



Financial Section

Financial Section

INDEPENDENT AUDITOR'S REPORT

The Board of County Commissioners,
County Auditor and County Treasurer
Lorain County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Lorain 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 Murray Ridge Production Center, Inc., a discretely presented component unit, which statements reflect total assets of \$1,755,202 as of June 30, 2007, and total revenues of \$1,981,443 for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the Murray Ridge Production Center, Inc. a discretely presented component unit, is based on the reports 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 obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Murray Ridge Production Center, Inc. were not audited by the other auditors in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County, as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Job & Family Services, Children Services, Community Mental Health and MRDD for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (continued)

As discussed in note 2 to the financial statements, taxes receivable previously recognized as revenue in the Statement of Activities, Governmental Activities, are now being deferred.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2008 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the budgetary comparison schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

June 27, 2008

Lorain County, Ohio
Management's Discussion and Analysis
December 31, 2007

The discussion and analysis of Lorain County's financial performance provides an overall review of the County's financial activities for the year ended December 31, 2007. It is the intent of this discussion and analysis to look at the County's performance as a whole. Note that readers should also review the transmittal letter and the financial statements to further understand the County's financial performance.

Financial Highlights

Key financial highlights for 2007 are:

- The General Fund balance decreased \$457,300 or 1.3%
- The County had an increase in sales tax revenues, real estate tax collections and investment income during 2007.

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 Lorain County as an entire operating entity. The basic financial statements are comprised of three components: The Government-wide Financial Statements, Fund Financial Statements and Notes to the Financial Statements. The statements also provide additional information of specific financial conditions.

Government-wide Financial Statements

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

Statement of Net Assets and Statement of Activities - The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. The Statement of Activities presents information indicating the County's net assets change during the current year. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used in a private-sector business. This basis of accounting takes into consideration all of the current year's revenues and expenditures, regardless of when the cash is received or paid.

These two statements report the County's net assets and the change in those assets. The change in net assets informs the reader as to whether, the financial position of the County has improved or diminished. However, in evaluating the overall position of the County, non-financial information such as changes in the County's tax base and the condition of the County's capital assets should also be evaluated.

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

Government Activities – The reporting of services including public safety, social services programs, administration, and all departments, with the exception of our Lorain County Regional Airport, Sewer Fund and Transit System, are reported as Government Activities.

Business-Type Activities – The County charges user fees to recoup the cost of the operation of the Sewer System, County Transit and Lorain County Regional Airport as well as all capital expenses associated with the facilities.

Component Units – The County includes financial data of the Murray Ridge Production Center, Inc. and the Lorain County Port Authority. These component units are described in Note 1 of the Notes to the Financial Statements. The component units are separate entities and may buy, sell, lease and mortgage property in their own name and can sue or be sued in their own name.

The Government-wide Financial Statements can be found on pages 13-15 of this report.

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Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. 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 the following three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds. Fund financial reports provide detailed information about those funds. Based on restriction on use of dollars in those funds, the County has established many funds that account for the multitude of services provided to our residents. However, these fund financial statements focus on the County's most significant funds. Lorain County's major funds are: General Fund, Board of Mental Retardation and Developmental Disabilities (MRDD), Children Services, Community Mental Health, Job and Family Services, Q Construction, Lorain County Regional Airport and Sewer System.

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, government fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be helpful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the County's near-term financial decisions. Both the Governmental Funds 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 several individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the major funds. 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. The governmental fund financial statements can be found on pages 16-21 of this report.

The County adopts an annual appropriated budget for all county funds under its jurisdiction. A budgetary comparison statement has been provided for the General Fund, Job & Family Service Fund, Children Services Fund, Community Mental Health and MRDD Fund to demonstrate compliance with this budget.

Proprietary Funds – The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an Enterprise Fund to account for the Lorain County Regional Airport, Sanitary Engineer operations and the Lorain County Transit System. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County used an Internal Service Fund to account for the medical self-insurance. The proprietary fund financial statements can be found on pages 28-31 of this statement.

Fiduciary Funds – Are used to account for resources held for the benefit of parties outside the government. 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 Fiduciary Fund financial statements can be found on page 32 of this statement.

Notes to the 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. The notes to the financial statements can be found on pages 37-68 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules that can be found on pages 71-194 of this report.

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Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of Lorain County, assets exceeded liabilities by \$265.5 million (\$242.1 million in governmental activities and \$23.4 million in business-type activities) as of December 31, 2007. The largest portion of the County's net assets (46.7%) is in unrestricted net assets and (49.0%) is in investment in capital assets (i.e.; buildings, land, equipment and machinery, infrastructure), less any related debt used to acquire those assets that are still outstanding. Lorain 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 the capital assets themselves cannot be used to liquidate these liabilities. Net assets are included in the following Table 1.

TABLE 1
NET ASSETS
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Assets						
Current and Other Assets	\$225.3	\$215.7	\$ 1.3	\$ 6.0	\$226.6	\$221.7
Capital Assets, net	<u>139.6</u>	<u>141.4</u>	<u>29.4</u>	<u>25.8</u>	<u>169.0</u>	<u>167.2</u>
Total Assets	<u>\$364.9</u>	<u>\$357.1</u>	<u>\$30.7</u>	<u>\$31.8</u>	<u>\$395.6</u>	<u>\$388.9</u>
Liabilities						
Current and Other Liabilities	\$22.5	\$18.3	\$.8	\$1.1	\$23.3	\$19.4
Deferred Revenue	50.0	49.8	-	-	50.0	49.8
Note Payable	3.4	2.4	5.4	5.1	8.8	7.5
Long-Term Liabilities due within one year	6.6	6.2	.2	.3	6.8	6.5
Long-Term Liabilities due in more than one year	<u>40.3</u>	<u>41.1</u>	<u>.9</u>	<u>1.0</u>	<u>41.2</u>	<u>42.1</u>
Total Liabilities	<u>\$122.8</u>	<u>\$117.8</u>	<u>\$7.3</u>	<u>\$7.5</u>	<u>\$130.1</u>	<u>\$125.3</u>
Net Assets						
Invested in Capital Assets Net of Debt	\$107.1	\$107.3	\$23.1	\$24.7	\$130.2	\$132.0
Restricted:						
Highways and Streets	3.1	2.3	-	-	3.1	2.3
Justice Center	5.8	5.8	-	-	5.8	5.8
Sewer Projects	1.0	4.8	-	-	1.0	4.8
Capital Improvements	1.3	.4	-	-	1.3	.4
Unrestricted	<u>123.8</u>	<u>118.7</u>	<u>.3</u>	<u>(.4)</u>	<u>124.1</u>	<u>118.3</u>
Total Net Assets	<u>\$242.1</u>	<u>\$239.3</u>	<u>\$23.4</u>	<u>\$24.3</u>	<u>\$265.5</u>	<u>\$263.6</u>

At December 31, 2007, Unrestricted assets (\$123.8 million) may be used to meet the County's ongoing obligations to citizens and creditors.

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Table 2 below, indicates the changes in net assets for the year ended December 31, 2007 and 2006.

