

Lorain County

The People's Annual Financial Report



For the Year Ended December 31, 2005
Mark R. Stewart, Auditor

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About The Cover: Grey Hawk Golf Club is an 18-hole daily fee golf course, designed by von Hagge, Smelek and Baril, is a championship course built to USGA specifications. The course layout is ideal for the avid or aspiring golfer. The course features five (5) holes carved in the woods, while the other thirteen (13) are out in the open. Ten lakes and a stream play both a tactical and aesthetic role in the design. Grey Hawk is a public-access facility with golf packages available, such as couple golf privileges, weekday golf privileges, senior privileges and junior golf privileges.

The 6,670 square-foot clubhouse features a well stocked 1,000-square-foot pro-shop, as well as NINE bistro, a casual restaurant and bar with a covered terrace and patio overlooking the spectacular 18th green. Grey Hawk and NINE bistro provide a great venue for golf outings with locker rooms for men and women guests of the golf course.

To the Citizens of Lorain County:

I am pleased to present the Lorain County People's Annual Financial Report (PAFR) for the year ended December 31, 2005. The report provides a brief analysis of Lorain County's revenue sources and where those dollars are spent. An overview of trends in the local economy as well as statistical information is also presented. Above all else, the PAFR is designed to present a more easily readable financial report.

The basis for our information comes from our Comprehensive Annual Financial Report (CAFR) that is over 200 pages long. For ten consecutive years the county has received National Recognition in financial reporting from the Government Finance Officer's Association for its report and I am quite confident it will qualify once again. The CAFR contains detailed financial statements, notes, schedules, and reports which was audited by Varney, Fink and Associates, Inc. and received an unqualified (clean) opinion. This report is a condensed, easy to read version of the CAFR. The Report is designed to provide an easily understood financial analysis of the county's revenues and expenditures, and some general information about our county's government. As the PAFR is a condensed version of the 2005 Comprehensive Annual Financial Report it does not conform, to Generally Accepted Accounting Principles.

The People's Report is presented as a means of increasing public confidence in county government and its elected officials through an easier, more user friendly financial reporting. I thank you for having an interest in the operation of our county government and taking time to read through this report. As you review it I invite you to share any questions, concerns or recommendations you may have. Do not hesitate to contact my office at (440) 329-5170 with your questions and suggestions for improvements or to obtain further information or review our Comprehensive Annual Financial Report. You may also visit our web site at <http://www.loraincounty.com/auditor>.



Respectfully submitted,

Mark R. Stewart
Lorain County Auditor



COUNTY AUDITOR'S OFFICE

GENERAL ACCOUNTING/TAX SETTLEMENT FISCAL OFFICER

The Lorain County Auditor is the watchdog of county funds. As the County's Chief Financial Officer, it is the Auditor's responsibility to:

- Account for the millions of dollars received by the county each year.
- Issue payments for all county obligations - including the distribution of tax dollars to the townships, villages, cities, school districts, libraries, and other County Agencies.
- Administer and distribute tax and license revenues including real estate taxes, personal property taxes, motor vehicle license fees, gasoline taxes, estate taxes, manufactured home taxes, and local government funds.
- Administer the county payroll.
- Produce the County's Annual Financial Report as required by law.



Bookkeeping Department

Front Row (L to R): Renee Jefferson, Jean O'donnell, Pam Stevens
Back Row (L to R): Maggie Barta, Mike Rosar, Jessica Basinski

PERSONAL PROPERTY TAX

The Auditor's office also administers the state's tangible personal property tax laws. Generally speaking, anyone in business in Ohio is subject to tangible personal property tax on equipment, furniture, fixtures and inventory used in business. The tax is distributed back to the local tax districts like real estate taxes. The Auditor's office normally handles over 3,300 inter-county tax returns a year and about 1,450 local filers.

REAL ESTATE TAXES AND RATES

The County Auditor cannot raise or lower property taxes. Tax rates are determined by the budgetary requests of each government unit, as authorized by the vote of the people. Rates are computed in strict accordance with procedures required by the Ohio Department of Taxation, Division of Tax Equalization.

Each year, the Auditor prepares the General Tax List. Your tax bill is based on the tax rate multiplied by your valuation on this tax list. This is your proportional share of the cost of operating your local government including schools, townships, villages, and the county.

