

Crawford County, Ohio

COMPREHENSIVE ANNUAL

FINANCIAL

REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2007

Robin E. Hildebrand

CRAWFORD COUNTY AUDITOR

Prepared by:

Robyn M. Sheets

GAAP Coordinator

Crawford County, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2007
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The County provides a wide range of services as mandated by State statute. The three member Board of County Commissioners serves as the taxing authority and the contracting authority for the County. The County Commissioners also create and adopt the annual operating budget and approve expenditures of County tax monies.

The County Auditor serves as Chief Fiscal Officer for the County, as well as the tax assessor for all political subdivisions within the County. The County Auditor is responsible for maintaining all financial records and establishes taxing rates for real estate and personal property. Once collected, the tax receipts are distributed to the appropriate political subdivision. The County Auditor is also the chief disbursing agent who, by the issuance of County warrants, makes payment to creditors for liabilities incurred by the County. The County Auditor also serves as the County Sealer of Weights and Measures and as the licensing agent for certain permits required by State statute. The County Auditor serves as Fiscal Agent, but the County is not financially accountable for the Crawford County General Health District, the Crawford County Soil and Water Conservation District, the Crawford County Park District, the Regional Planning Commission, and the Family and Children First Council.

The County Treasurer is the custodian of all County funds and is responsible for collecting all tax monies and applying payments to the appropriate tax accounts. The Treasurer is also responsible for investing all idle County funds as specified by Ohio law. Other elected officials serving four-year terms include the Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, and Sheriff. The Common Pleas Court Judges and the County Municipal Court Judge are elected to six-year terms.

The County Commissioners are required to adopt a final budget by no later than April 1 of each year. This annual budget serves as the foundation for Crawford County's financial planning and control. The budget is prepared at the fund, program, department, and object level. Department heads are required to submit any changes to their budget through the County Commissioners.

LOCAL ECONOMY

The dominant industries in Crawford County remain manufacturing and agriculture. Over 38 percent of private sector employees in the County work in manufacturing, predominantly durable goods manufacturing (although the County still has a few significant non-durable goods manufacturers). In contrast, on the national level, manufacturing employment has fallen to about 11 percent of total employment. The other dominant industry, agriculture, is evidenced with over 94 percent of the County's land mass used for agriculture, including forests. Only about 10 percent of Crawford County's private sector employees work in retail trade.

Crawford County, like the balance of the state and nation, has been impacted by the off shoring of manufacturing jobs; however, growth in the firms more resistant to off shoring has more than made up for job losses from this globalization effect. Major County employers include such recognizable names as Timken, General Electric, Lifetouch Church Directories and Portraits, and PPG. Locally manufactured products include auto parts, lighting, marine/recreation, telecommunications, construction and mining industry components, and processing equipment for heavy industry. Manufacturing touts an annual payroll of over \$200 million with over 5 thousand employees at approximately one hundred firms.

The manufacturing sector benefits from a highly skilled workforce in a labor market comprised of Crawford and its contiguous counties. Skill training centers support ongoing workforce development addressing the needs of the manufacturing employers. Public and private investment in skill upgrades for incumbent workers as well as initial training for entry level workers has jumped dramatically during the past two years.

In agriculture, crop cash receipts exceed livestock cash receipts by more than three to one. Hogs and soybeans are dominant products, with total farm cash receipts of approximately \$80 million.

Crawford County supports agriculture with 230,000 of its 260,000 acres in agricultural production, with additional acreage in forestry production. In addition to family farm establishments, the County hosts numerous corporate crop and livestock entities as well as food processing facilities. The average per farm cash receipts is 50 percent higher than the state average. Soil qualities and farm-size based economies of scale contribute to this outstanding productivity.

Excellent rail and highway access support area manufacturing. The recently completed four-lane interstate-quality U.S. Route 30 corridor connecting I-71 and I-75, and intersecting Crawford County, enhances the existing transportation assets for existing employers and provides new highway accessible sites for the attraction of new manufacturing firms.

Crawford County's annual average unemployment rate saw a slight increase in 2007 over 2006 due to a decrease in the County's civilian labor force (total pool of workers in the County). The local County rate continues to exceed the state and national rates although it has remained relatively stable over the last ten years. The earlier discussed new investments in skill-based training from local, state and national resources will, over time, serve to reduce the County unemployment rate and provide area employers with more highly skilled workers.