TABLE 2
CHANGES IN NET ASSETS
(In Millions)

	Governmental		Business Type		Total	
	Activities		Activities			
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues						
Program Revenues:						
Charge for Services	\$ 41.1	\$ 41.0	\$ 1.5	\$ 2.0	\$ 42.6	\$ 43.0
Operating Grants and Contributions	103.1	90.0	3.8	4.2	106.9	94.2
Capital Grants and Contributions	1.9	4.2	-	-	1.9	4.2
General Revenues:						
Taxes	80.0	77.2	-	-	80.0	77.2
Investment Income	9.1	7.8	-	-	9.1	7.8
Intergovernmental Revenue not Restricted to Specific Programs	5.6	8.5	-	-	5.6	8.5
Other	.6	1.5	-	-	.6	1.5
Total Revenues	<u>\$241.4</u>	<u>\$230.2</u>	<u>\$5.3</u>	<u>\$6.2</u>	<u>\$246.7</u>	<u>\$236.4</u>
Program Expenses						
General Government:						
Legislative and Executive	\$ 32.6	\$ 35.1	\$ -	\$ -	\$ 32.6	\$ 35.1
Judicial System	19.1	19.1	-	-	19.1	19.1
Public Safety	25.6	24.6	-	-	25.6	24.6
Public Works	14.0	14.7	-	-	14.0	14.7
Health	51.7	45.2	-	-	51.7	45.2
Human Services	92.7	86.6	-	-	92.7	86.6
Economic Development and Assist.	.7	.8	-	-	.7	.8
Interest and Fiscal Charges	2.2	1.9	-	-	2.2	1.9
Regional Airport	-	-	1.1	-	1.1	-
Sewer System	-	-	1.3	1.2	1.3	1.2
County Transit	-	-	3.8	4.6	3.8	4.6
Total Program Expenses	<u>\$238.6</u>	<u>\$228.0</u>	<u>\$ 6.2</u>	<u>\$5.8</u>	<u>\$244.8</u>	<u>\$233.8</u>
Increase(Decrease) in Net Assets						
Before Transfers and Contributions	2.8	2.2	(.9)	.4	1.9	2.6
Transfers and Contributions	-	-	-	13.7	-	13.7
Change in Net Assets	2.8	2.2	(.9)	14.1	1.9	16.3
Net Assets – Beginning	<u>239.3</u>	<u>237.1</u>	<u>24.3</u>	<u>10.2</u>	<u>263.6</u>	<u>247.3</u>
Net Assets – Ending	<u>\$242.1</u>	<u>\$239.3</u>	<u>\$23.4</u>	<u>\$24.3</u>	<u>\$265.5</u>	<u>\$263.6</u>

Although the overall Financial Position of the County has improved, personnel costs have increased more rapidly than the growth in revenues.

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Governmental Activities

Tax revenue accounts for \$80,026,156 of the \$241,479,778 total revenue for governmental activity, or 33.1% of total revenue. The recipient of intergovernmental revenue was the General Fund receiving \$5,559,749.

The County's direct charges to users of governmental services made up \$41,162,106 or 17.0% of total governmental revenue. These charges are for fees for real estate transfers, collection of taxes, fines and forfeitures related to judicial activity, and licenses, permits and fees.

Human Services accounts for \$92,729,433 of the \$238,678,136 total expenses for governmental activities, or 38.9% of total expenditures. The next largest program is Health, which equals \$51,756,209 or 21.7% of total governmental expenses.

Business-Type Activities

The net assets for the business-type activities for the County decreased by \$903,200 during the year 2007. Major revenue sources were Charges for Services of \$1,512,173 and Operating Grants of \$3,741,640. In 2007 the operations of the airport were reported by the County for the first time.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$110,748,731, a decrease of \$1,462,884 in comparison with the prior year. Approximately 75.8% of this total amount or \$83,911,676 is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not readily available for new spending since it has already been committed to (1) liquidate contracts and purchase orders from the prior or current period of \$5,916,791, (2) to pay debt service of \$3,820,357 or (3) for a variety of other restricted purposes of \$17,099,907.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the General Funds unreserved balance was \$18,383,293, while the total fund balance decreased to \$34,660,137. As a measure of the General Funds liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 34.2% of total General Fund expenditures, while total fund balance represents 64.5% of that same amount.

The fund balance of the County's General Fund decreased by approximately \$442,503 or 1.3%. This decrease is due in part to an increase in healthcare and insurance costs, increased spending on Economic Development and Public Safety. Off-setting the increase is additional interest income from rising interest and investment rates.

The other major governmental funds of the County are Job and Family Services, Children Services, Community Mental Health, Board of Mental Retardation and Development Disabilities (MRDD), and Q Construction.

The fund balance of the Job and Family Services decreased by approximately \$1,659,628. The decrease is due to increase in wages and contract services.

The fund balance for Children Services Board increased by \$364,290. The increase is due to additional funding sources.

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The fund balance for the Community Mental Health Board decreased approximately \$3,307,165. The decrease is due to increases in contractual services.

The fund balance for the Board of Mental Retardation and Developmental Disabilities experienced a net decrease of \$672,733 due primarily to an increase in expenses.

The Q Construction fund balance increased by \$478,146 due to recovery of construction costs incurred.

Enterprise Funds - The County's Enterprise Funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Sewer fund totaled \$496,819 and the decrease in net assets of the Sewer Fund was \$291,844 for the year. The County Transit Fund unrestricted net assets totaled \$126,999 at year end and net assets decreased \$235,938 during the year. The Lorain County Regional Airport transferred its operations to the County at the beginning of 2007. The County Regional Airport unrestricted net assets totaled (\$289,437) at year end and net assets decreased \$375,418 during the year.

General Fund Budgetary Highlights

As required by State statute, the Board of County Commissioners adopts an annual appropriation (budget) resolution, effective the first day of January, for all County funds under its jurisdiction. In addition to the County General Fund, ninety (90) active funds representing various governmental, proprietary and fiduciary activities are included in the annual appropriation process.

The fiscal dynamics of the County General Fund may be summarized as follows for 2006 and 2007:

	2006	2007	Increase/(Decrease)
Fund Balance at Beginning of Year	\$20,409,986	\$16,770,863	\$(3,639,123)
Revenues	57,244,926	56,218,354	(1,026,572)
Expenditures	57,208,472	52,994,856	(4,213,616)
Advances/Transfers In/(Out)	(3,675,577)	(5,105,272)	(1,429,695)
Fund Balance at End Of Year	\$16,770,863	\$14,889,089	\$(1,881,774)

The ending year County General Fund balance decreased \$1,881,774 or 11.2% as compared to Year 2006. This decrease is a reflection of the total Fund activity, in terms of revenues, expenditures and transfers/advances. Revenues increased by \$1,026,572 (1.8%) represented by strong decrease in license, permits and fee collection. Expenditures decreased by \$4,213,616 (7.4%) represented by decreases in Capital Outlay and Legislative & Executive areas. We would like to take note that county general fund revenues exceeded county general fund expenditures by \$3,223,498.

The recording daily, weekly and monthly general fund revenues and expenditures as compared to the original budget necessitate updates toward a final annual budget. In terms of revenues, not only are daily reviews of specific line item revenue accounts examined closely and independently by both the County Auditor's office and the Commissioners' Budget Department, but also, extensive quarterly reviews for all line item revenue accounts are undertaken on a coordinated and joint effort basis by these departments. Monthly general fund financial reports are prepared which analyze monthly and year-to-date comparisons of revenues, expenditures and cash balances.