Under Ohio law, the amount of taxation without a vote of the people is limited to 10 mills (\$10 per \$1,000 of assessed valuation). County residents must vote any additional real estate taxes, for any purpose. Your "tax rate" is the total of all these levy and bond issues.

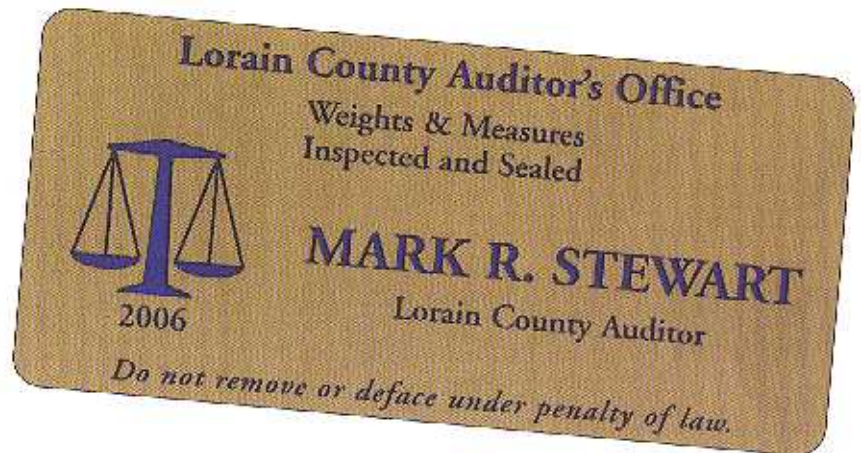
REAL ESTATE APPRAISAL AND ASSESSMENT

Lorain County has over 157,125 separate parcels of property. It is the job of the Auditor's office to ensure that every parcel of land and the buildings on it are fairly and uniformly assessed for tax purposes.

A general appraisal is conducted every six years and is updated every three years. The office maintains a detailed record of the appraisal of each parcel in the county. The records are open to the public. For taxation purposes, property owners are assessed at 35 percent of fair market value.

MOBILE HOME ASSESSMENT

The Auditor's office is also charged with assessing taxes on manufactured housing (mobile homes). Under Ohio law, mobile home owners must register their homes with the Auditor's office for tax purposes. The Auditor assesses each manufactured home annually and prepares a tax list. The manufactured home tax is distributed back to the local taxing districts (municipalities, townships and schools) in the same manner as real estate taxes.



WEIGHTS AND MEASURES

The Lorain County Auditor's Office helps protect county residents and businesses by ensuring that all commercial weighing and measuring devices are accurate. Gas pumps, price scanners, timing devices such as laundromats and car washes and meat and produce scales are checked regularly. Each year the Auditor's office inspects more than 4960 devices at 654 locations throughout the county.

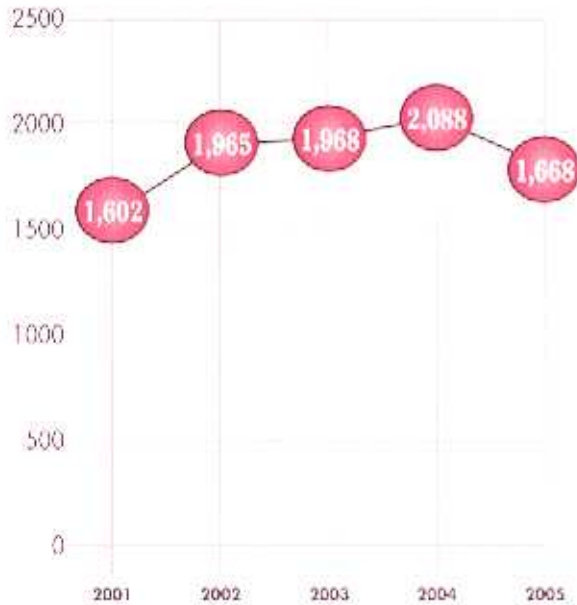
LICENSING

Licenses for dogs, kennels, vendors, and cigarettes are all issued by the Auditor's office. Lorain County annually issues more than 30,100 dog licenses. Vendor licenses authorize businesses to sell tangible property to the public and collect sales tax, a part of which is returned for use on the local level. Annually, the Auditor issues over 420 cigarette licenses.