LONG-TERM FINANCIAL PLANNING

As part of developing a long-range capital asset acquisition plan, the County Commissioners are in the process of conducting a county-wide Information Technology Strategic Implementation Plan to assist with capital budget planning, system implementation, and data integration over the next several years. The goal of this plan is to guide management in future decisions relating to technology needs in an efficient and cost effective manner. The plan is segregated into several steps consisting of interviewing individual County departments to assess each department's technological needs, compiling a report detailing those needs, and reporting suggestions and recommendations on how those needs can be met. The next step is to strategize a plan to share data and resources. This plan is being done in conjunction with the Data Processing Board who has oversight responsibilities for the acquisition of new computer systems within the County. The County Auditor is reviewing different reporting methods and processes that are available to provide management with data to make informed financial decisions.

RELEVANT FINANCIAL POLICIES

It is the County's policy to ensure that current year revenues are sufficient to fund current year expenditures without the use of non-recurring revenues. Expenditures are set based upon available revenues with the County Commissioners determining the level of funding for each department or office within the primary government.

The County Treasurer manages the investment of County funds by adhering to the Investment and Depository Policy that has been approved by the County's Investment Advisory Committee. Any financial institution that holds County funds must also agree to the requirements of this policy. This policy details the objectives and allowable rules for the safekeeping of County funds.

The County Auditor's capital assets policy is designed to provide accountability and control over the County's capital assets and to assist departments in gathering and maintaining information needed for the preparation of financial statements.

The County Auditor's Procedures and Guidelines Manual assists all County departments in day-to-day accounting procedures and practices. The Financial Report Review Committee also provides County departments with guidance to ensure that the County maintains effective internal controls.

Crawford County, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2007
Elected Officials

Board of Commissioners

Carl Watt (President)
Mohsen Ressallat
Gary Miller

Auditor

Robin E. Hildebrand

Treasurer

Gary Cole

Recorder

Karen Scott

Clerk of Courts

Sue E. Seevers

Coroner

Michael Johnson

Engineer

Cecil Newcome

Prosecuting Attorney

Stanley E. Flegm

Sheriff

Ronny J. Shawber

Common Pleas Court Judge

Russell Wiseman

Probate/Juvenile Court Judge

Steven D. Eckstein

Municipal Court Judge

James Hoover



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Crawford County
112 East Mansfield Street
Bucyrus, Ohio 44820

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Crawford 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 Waycraft Workshop, Inc., the County's discretely presented component unit. 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 Waycraft Workshop, 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 that our audit and the report of the other auditors 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Crawford 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 and Gas Tax, Child Welfare, County Home, Job and Family Services, Jail Operation Levy, and Mental Retardation and Developmental Disabilities Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2008, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules 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. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



Mary Taylor, CPA
Auditor of State

June 13, 2008

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

The discussion and analysis of Crawford County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2007. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

Highlights

Highlights for 2007 are as follows:

Net assets increased \$1,222 thousand for governmental activities. The increase is a result of a combination of factors including a reduction in expenses for Auto License and Gas Tax and an increase in the cash balance of the Solid Waste and Recycling program due to an increase in fees collected from increased tonnage at the landfill.

The majority of the internal balance, in the amount of \$246,120, that was owed to governmental activities from business-type activities was fully paid in 2007. General obligation bonds were issued to refund bonds previously issued for the Sanitary Landfill. This enabled restructuring of the debt payment schedule.

General obligation bonds were issued to refund bonds previously issued for various projects of the County allowing the County to take advantage of lower interest rates.

Using This Annual Report

This annual report consists of a series of financial statements. These statements are organized so the reader can understand Crawford County's financial position.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the County as an entity and present a longer-term view of the County's finances.

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

Reporting the County as a Whole

One of the most important questions asked about the County's finances is "How did the County do financially during 2007". The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting that is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the County as a whole has increased or decreased. Over time, increases or decreases in the County's net assets are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors. Some of these factors are financial and some are not.

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Non-financial factors include changes in the County's property tax base and the condition of the County's capital assets (roads, buildings, water and sewer lines). These factors need to be considered when assessing the overall health of the County.

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

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

Reporting the County's Most Significant Funds

The fund financial statements provide detailed information about the County's major funds. The County's major governmental funds are the General Fund, Auto License and Gas Tax Fund, Child Welfare Fund, County Home Fund, Job and Family Services Fund, Jail Operation Levy Fund, Mental Retardation and Developmental Disabilities Fund, and the Debt Service Fund.