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The difference between the General Fund's final expenditure budget and actual expenditures were:

- \$2,019,906 in Legislative and Executive which was due to monies allocated to cover potential liabilities and various allocations that were not needed.
- \$6,906,137 in Operating Transfers-out which was originally set aside for budget stabilization, transfers, advances and any unforeseen liabilities not appropriated within other line items as well as long term capital projects that were currently under review. These items never materialized in the current year

The County General Fund is organized and structured on the basis of forty-six (46) Departments and Cost Centers – each with its own set of budgeted line item accounts. For continued growth restraint of County General Fund Expenditures, Commissioners continued several budget policy decisions initiated with the 2007 County General Fund Budget for all Departments:

- 1) Department Salaries & Wages and their associated line item accounts were carefully scrutinized and increased or decreased where necessary.
- 2) Mandated line item accounts were reviewed and increased, decreased or maintained at their 2005 levels as required by the Ohio Revised Code.
- 3) Supplies and Equipment line item accounts were maintained at their 2005 levels.
- 4) Travel and Staff Training line item accounts were maintained at their 2005 levels.
- 5) Discretionary departmental line item accounts were maintained at their 2005 levels.

In terms of total General Fund Expenditures, the diversity of services offered to the public, the following major components are illustrated:

	Service Component	2006 Actual Expenditures	% Of Total 2006 Expenses	2007 Actual Expenditures	% Of Total 2007 Expenses	\$ Increase/ (Decrease)	% Increase/ (Decrease)
1.	Legislative/Executive	\$28,894,726	50.5%	\$26,676,984	50.4%	\$(2,217,742)	(7.7%)
2.	Judicial	14,975,365	26.2%	15,533,595	29.3%	558,230	3.7%
3.	Public Safety	6,982,953	12.2%	6,958,588	13.1%	(24,365)	(0.4%)
4.	Capital Outlay	3,067,392	5.4%	647,760	1.2%	(2,419,632)	(78.9%)
5.	Human Services	2,533,406	4.4%	2,491,660	4.7%	(41,746)	(1.6%)
6.	Inter-Governmental	465,232	0.8%	418,205	0.8%	(47,027)	(1.0%)
7.	Public Works	285,864	0.5%	264,803	0.5%	(21,061)	(7.4%)
8.	Health	3,534	0.0%	3,261	0.0%	(273)	(7.73%)
	Total Expenditures	\$57,208,472	100.0%	\$52,994,856	100.0%	\$(4,213,616)	(7.4%)

Legislative/Executive and Judicial components are responsible for approximately four-fifths (79.7%) of all General Fund Expenditures in 2007, a \$1,659,512 (3.8%) decrease as compared to Year 2006. These two service components contain the majority of all personnel who receive salaries and benefits from the County General Fund. One line-item account within these components that is responsible for a large portion of the increased expenditures is the increase cost for employee health insurance & prescription drug coverage. Future issues that will have an effect on the expenditures side of the County General Fund, as related to employee staffing will be the creation of a "Family Court" by combining the current Domestic Relations and Probate Courts and the addition of a sixth Judge to the County Court of Common Pleas.

Capital Assets and Debt Administration

Capital Assets – The County's investment in capital assets for its governmental and business-type activities as of December 31, 2007 amounts to \$169,009,419 (net of accumulated depreciation). This investment in capital assets includes land, building structures and improvements, vehicles, furniture, fixtures and equipment and infrastructure.

Additional information of the County's capital assets can be found in Note 8.

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Debt Administration - The philosophy and implemented strategy of the County has been to maintain a modest general obligation bonded debt level. This has been achieved by means of a pay-as-you-go basis for relatively small capital projects, by encouraging competition among bond underwriters to fulfill the County's financing needs, maximizing flexibility and cost (interest) effectiveness of one-year notes when feasible, and keeping debt service periods (years) to a minimum.

Moody's Investors Services had assigned an "Aa3" bond rating for Year 2007 for the County and Fitch's had assigned an "AA" rating to the County for Year 2007 bonding needs. These high ratings afford the County flexibility in borrowing when necessary to receive extremely attractive rates due to the financial community's belief that the County's financial operations will remain satisfactory due to management's conservative approach to its annual budgeting process.

Year 2007 ended with Lorain County General Obligation (G.O.) Bond Indebtedness being \$28,220,000. Excluding the County's April 2002 20-year G.O. Bond current \$16,495,000 debt balance for a new \$45,000,000 Justice Center, total G.O. Bond Indebtedness was \$11,725,000 at year-end 2007 as compared with year-end 2006 of \$12,585,000 a decrease of \$860,000. Lorain County's outstanding G.O. Notes obligation currently is \$8,805,000 of which \$950,000 will become due on March 2008; \$2,500,000 will become due June 2008 and \$5,355,000 will become due August 2008.

General Obligation Bonds	
Human Service Building & Juvenile Facilities	\$ 4,385,000
Engineer's Office	1,870,000
Board of Elections	1,555,000
Energy Conservation	<u>3,915,000</u>
	11,725,000
Justice Center	<u>16,495,000</u>
Total	<u>\$28,220,000</u>

In addition to general obligation bonds and notes to meet its borrowing needs the County utilizes OWDA loans and Special Assessment bonds and notes to finance Sanitary Sewer and Waterline Projects. Current debt levels are modest and are reimbursable by way of sewer assessments and tap-in fees. Future activity to construct sewer and water lines is expected to increase as the result of new home development and light commercial/retail expansion in the County.

Additional information concerning the County's debt can be found in Note 16 to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 6.2%, which is an increase from the rate of 5.5% a year ago. The state average unemployment rate was 5.6% and the national average was 4.6%.
- Inflationary trends in the region compare favorably; unfavorably to national indices.

During the current fiscal year, unreserved fund balances in the general fund decreased from \$20,363,189 to \$18,383,293. The County has prepared a budget for 2008 without appropriating any of the unreserved balance. The County prepared a revenue-balanced budget for the General Fund without an increase in taxes or increase in fees or charges for services.

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Request for Information

This financial report is designed to provide a general overview of Lorain County's finances for all those with an interest in the governments' finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to:

J. Craig Snodgrass, CPA CGFM
Chief Deputy Auditor
Lorain County Administration Building
Elyria, Ohio 44035

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

	<u>Primary Government</u>		<u>Total</u>	<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>		
Assets:				
Cash and Cash Equivalents	\$ 123,137,646	\$ 1,693,803	\$ 124,831,449	\$ 421,203
Cash with Fiscal and Escrow	268,159	-	268,159	-
Cash in Segregated Accounts	376,385	-	376,385	-
Investments	-	-	-	951,869
Receivables, Net of Allowances	99,300,577	527,238	99,827,815	258,069
Internal Balances	945,185	(945,185)	-	-
Due from Component Units	83,247	-	83,247	-
Inventory	1,203,483	245	1,203,728	-
Prepaid Expenses	-	-	-	-
Deposits	-	-	-	1,000
Non-Current Assets:				
Bond Fund Program Reserves	-	-	-	2,504,713
Capital Assets not being Depreciated	9,161,302	4,762,467	13,923,769	-
Capital Assets, net of Depreciation	130,423,865	24,661,785	155,085,650	136,813
Total Assets	<u>364,899,849</u>	<u>30,700,353</u>	<u>395,600,202</u>	<u>4,273,667</u>
Liabilities:				
Accounts Payable	16,326,168	713,583	17,039,751	133,492
Claims Payable	2,334,407	-	2,334,407	-
Intergovernmental Payable	3,810,559	15,684	3,826,243	126,864
Deferred Revenue	50,018,670	101,499	50,120,169	27,078
Note Payable	3,450,000	5,355,000	8,805,000	-
Noncurrent Liabilities:				
Due within One Year	6,629,055	173,647	6,802,702	-
Due in more than One Year	40,265,273	894,651	41,159,924	-
Total Liabilities	<u>122,834,132</u>	<u>7,254,064</u>	<u>130,088,196</u>	<u>287,434</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	107,113,398	23,111,908	130,225,306	-
Restricted:				
Highways & Streets	3,151,231	-	3,151,231	-
Justice Center	5,751,022	-	5,751,022	-
Sewer Projects	970,547	-	970,547	-
Bond Fund Program Reserves	-	-	-	2,504,713
Capital Improvements	1,299,508	-	1,299,508	-
Unrestricted	123,780,011	334,381	124,114,392	1,481,520
Total Net Assets	<u>\$ 242,065,717</u>	<u>\$ 23,446,289</u>	<u>\$ 265,512,006</u>	<u>\$ 3,986,233</u>

