finding #2007-003.



Mary Taylor, CPA
Auditor of State

FINANCIAL CONDITION

PICKAWAY 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
OCTOBER 16, 2008**