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

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's short-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The County maintains a multitude of individual governmental funds. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds - The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The County uses enterprise funds to account for the Sewer operation and the Sanitary Landfill operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's other programs and activities. The Health Benefits Fund accounts for the claims and liabilities relating to the County's health benefits self-insurance program.

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

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

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules.

Government-Wide Financial Analysis

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

Table 1
Net Assets
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets:						
Current and Other Assets	\$29,810	\$27,201	\$676	\$271	\$30,486	\$27,472
Capital Assets, Net	46,239	48,113	3,794	3,418	50,033	51,531
Total Assets	76,049	75,314	4,470	3,689	80,519	79,003
Liabilities:						
Current and Other						
Liabilities	6,614	6,643	15	21	6,629	6,664
Long-Term Liabilities	13,163	13,621	4,777	5,106	17,940	18,727
Total Liabilities	19,777	20,264	4,792	5,127	24,569	25,391
Net Assets:						
Invested in Capital						
Assets, Net of Related						
Debt	34,876	36,519	350	(785)	35,226	35,734
Restricted	15,100	12,596	0	0	15,100	12,596
Unrestricted (Deficit)	6,296	5,935	(672)	(653)	5,624	5,282
Total Net Assets (Deficit)	\$56,272	\$55,050	(\$322)	(\$1,438)	\$55,950	\$53,612

Crawford County, Ohio
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Total net assets for governmental activities had a modest 2 percent increase from the prior year. As reflected in the above table, there was little change in assets, liabilities, or net assets.

The deficit net assets for business-type activities decreased significantly from a contribution of capital assets from governmental activities.

Table 2 shows the change in net assets for 2007 and 2006.

Table 2
Change in Net Assets
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program Revenues						
Charges for Services	\$8,195	\$7,360	\$5,712	\$4,566	\$13,907	\$11,926
Operating Grants, Contributions, and Interest	14,840	13,881	0	0	14,840	13,881
Capital Grants and Contributions	0	6,702	0	20	0	6,722
Total Program Revenues	<u>23,035</u>	<u>27,943</u>	<u>5,712</u>	<u>4,586</u>	<u>28,747</u>	<u>32,529</u>
General Revenues						
Property Taxes	4,924	5,121	0	0	4,924	5,121
Sales Taxes	4,982	4,908	0	0	4,982	4,908
Grants and Entitlements	1,526	1,518	0	0	1,526	1,518
Interest	994	854	0	0	994	854
Other	854	860	0	0	854	860
Total General Revenues	<u>13,280</u>	<u>13,261</u>	<u>0</u>	<u>0</u>	<u>13,280</u>	<u>13,261</u>
Total Revenues	36,315	41,204	5,712	4,586	42,027	45,790
Transfers	(570)	68	570	(68)	0	0
Total Revenues and Transfers	<u>35,745</u>	<u>41,272</u>	<u>6,282</u>	<u>4,518</u>	<u>42,027</u>	<u>45,790</u>
Program Expenses						
General Government						
Legislative and Executive	3,897	4,257	0	0	3,897	4,257
Judicial	2,106	2,049	0	0	2,106	2,049
Public Safety	5,708	5,622	0	0	5,708	5,622
Public Works	4,345	2,735	0	0	4,345	2,735
Health	4,781	4,772	0	0	4,781	4,772
Intergovernmental	489	480	0	0	489	480
Human Services	12,654	10,954	0	0	12,654	10,954
Economic Development	68	259	0	0	68	259
Interest and Fiscal Charges	475	641	0	0	475	641
Sewer	0	0	167	106	167	106
Sanitary Landfill	0	0	4,999	3,758	4,999	3,758
Total Expenses	<u>34,523</u>	<u>31,769</u>	<u>5,166</u>	<u>3,864</u>	<u>39,689</u>	<u>35,633</u>
Increase in Net Assets	1,222	9,503	1,116	654	2,338	10,157
Net Assets (Deficit)						
Beginning of Year	<u>55,050</u>	<u>45,547</u>	<u>(1,438)</u>	<u>(2,092)</u>	<u>53,612</u>	<u>43,455</u>
Net Assets (Deficit)						
End of Year	<u>\$56,272</u>	<u>\$55,050</u>	<u>(\$322)</u>	<u>(\$1,438)</u>	<u>\$55,950</u>	<u>\$53,612</u>

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Funding for the major programs of the County is from charges for services, operating grants, sales taxes, and property taxes. The Child Support and Jobs and Family Services Departments are basically funded with state and federal moneys. The County Home, Council on Aging, Children Services, and Mental Retardation and Developmental Disabilities School are supported with a combination of voted property tax levies and grants. The operation of the County Jail is funded by a voted sales tax levy, charges for housing prisoners, and with transfers from the General Fund. The major funding sources for the County Engineer and Highway Department are motor vehicle license fees and gasoline taxes.