The Notes to the Financial Statements are an integral part of this statement

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u> <u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities				
General Government -				
Legislative and Executive	\$ 32,607,909	\$ 23,113,011	\$ 473,830	\$ 1,877,241
Judicial	19,100,280	2,343,958	3,784,450	-
Public Safety	25,598,906	3,371,250	1,637,775	-
Public Works	14,000,846	761,832	7,959,214	-
Health	51,756,209	8,026,790	24,673,184	-
Human Services	92,729,433	3,545,265	64,290,158	-
Economic Development and Assistance	657,234	-	317,353	-
Interest on Long-Term Debt	2,227,319	-	-	-
Total Government Activities	<u>238,678,136</u>	<u>41,162,106</u>	<u>103,135,964</u>	<u>1,877,241</u>
Business-Type Activities:				
Lorain County Regional Airport	1,099,007	83,852	639,737	-
Sewer	1,328,274	1,036,430	-	-
County Transit	3,740,587	391,891	3,101,903	-
Total Business-Type Activities	<u>6,167,868</u>	<u>1,512,173</u>	<u>3,741,640</u>	<u>-</u>
Total Primary Government	<u>244,846,004</u>	<u>42,674,279</u>	<u>106,877,604</u>	<u>1,877,241</u>
Component Units:				
Lorain County Port Authority	187,202	8,366	37,500	-
Murray Ridge Production Center, Inc.	1,945,297	1,844,421	39,462	-
Total Component Units	<u>\$ 2,132,499</u>	<u>\$ 1,852,787</u>	<u>\$ 76,962</u>	<u>\$ -</u>

General Revenues:
Taxes
Property and Other Taxes
Sales
Intergovernmental Revenue
not Restricted to Specific Programs
Investment Income
Other Income
Total General Revenues and Special Item
Changes in Net Assets
Net Assets - Beginning Restated (see note 2)
Net Assets - Ending

The Notes to the Financial Statements are an integral part of this statement.

**Net (Expense) Revenue and
Changes in Net Assets**

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
\$ (7,143,827)	\$ -	\$ (7,143,827)	\$ -
(12,971,872)	-	(12,971,872)	-
(20,589,881)	-	(20,589,881)	-
(5,279,800)	-	(5,279,800)	-
(19,056,235)	-	(19,056,235)	-
(24,894,010)	-	(24,894,010)	-
(339,881)	-	(339,881)	-
<u>(2,227,319)</u>	<u>-</u>	<u>(2,227,319)</u>	<u>-</u>
<u>(92,502,825)</u>	<u>-</u>	<u>(92,502,825)</u>	<u>-</u>
-	(375,418)	(375,418)	-
-	(291,844)	(291,844)	-
-	(246,793)	(246,793)	-
<u>-</u>	<u>(914,055)</u>	<u>(914,055)</u>	<u>-</u>
<u>(92,502,825)</u>	<u>(914,055)</u>	<u>(93,416,880)</u>	<u>-</u>
-	-	-	(141,336)
-	-	-	(61,414)
-	-	-	<u>(202,750)</u>
56,265,375	-	56,265,375	-
23,760,781	-	23,760,781	-
5,559,749	-	5,559,749	-
9,084,327	-	9,084,327	-
634,235	10,855	645,090	220,035
<u>95,304,467</u>	<u>10,855</u>	<u>95,315,322</u>	<u>220,035</u>
2,801,642	(903,200)	1,898,442	17,285
239,264,075	24,349,489	263,613,564	3,968,948
<u>\$ 242,065,717</u>	<u>\$ 23,446,289</u>	<u>\$ 265,512,006</u>	<u>\$ 3,986,233</u>

Lorain County, Ohio
Balance Sheet
Governmental Funds
December 31, 2007

	<u>General</u>	<u>Job & Family Services</u>	<u>Children Services</u>	<u>Community Mental Health</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 15,807,944	\$ 2,858,260	\$ 6,795,193	\$ 11,075,594
Cash with Fiscal Agent	-	-	-	-
Cash in Segregated Accounts	-	-	-	-
Receivables, Net of Allowances	16,289,400	8,181,997	15,644,177	11,853,091
Notes Receivable	-	-	-	-
Due from Other Funds	1,905,332	652,601	-	105,739
Due from Component Units	83,247	-	-	-
Advances to Other Funds	15,019,778	-	-	-
Materials and Supplies Inventory	209,394	13,998	5,290	3,366
Total Assets	<u>\$ 49,315,095</u>	<u>\$ 11,706,856</u>	<u>\$ 22,444,660</u>	<u>\$ 23,037,790</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 2,985,039	\$ 1,075,746	\$ 907,716	\$ 2,989,763
Contracts Payable	71,066	1,375,707	-	24,839
Retainage Payable	2,379	-	-	-
Intergovernmental Payable	958,081	530,862	249,568	24,335
Deferred Revenue	10,612,082	5,729,407	12,623,170	10,660,494
Due to Other Funds	26,311	12,490	149,135	-
Advance from Other Funds	-	-	-	-
Notes Payable	-	-	-	-
Total Liabilities	<u>14,654,958</u>	<u>8,724,212</u>	<u>13,929,589</u>	<u>13,699,431</u>
Fund Balances:				
Reserved for:				
Encumbrances	1,047,672	39,866	69,951	-
Inventory	209,394	13,998	5,290	3,366
Advances	15,019,778	-	-	-
Notes Receivable	-	-	-	-
Debt Service	-	-	-	-
Unreserved (Deficit), reported in:				
General Fund	18,383,293	-	-	-
Special Revenue Funds	-	2,928,780	8,439,830	9,334,993
Debt Service	-	-	-	-
Capital Projects Funds	-	-	-	-
Total Fund Balances	<u>34,660,137</u>	<u>2,982,644</u>	<u>8,515,071</u>	<u>9,338,359</u>
Total Liabilities and Fund Balances	<u>\$ 49,315,095</u>	<u>\$ 11,706,856</u>	<u>\$ 22,444,660</u>	<u>\$ 23,037,790</u>

The Notes to the Financial Statements are an integral part of this statement

MRDD	Q Construction	Nonmajor Governmental Funds	Total Governmental Funds
\$ 16,032,509	\$ 9,364,276	\$ 45,762,048	\$ 107,695,824
-	-	268,159	268,159
-	-	376,385	376,385
21,030,279	1,215,143	24,192,067	98,406,154
-	-	876,646	876,646
6,250	-	182,385	2,852,307
-	-	-	83,247
-	-	-	15,019,778
225,030	-	746,405	1,203,483
<u>\$ 37,294,068</u>	<u>\$ 10,579,419</u>	<u>\$ 72,404,095</u>	<u>\$ 226,781,983</u>
\$ 1,685,607	\$ 44,839	\$ 3,223,481	\$ 12,912,191
-	31,035	1,053,252	2,555,899
-	2,060	11,324	15,763
377,660	-	1,670,053	3,810,559
19,159,939	566,015	17,028,679	76,379,786
9,826	67,230	2,084,533	2,349,525
-	13,280,157	1,279,372	14,559,529
-	3,075,000	375,000	3,450,000
<u>21,233,032</u>	<u>17,066,336</u>	<u>26,725,694</u>	<u>116,033,252</u>
133,217	2,435,626	2,190,459	5,916,791
225,030	-	746,405	1,203,483
-	-	-	15,019,778
-	-	876,646	876,646
-	-	3,820,357	3,820,357
-	-	-	18,383,293
15,702,789	-	42,061,228	78,467,620
-	-	(4,661,610)	(4,661,610)
-	(8,922,543)	644,916	(8,277,627)
<u>16,061,036</u>	<u>(6,486,917)</u>	<u>45,678,401</u>	<u>110,748,731</u>
<u>\$ 37,294,068</u>	<u>\$ 10,579,419</u>	<u>\$ 72,404,095</u>	<u>\$ 226,781,983</u>

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Lorain County, Ohio
Reconciliation of Total Governmental Funds Balances
to Net Assets of Governmental Activities
December 31, 2007

Total governmental funds balances	\$	110,748,731
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources are therefore not reported in the funds.		139,385,579
Long term liabilities, including sick leave, vacation, personal time, and compensated absences are not due in the current period and therefore are not reported in the funds.		(14,676,869)
Deferrals from prior period already recorded in the net assets are now due and recorded in the fund balances		26,361,116
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(32,217,459)
Internal service funds are used by management to charge the cost of insurance and other services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		12,464,619
Net assets of governmental activities	\$	242,065,717

The Notes to the Financial Statements are an integral part of this statement

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

	<u>General</u>	<u>Job & Family Services</u>	<u>Children Services</u>	<u>Community Mental Health</u>
REVENUES				
Taxes:				
Property	\$ 9,443,142	\$ -	\$ 9,000,262	\$ 11,244,266
Sales	15,842,835	-	-	-
Charges for Services	2,073,173	-	-	-
Licenses, Permits and Fees	9,179,895	-	-	-
Fines and Forfeitures	1,496,665	-	-	-
Special Assessments	-	-	-	-
Intergovernmental Revenue	7,553,121	30,205,560	10,642,333	14,913,654
Interest Income	8,972,367	-	-	-
Miscellaneous Revenue	2,363,441	3,674	116,660	85,154
Total Revenues	<u>56,924,639</u>	<u>30,209,234</u>	<u>19,759,255</u>	<u>26,243,074</u>
EXPENDITURES				
Current:				
General Government				
Legislative and Executive	27,274,934	-	-	-
Judicial	15,396,627	-	-	-
Public Safety	7,028,458	-	-	-
Public Works	264,215	-	-	-
Health	3,261	-	-	29,540,871
Human Services	2,541,803	31,865,931	19,396,435	9,208
Economic Development and Assistance	64,465	-	-	-
Intergovernmental	532,263	-	-	-
Debt Service:				
Principal Paid	-	-	-	-
Interest Paid	-	-	-	-
Capital Outlay	647,582	-	-	-
Total Expenditures	<u>53,753,608</u>	<u>31,865,931</u>	<u>19,396,435</u>	<u>29,550,079</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,171,031</u>	<u>(1,656,697)</u>	<u>362,820</u>	<u>(3,307,005)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	40,286	-	-	-
Transfers Out	(3,668,617)	-	-	-
Premium on Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	<u>(3,628,331)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(457,300)	(1,656,697)	362,820	(3,307,005)
Fund Balances at Beginning of Year - (Restated - see note 2)	35,102,640	4,642,272	8,150,781	12,645,524
Increase (Decrease) in Reserve for Inventory	<u>14,797</u>	<u>(2,931)</u>	<u>1,470</u>	<u>(160)</u>
Fund Balances at End of Year	<u>\$ 34,660,137</u>	<u>\$ 2,982,644</u>	<u>\$ 8,515,071</u>	<u>\$ 9,338,359</u>

The Notes to the Financial Statements are an integral part of this statement

<u>MRDD</u>	<u>Q Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 19,160,868	\$ -	\$ 6,023,079	\$ 54,871,617
-	-	7,917,946	23,760,781
1,714,929	-	11,699,511	15,487,613
114,928	-	5,050,038	14,344,861
-	-	1,271,009	2,767,674
-	-	365,890	365,890
9,833,838	3,258,193	35,618,815	112,025,514
-	-	111,795	9,084,162
26,273	2,892	1,041,561	3,639,655
<u>30,850,836</u>	<u>3,261,085</u>	<u>69,099,644</u>	<u>236,347,767</u>
-	-	4,750,418	32,025,352
-	-	976,297	16,372,924
-	-	18,091,357	25,119,815
-	-	8,931,930	9,196,145
196,788	-	21,765,537	51,506,457
25,781,986	-	14,772,009	94,367,372
-	-	730,421	794,886
-	-	-	532,263
-	-	1,930,736	1,930,736
-	-	2,227,319	2,227,319
-	2,782,939	369,018	3,799,539
<u>25,978,774</u>	<u>2,782,939</u>	<u>74,545,042</u>	<u>237,872,808</u>
<u>4,872,062</u>	<u>478,146</u>	<u>(5,445,398)</u>	<u>(1,525,041)</u>
-	-	9,268,617	9,308,903
(5,600,000)	-	(40,286)	(9,308,903)
-	-	36,748	36,748
<u>(5,600,000)</u>	<u>-</u>	<u>9,265,079</u>	<u>36,748</u>
(727,938)	478,146	3,819,681	(1,488,293)
16,733,769	(6,965,063)	41,901,692	112,211,615
55,205	-	(42,972)	25,409
<u>\$ 16,061,036</u>	<u>\$ (6,486,917)</u>	<u>\$ 45,678,401</u>	<u>\$ 110,748,731</u>

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

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balance - total government funds	\$ (1,488,293)
Deferrals from prior period already recorded in the net assets are now due and recorded in revenue.	26,361,116
Deferrals recorded in the governmental funds for the year have previously been reported in net assets and must be removed.	(24,428,200)
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 and reported as depreciation expense. This is the amount by which capital outlays does not exceed depreciation in the current period.	(606,840)
Expenses for accrued items, including sick leave, vacation, personal time, and compensated absences are not due in the current period and therefore are not reported in the funds.	(14,676,869)
Expenses for prior period items, including sick leave, vacation, personal time, and compensated absences are now due in the current period and therefore are recorded in the fund balances and not in the Statement of Activities.	13,184,908
Expenses incurred as a result of asset disposition in the current period	(671,135)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,930,736
Expenses related to changes in inventory not included with governmental activities	25,409
Net revenue of certain activities of internal service funds is reported with governmental activities	<u>3,170,810</u>
Change in net assets of governmental activities	<u>\$ 2,801,642</u>