Charges for services revenue and operating grants, contributions, and interest revenue did not change significantly from 2006. Capital grants and contributions decreased as a result of the County acquiring a portion of the former U.S. 30 roadway from the State of Ohio in 2006. Repairs to the Morton wastewater treatment plant were made during 2007. Upon completion, it was transferred from governmental activities to business-type activities.

The Legislative and Executive program consists of costs associated with the general administration of County government including the services of the County Commissioners, Auditor, Treasurer, Recorder, and Prosecuting Attorney. The Judicial program accounts for costs associated with the administration of the County's court system including Common Pleas and Municipal courts. The Public Safety program accounts for costs associated with the operation of the County Jail and the Sheriff's Department. The Public Works program accounts for costs associated with the operation of the County Engineer and Highway Department. A significant portion of the expenses was used for routine maintenance activities in 2007. The Health program primarily accounts for costs associated with the Mental Retardation and Developmental Disabilities School. The Human Services program accounts for costs associated with providing services for various state and locally mandated welfare programs. The most significant programs that are supported with local tax dollars are the operation of the County Home and providing services to the elderly through the Council on Aging. The Human Services program also includes the costs associated with Child Support, Child Welfare, and the Jobs and Family Services Department. In 2007, expenses increased in this program from the County offering a two-year buyout to employees within these departments and an increase in social services costs. The Economic Development program accounts for costs associated with creating an office of economic development and land use planning.

Charges for services revenue increased for business-type activities primarily due to additional tonnage received at the landfill that was a result of the market area being expanded.

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, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues, unrestricted intergovernmental revenues, and other general revenues.

Crawford County, Ohio
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Table 3
Governmental Activities
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
General Government				
Legislative and Executive	\$3,897	\$4,257	\$1,744	\$2,019
Judicial	2,106	2,049	981	906
Public Safety	5,708	5,622	4,688	4,558
Public Works	4,345	2,735	(360)	(8,610)
Health	4,781	4,772	1,723	2,173
Intergovernmental	489	480	382	480
Human Services	12,654	10,954	2,124	1,497
Economic Development	68	259	(270)	162
Interest and Fiscal Charges	475	641	475	641
Total Expenses	<u>\$34,523</u>	<u>\$31,769</u>	<u>\$11,487</u>	<u>\$3,826</u>

For the Legislative and Executive and Judicial programs, approximately 55 percent of the costs of services are derived from program revenues, including charges for services. For the Public Works program, the amount received from program revenues decreased due to a capital contribution received in 2006 from the State of Ohio for a segment of U.S. Route 30. This transaction resulted from the State of Ohio constructing a new U.S. Route 30 through Crawford County and a portion of the old U.S. Route 30 was turned over to Crawford County. The Health and Human Services programs are primarily funded by operating grants and contributions.

Governmental Funds Financial Analysis

The County's major governmental funds are the General Fund, Auto License and Gas Tax Fund, Child Welfare Fund, County Home Fund, Job and Family Services Fund, Jail Operation Levy Fund, Mental Retardation and Developmental Disabilities Fund, and Debt Service Fund. The fund balance of the General Fund decreased as a result of transfers made to the Jail Operation Levy Fund, Northeast Water Project Fund, and Debt Service Fund. The fund balance of the Auto License and Gas Tax Fund increased due to a slight increase in revenues but also a slight decrease in expenditures. The Child Welfare Fund had a negative net change in fund balance due to an increase in expenditures due to utilizing more services from Job and Family Services. The County Home continues to have a negative net change in fund balance. In 2007, the County Home Fund experienced a decrease in fees received from residents. The net change in fund balance in the Job and Family Services Fund increased as a result of receiving revenue for services provided to the Child Welfare Department. The fund balance of the Jail Operation Levy Fund had a negative net change in fund balance attributable to fewer housing contracts for outside prisoners. The Mental Retardation and Developmental Disabilities Fund had a slight increase in fund balance.