The Notes to the Financial Statements are an integral part of this statement

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

	Original Budget	Final Budget	Actual	Encumbrances	Actual Plus Encumbrances	Variance with Final Budget Positive (Negative)
Revenues						
Property and Other Taxes	\$ 9,146,793	\$ 9,600,773	\$ 9,611,893	\$ -	\$ 9,611,893	\$ 11,120
Sales Tax	14,800,000	15,521,638	15,521,638	-	15,521,638	-
Charges for Services	1,600,525	2,027,280	2,027,564	-	2,027,564	284
Licenses, Permits and Fees	10,056,733	9,091,713	9,163,090	-	9,163,090	71,377
Fines and Forfeitures	1,560,797	1,500,044	1,508,920	-	1,508,920	8,876
Intergovernmental	7,645,438	7,623,918	7,623,918	-	7,623,918	-
Interest	4,528,875	8,669,979	8,669,988	-	8,669,988	9
Other	1,282,300	2,089,685	2,091,343	-	2,091,343	1,658
Total Revenues	50,621,461	56,125,030	56,218,354	-	56,218,354	93,324
Expenditures						
Current:						
General Government:						
Legislative and Executive	30,157,650	29,552,198	26,676,984	855,308	27,532,292	2,019,906
Judicial	14,024,935	15,936,896	15,533,595	92,489	15,626,084	310,812
Public Safety	6,821,431	7,398,936	6,958,588	364,617	7,323,205	75,731
Public Works	263,544	266,237	264,803	751	265,554	683
Health	4,971	4,971	3,261	-	3,261	1,710
Human Services	2,813,744	2,939,217	2,491,660	-	2,491,660	447,557
Capital Outlay	1,358,494	969,822	647,760	103,468	751,228	218,594
Intergovernmental	4,470	420,718	418,205	2,195	420,400	318
Total Expenditures	55,449,239	57,488,995	52,994,856	1,418,828	54,413,684	3,075,311
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,827,778)	(1,363,965)	3,223,498	(1,418,828)	1,804,670	3,168,635
Other Financing Sources (Uses)						
Advances - In	-	2,350,935	2,350,935	-	2,350,935	-
Advances - Out	-	(3,234,715)	(3,234,715)	-	(3,234,715)	-
Operating Transfers - In	-	178,242	178,242	-	178,242	-
Operating Transfers - Out	(6,584,723)	(11,305,871)	(4,399,734)	-	(4,399,734)	6,906,137
Total Other Financing (Uses)	(6,584,723)	(12,011,409)	(5,105,272)	-	(5,105,272)	6,906,137
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses	(11,412,501)	(13,375,374)	(1,881,774)	\$ (1,418,828)	\$ (3,300,602)	\$ 10,074,772
Fund Balance at Beginning of Year	16,770,863	16,770,863	16,770,863			
Fund Balance at End of Year	\$ 5,358,362	\$ 3,395,489	\$ 14,889,089			

The Notes to the Financial Statements are an integral part of this statement

Lorain County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Basis)
Job & Family Services
For the Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Actual Plus Encumbrances</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues						
Intergovernmental	\$ 31,884,474	\$ 30,411,553	\$ 30,413,919	\$ -	\$ 30,413,919	\$ 2,366
Total Revenues	31,884,474	30,411,553	30,413,919	-	30,413,919	2,366
Expenditures						
Current:						
Human Services:						
Salaries and Wages	7,745,442	8,105,442	8,028,245	-	8,028,245	77,197
Fringe Benefits	3,939,353	4,003,853	3,712,597	-	3,712,597	291,256
Supplies and Materials	379,736	332,281	323,249	-	323,249	9,032
Equipment	128,176	238,448	201,898	29,716	231,614	6,834
Contractual Services	18,509,649	19,305,128	18,612,617	28,773	18,641,390	663,738
Fees	421,056	352,213	352,213	-	352,213	-
Other	122,436	170,936	147,189	-	147,189	23,747
Total Expenditures	31,245,848	32,508,301	31,378,008	58,489	31,436,497	1,071,804
Excess (Deficiency) of Revenues Over (Under) Expenditures	638,626	(2,096,748)	(964,089)	<u>\$ (58,489)</u>	<u>\$ (1,022,578)</u>	<u>\$ 1,074,170</u>
Fund Balance at Beginning of Year	3,822,349	3,822,349	3,822,349			
Fund Balance at End of Year	\$ 4,460,975	\$ 1,725,601	\$ 2,858,260			

The Notes to the Financial Statements are an integral part of this statement

Lorain County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Basis)
Children Services
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Encumbrances	Actual Plus Encumbrances	Variance with Final Budget Positive (Negative)
Revenues						
Property and Other Taxes	\$ 8,708,580	\$ 9,151,553	\$ 9,164,384	\$ -	\$ 9,164,384	\$ 12,831
Intergovernmental	8,134,720	8,913,666	9,155,727	-	9,155,727	242,061
Other	35,000	117,637	117,637	-	117,637	-
Total Revenues	16,878,300	18,182,856	18,437,748	-	18,437,748	254,892
Expenditures						
Current:						
Human Services:						
Salaries and Wages	8,058,601	8,555,851	8,534,051	-	8,534,051	21,800
Fringe Benefits	2,755,046	2,755,296	2,729,647	-	2,729,647	25,649
Supplies and Materials	156,170	165,775	149,357	408	149,765	16,010
Equipment	273,153	187,726	159,963	5,440	165,403	22,323
Contractual Services	5,734,469	6,439,764	6,299,324	54,853	6,354,177	85,587
Capital Outlay	139,675	142,661	142,661	-	142,661	-
Other	907,841	966,664	947,665	12,505	960,170	6,494
Total Expenditures	18,024,955	19,213,737	18,962,668	73,206	19,035,874	177,863
(Deficiency) of Revenues (Under) Expenditures	(1,146,655)	(1,030,881)	(524,920)	\$ (73,206)	\$ (598,126)	\$ 432,755
Fund Balance at Beginning of Year	6,959,091	6,959,091	6,959,091			
Fund Balance at End of Year	\$ 5,812,436	\$ 5,928,210	\$ 6,434,171			

The Notes to the Financial Statements are an integral part of this statement

Lorain County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Basis)
Community Mental Health
For the Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Actual Plus Encumbrances</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues						
Property and Other Taxes	\$ 10,893,108	\$ 11,419,360	\$ 11,434,756	\$ -	\$ 11,434,756	\$ 15,396
Intergovernmental	14,851,100	14,851,904	14,851,904	-	14,851,904	-
Other	-	81,394	81,394	-	81,394	-
Total Revenues	<u>25,744,208</u>	<u>26,352,658</u>	<u>26,368,054</u>	<u>-</u>	<u>26,368,054</u>	<u>15,396</u>
Expenditures						
Current:						
Health:						
Salaries and Wages	785,000	954,124	778,414	-	778,414	175,710
Fringe Benefits	270,200	307,487	219,434	-	219,434	88,053
Supplies and Materials	94,699	173,017	89,228	-	89,228	83,789
Equipment	70,850	91,932	17,329	-	17,329	74,603
Contractual Services	26,395,418	28,664,628	25,463,646	-	25,463,646	3,200,982
Capital Outlay	61,000	169,351	128,830	-	128,830	40,521
Other	381,250	685,669	389,489	-	389,489	296,180
Total Expenditures	<u>28,058,417</u>	<u>31,046,208</u>	<u>27,086,370</u>	<u>-</u>	<u>27,086,370</u>	<u>3,959,838</u>
(Deficiency) of Revenues						
(Under) Expenditures	(2,314,209)	(4,693,550)	(718,316)	<u>\$ -</u>	<u>\$ (718,316)</u>	<u>\$ 3,975,234</u>
Fund Balance at Beginning of Year	<u>11,426,637</u>	<u>11,426,637</u>	<u>11,426,637</u>			
Fund Balance at End of Year	<u>\$ 9,112,428</u>	<u>\$ 6,733,087</u>	<u>\$ 10,708,321</u>			

The Notes to the Financial Statements are an integral part of this statement

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Actual Plus Encumbrances</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues						
Property and Other Taxes	\$ 18,636,285	\$ 19,444,842	\$ 19,474,694	\$ -	\$ 19,474,694	\$ 29,852
Charges for Services	1,357,000	1,714,929	1,714,929	-	1,714,929	-
Intergovernmental	5,633,650	9,851,785	9,851,785	-	9,851,785	-
Other	7,800	4,640	4,640	-	4,640	-
Total Revenues	25,634,735	31,016,196	31,046,048	-	31,046,048	29,852
Expenditures						
Current:						
Human Services:						
Salaries and Wages	13,779,000	14,029,000	13,399,855	-	13,399,855	629,145
Fringe Benefits	6,958,000	7,039,700	6,187,408	-	6,187,408	852,292
Supplies and Materials	395,354	482,319	408,509	14,535	423,044	59,275
Equipment	522,688	575,082	193,876	35,940	229,816	345,266
Contractual Services	8,277,165	8,859,063	4,669,240	626,450	5,295,690	3,563,373
Capital Outlay	112,913	112,913	59,941	44,955	104,896	8,017
Other	609,773	2,349,106	1,426,752	16,483	1,443,235	905,871
Total Expenditures	30,654,893	33,447,183	26,345,581	738,363	27,083,944	6,363,239
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,020,158)	(2,430,987)	4,700,467	(738,363)	3,962,104	6,393,091
Other Financing (Uses)						
Operating Transfers - Out	(2,700,000)	(5,600,000)	(5,600,000)	-	(5,600,000)	-
(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)	(7,720,158)	(8,030,987)	(899,533)	<u>\$ (738,363)</u>	<u>\$ (1,637,896)</u>	<u>\$ 6,393,091</u>
Fund Balance at Beginning of Year	16,326,693	16,326,693	16,326,693			
Fund Balance at End of Year	\$ 8,606,535	\$ 8,295,706	\$ 15,427,160			

The Notes to the Financial Statements are an integral part of this statement

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

	<u>Enterprise Fund</u>				<u>Governmental Activity</u>
	<u>Major</u>		<u>NonMajor</u>		<u>Internal Service Fund</u>
	<u>Lorain County Regional Airport</u>	<u>Sewer System</u>	<u>County Transit</u>	<u>Totals</u>	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 404,132	\$ 1,033,250	\$ 256,421	\$ 1,693,803	\$ 15,441,822
Receivables, Net of Allowance	271,526	50,559	205,153	527,238	17,777
Due from Other Funds	-	12,378	10,268	22,646	-
Inventory	-	245	-	245	-
Total Current Assets	<u>675,658</u>	<u>1,096,432</u>	<u>471,842</u>	<u>2,243,932</u>	<u>15,459,599</u>
Noncurrent Assets:					
Capital Assets, Net of Depreciation:					
Land	4,479,800	51,684	-	4,531,484	-
Construction In Progress	230,983	-	-	230,983	-
Vehicles	349,999	-	1,486,102	1,836,101	-
Buildings & Improvements	8,409,930	-	121,135	8,531,065	-
Machinery & Equipment	25,452	-	-	25,452	-
Sewer Plant	-	4,059,734	-	4,059,734	-
Sewer Lines	-	9,687,796	-	9,687,796	-
Water Lines	-	521,637	-	521,637	-
Total Noncurrent Assets	<u>13,496,164</u>	<u>14,320,851</u>	<u>1,607,237</u>	<u>29,424,252</u>	<u>-</u>
Total Assets	<u>\$ 14,171,822</u>	<u>\$ 15,417,283</u>	<u>\$ 2,079,079</u>	<u>\$ 31,668,184</u>	<u>\$ 15,459,599</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 359,093	\$ 28,830	\$ 325,660	\$ 713,583	\$ 642,727
Compensated Absences	-	34,071	3,571	37,642	-
Claims and Judgments Payable	-	-	-	-	2,334,407
Due to Other Funds	504,503	3,079	-	507,582	17,846
Intergovernment Payable	-	10,862	4,822	15,684	-
Advance from Other Funds	-	460,249	-	460,249	-
OWDA Loan - Current	-	136,005	-	136,005	-
Note Payable	-	5,355,000	-	5,355,000	-
Deferred revenue	24,000	-	-	24,000	-
Total Current Liabilities	<u>887,596</u>	<u>6,028,096</u>	<u>334,053</u>	<u>7,249,745</u>	<u>2,994,980</u>
Noncurrent Liabilities:					
Matured Compensated Absences	-	62,522	10,790	73,312	-
OWDA Loan	-	821,339	-	821,339	-
Deferred revenue	77,499	-	-	77,499	-
Total Noncurrent Liabilities	<u>77,499</u>	<u>883,861</u>	<u>10,790</u>	<u>972,150</u>	<u>-</u>
Total Liabilities	<u>965,095</u>	<u>6,911,957</u>	<u>344,843</u>	<u>8,221,895</u>	<u>2,994,980</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	13,496,164	8,008,507	1,607,237	23,111,908	-
Unrestricted	<u>(289,437)</u>	<u>496,819</u>	<u>126,999</u>	<u>334,381</u>	<u>12,464,619</u>
Total Net Assets	<u>13,206,727</u>	<u>8,505,326</u>	<u>1,734,236</u>	<u>23,446,289</u>	<u>12,464,619</u>
Total Liabilities and Net Assets	<u>\$ 14,171,822</u>	<u>\$ 15,417,283</u>	<u>\$ 2,079,079</u>	<u>\$ 31,668,184</u>	<u>\$ 15,459,599</u>

The Notes to the Financial Statements are an integral part of this statement

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

	Enterprise Fund				Governmental Activity
	Major		NonMajor		Internal Service Fund
	Lorain County Regional Airport	Sewer System	County Transit	Totals	
Operating Revenues:					
Charges for Services	\$ 83,852	\$ 1,036,430	\$ 391,891	\$ 1,512,173	\$ 19,546,080
Grants and Contributions	639,737	-	3,101,903	3,741,640	-
Other	-	-	10,855	10,855	575,325
Total Operating Revenues	723,589	1,036,430	3,504,649	5,264,668	20,121,405
Operating Expenses:					
Contract Services	382,508	225,710	3,198,968	3,807,186	1,304,651
Personal Services	-	374,366	176,108	550,474	-
Fringe Benefits	-	146,494	62,097	208,591	-
Depreciation	396,769	360,904	209,332	967,005	-
Claims Expense	-	-	-	-	15,134,735
Supplies and Materials	14,289	27,689	11,219	53,197	-
Miscellaneous	16,439	42,098	26,736	85,273	511,209
Total Operating Expenses	810,005	1,177,261	3,684,460	5,671,726	16,950,595
Operating Income	(86,416)	(140,831)	(179,811)	(407,058)	3,170,810
Nonoperating (Expenses):					
Materials and Maintenance	(289,002)	(99,776)	(56,127)	(444,905)	-
Interest and Fiscal Charges	-	(51,237)	-	(51,237)	-
Total Non-operating (Expenses)	(289,002)	(151,013)	(56,127)	(496,142)	-
Change in Net Assets	(375,418)	(291,844)	(235,938)	(903,200)	3,170,810
Net Assets at Beginning of Year - (Restated - see note 2)	13,582,145	8,797,170	1,970,174	24,349,489	9,293,809
Net Assets at End of Year	\$ 13,206,727	\$ 8,505,326	\$ 1,734,236	\$ 23,446,289	\$ 12,464,619