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Business-Type Financial Analysis

The County's enterprise funds consist of the Sewer Fund and the Sanitary Landfill Fund. The County provides water and sewer services to approximately one hundred twenty customers. Water is being provided to these customers through a water line constructed from the City of Bucyrus to the Village of North Robinson. Construction costs were paid from the users of the water line and from a grant received by the County. A centralized sewer system to replace failing systems or construct new systems in the Sugar Grove area of Whetstone Township became fully functional in 2007. Construction costs were funded with CDBG and Issue II grants. For 2007, revenues for water and sewer services exceeded expenses by nearly \$15 thousand as a result of rate increases.

In 2007, operation of the Sanitary Landfill continued under a lease agreement between the County and Santek Environmental. Under this agreement, Santek Environmental operates the landfill and pays monthly fees to the County. These fees are used for debt retirement of the Landfill. Santek will assume all future construction costs of landfill cells and costs associated with closure of the facility. The agreement allows the County to retain ownership. Santek Environmental has expanded the market area of the Sanitary Landfill.

Since the County has outstanding debt, flow control of solid waste generated within the County is controlled by federal mandate that requires all waste to be disposed of at the local facility. This mandate is extended to Santek Environmental as long as the County has tax-supported debt outstanding.

For 2007, net assets of the Sanitary Landfill increased by \$533 thousand due to an increase in charges for services resulting in increased tonnage from the expanded market area.

Budgetary Highlights

As mandated by State statute, the County Commissioners adopt the annual operating budget for the County on the first day of January. For the County General Fund, changes from the original to the final budget have been minimal. Fluctuations in growth and diversity have typically not occurred in Crawford County allowing departmental managers the ability to consistently predict revenues and expenditures. The County does not increase its estimated revenues unless actual revenues realized exceed original estimates and additional spending authority is necessary.

Actual revenues in the General Fund were higher than the final budget by over 12 percent. The most material changes were increases in charges for services, sales taxes, and interest revenues. Changes in appropriations for the General Fund were minimal as total expenditures were 7 percent less than the final budget.

Capital Assets and Debt Administration

Capital Assets - The County's investment in capital assets for governmental and business-type activities as of December 31, 2007, was \$35,227,064 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, equipment, roads, and bridges.

Note 11 provides capital asset activity during 2007. During 2007, various roads were resurfaced and bridges improved bringing the infrastructure investment of the County to \$28,100,485. Additions to capital assets consisted of data processing equipment and cars for the Sheriff's Department, heavy-duty vehicles for the County Engineer, and vehicles for the Solid Waste and Recycling Department.

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Long-Term Debt - At December 31, 2007, the County's overall long-term obligations included \$16,891 thousand in general obligation bonds and \$47 thousand in OPWC loans. Of this amount, \$4,776 thousand is expected to be repaid from business-type activities. To take advantage of lower interest rates, the County issued \$8,135 thousand in general obligation bonds in 2007 to refinance bonds, in the amount of \$7,308 thousand, previously issued for various capital projects within the County.

In 2007, the County's credit rating was upgraded for the first time in twenty years. Citing sound financial operations, healthy reserves, a moderately-sized agricultural base, and an affordable debt burden with limited future borrowing, Moody's Investors Service and Standard and Poor's have upgraded the County's underlying rating to A3 and A, respectively. However, a AAA credit rating was listed on the bonds since the County purchased insurance from AMBAC Indemnity Corporation guaranteeing bond payments.

In addition to the bonded debt and OPWC loan, the County's long-term obligations include compensated absences. Additional information on the County's long-term debt and landfill lease agreement can be found in Notes 17 and Note 20 of this report, respectively.

Economic Factors

Crawford County is primarily a rural community with a significant agricultural and durable goods manufacturing presence. The County's \$2 billion tax base has grown approximately 19.4 percent since 2002. This growth is almost entirely attributed to the revaluation of property within the County.

The unemployment rate for the County is currently 6.9 percent, which increased from a rate of 6.5 percent a year ago. This rate exceeds the State's average unemployment rate of 5.6 percent and the national average of 4.6 percent.

The General Fund balance at December 31, 2007, was \$4,322,045, which is a 14 percent decrease from the 2006 balance of \$5,028,668. In 2007, general operating revenues and department expenditures remained comparable to prior years; however, transfers from the General Fund increased by 23 percent contributing to the decrease in fund balance for 2007.

The County's debt burden, which represents 1 percent of the estimated value of real property in the County, remains modest. The County does not plan to construct or make any major renovations to County facilities in the near future.

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 County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Robin Hildebrand, Crawford County Auditor, 112 East Mansfield Street, Suite 105, Bucyrus, Ohio 44820.