The Notes to the Financial Statements are an integral part of this statement

Lorain County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2007

	<u>Enterprise Fund</u>				<u>Governmental Activity</u>
	<u>Major</u>		<u>NonMajor</u>		<u>Internal Service Fund</u>
	<u>Lorain County Regional Airport</u>	<u>Sewer System</u>	<u>County Transit</u>	<u>Total</u>	
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 94,973	\$ 1,202,280	\$ 771,233	\$ 2,068,486	\$ 19,742,762
Cash Paid to Suppliers	(60,366)	(286,781)	(4,400,355)	(4,747,502)	(2,202,431)
Cash Paid for Claims	-	-	-	-	(15,185,948)
Cash Paid to Employees	-	(534,946)	(228,563)	(763,509)	-
Other Receipts	860,759	-	3,432,563	4,293,322	594,381
Net Cash Provided (Used) by Operating Activities	895,366	380,553	(425,122)	850,797	2,948,764
Cash Flows from Capital and Related Financing Activities:					
Capital Outlay	(505,028)	(4,494,525)	(597)	(5,000,150)	-
Note Proceeds	-	5,355,000	-	5,355,000	-
Principal Payments - OWDA Loans	-	(129,592)	-	(129,592)	-
Notes	-	(5,110,000)	-	(5,110,000)	-
Interest Paid	-	(51,237)	-	(51,237)	-
Net Cash (Used) by Capital and Related Financing Activities	(505,028)	(4,430,354)	(597)	(4,935,979)	-
Net Increase (Decrease) in Cash	390,338	(4,049,801)	(425,719)	(4,085,182)	2,948,764
Cash and Cash Equivalents, January 1, 2007	13,794	5,083,051	682,140	5,778,985	12,493,058
Cash and Cash Equivalents, December 31, 2007	<u>\$ 404,132</u>	<u>\$ 1,033,250</u>	<u>\$ 256,421</u>	<u>\$ 1,693,803</u>	<u>\$ 15,441,822</u>

(continued)

The Notes to the Financial Statements are an integral part of this statement

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

Reconciliation of Operating Income (Loss) to Net Cash Provided
by Operating Activities

	<u>Enterprise Fund</u>				<u>Governmental Activity</u>
	<u>Major</u>		<u>NonMajor</u>		<u>Internal Service Fund</u>
	<u>Lorain County Regional Airport</u>	<u>Sewer System</u>	<u>County Transit</u>	<u>Total</u>	
Operating (Loss)	\$ (86,416)	\$ (140,831)	\$ (179,811)	\$ (407,058)	\$ 3,206,029
Adjustments to Reconcile Operating (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	396,769	360,904	209,332	967,005	-
(Increase) Decrease in Operating Assets:					
Accounts Receivable	11,188	20,002	15,015	46,205	28,280
Intergovernment Receivable	(270,026)	159,420	182,632	72,026	-
Due from Other Funds	-	(365)	(1,477)	(1,842)	168,154
Prepaid Expense	21,750	-	-	21,750	-
Increase (Decrease) in Operating Liabilities:					
Accounts Payable	341,598	(23,719)	(645,659)	(327,780)	(420,332)
Claims Payable	-	-	-	-	(51,213)
Sick Leave, Vacation Payable	-	4,372	(6,024)	(1,652)	-
Due from Other Funds	504,503	1,036	-	505,539	17,846
Intergovernment Payable	-	(266)	870	604	-
Deferred Revenue	(24,000)	-	-	(24,000)	-
Total Adjustments	<u>981,782</u>	<u>521,384</u>	<u>(245,311)</u>	<u>1,257,855</u>	<u>(257,265)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 895,366</u>	<u>\$ 380,553</u>	<u>\$ (425,122)</u>	<u>\$ 850,797</u>	<u>\$ 2,948,764</u>

The Notes to the Financial Statements are an integral part of this statement

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

	Agency Funds
Assets:	
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 18,653,884
Cash and Cash Equivalents in Segregated Accounts	7,628,381
Property and Other Taxes	345,690,616
Special Assessments	20,596,089
Intergovernment Receivable	17,417,083
 Total Assets	 \$ 409,986,053
 Liabilities:	
Local Government Taxes Payable	\$ 12,664,736
Intergovernmental Payable	353,796,940
Undistributed Monies	43,524,377
 Total Liabilities	 \$ 409,986,053

The Notes to the Financial Statements are an integral part of this statement.

Lorain County, Ohio
Combining Statement of Net Assets
Discretely Presented Component Units
Lorain County Port Authority - December 31, 2007
Murray Ridge Production Center, Inc. - June 30, 2007

	<u>Lorain County Port Authority</u>	<u>Murray Ridge Production Center, Inc.</u>	<u>Total Component Units</u>
Assets:			
Current Assets:			
Cash and Equivalents	\$ 13,752	\$ 407,451	\$ 421,203
Investments	-	951,869	951,869
Receivables, Net of Allowances	-	258,069	258,069
Deposits	-	1,000	1,000
Prepaid Expenses	-	-	-
Total Current Assets	<u>13,752</u>	<u>1,618,389</u>	<u>1,632,141</u>
Non-Current Assets			
Restricted Bond Fund Program Reserves	<u>2,504,713</u>	<u>-</u>	<u>2,504,713</u>
Total Non-Current Assets	<u>2,504,713</u>	<u>-</u>	<u>2,504,713</u>
Capital Assets, Net of Depreciation			
Equipment	<u>-</u>	<u>136,813</u>	<u>136,813</u>
Total Capital Assets	<u>-</u>	<u>136,813</u>	<u>136,813</u>
Total Assets	<u>\$ 2,518,465</u>	<u>\$ 1,755,202</u>	<u>\$ 4,273,667</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 7,088	\$ 126,404	\$ 133,492
Intergovernmental Payable	126,864	-	126,864
Deferred Revenue	<u>-</u>	<u>27,078</u>	<u>27,078</u>
Total Current Liabilities	<u>133,952</u>	<u>153,482</u>	<u>287,434</u>
Net Assets:			
Restricted	2,504,713	-	2,504,713
Unrestricted	<u>(120,200)</u>	<u>1,601,720</u>	<u>1,481,520</u>
Total Net Assets	<u>\$ 2,384,513</u>	<u>\$ 1,601,720</u>	<u>\$ 3,986,233</u>

The Notes to the Financial Statements are an integral part of this statement.

Lorain County, Ohio
Statement of Activities
Discretely Presented Component Units
Lorain County Port Authority - For the Year Ended December 31, 2007
Murray Ridge Production Center, Inc. - For the Year Ended June 30, 2007

	Program Revenues		
Functions/Programs	Expenses	Charges for Services	Grants and Contributions
Lorain County Port Authority			
Economic Development	187,202	8,366	37,500
Murray Ridge Production Center, Inc.			
Production	1,945,297	1,844,421	39,462
Total Component Units	\$ 2,132,499	\$ 1,852,787	\$ 76,962

General Revenues:
Investment Income
Total General Revenue
Changes in Net Assets
Net Assets - Beginning
Net Assets - Ending

The Notes to the Financial Statements are an integral part of this statement.

**Net (Expense) Revenue and
Changes on Net Assets**

Lorain County Port Authority	Murray Ridge Production Center, Inc.	Total Component Units
(141,336)	-	(141,336)
-	(61,414)	(61,414)
<u>\$ (141,336)</u>	<u>\$ (61,414)</u>	<u>\$ (202,750)</u>
122,475	97,560	220,035
<u>122,475</u>	<u>97,560</u>	<u>220,035</u>
(18,861)	36,146	17,285
<u>2,403,374</u>	<u>1,565,574</u>	<u>3,968,948</u>
<u><u>\$ 2,384,513</u></u>	<u><u>\$ 1,601,720</u></u>	<u><u>\$ 3,986,233</u></u>