ECONOMIC OUTLOOK

LORAIN COUNTY NEW HOUSING STARTS
Last Five Years

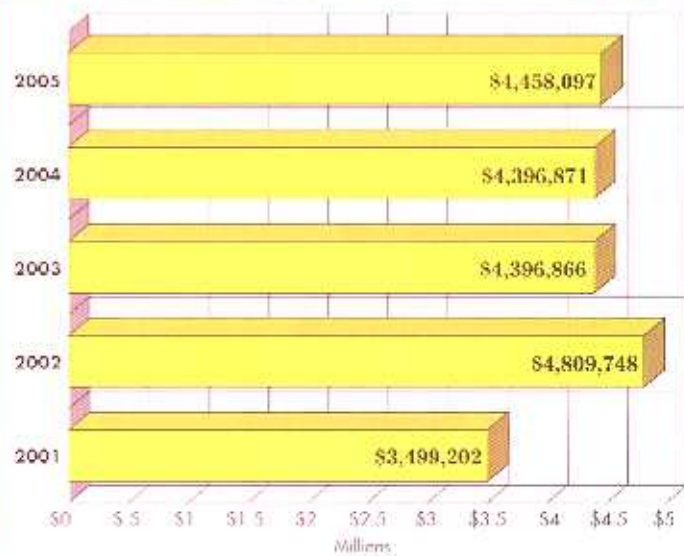


LORAIN COUNTY NEW CONSTRUCTION
Last Five Years

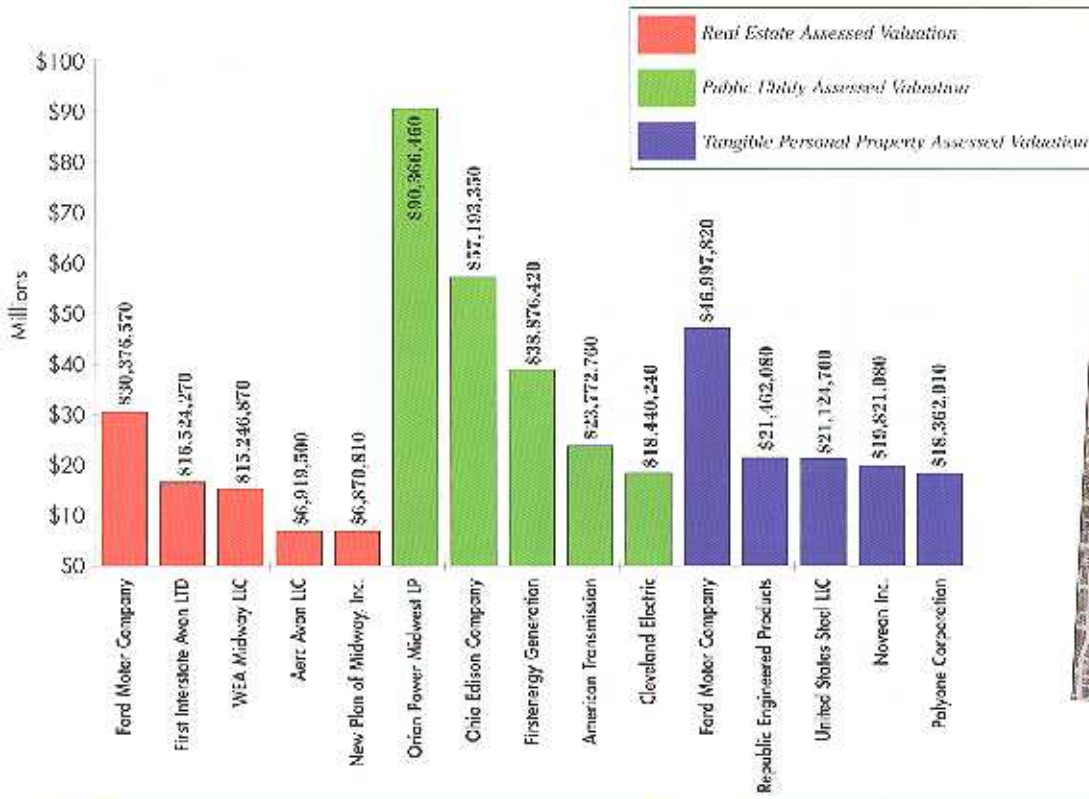


St. Rt. 58 and Ohio Turnpike -
Amherst

LORAIN COUNTY TANGIBLE PERSONAL PROPERTY TAX
CURRENT & DELINQUENT COLLECTION
(County's Portion) Last Five Years



LORAIN COUNTY PRINCIPAL TAXPAYERS CHART



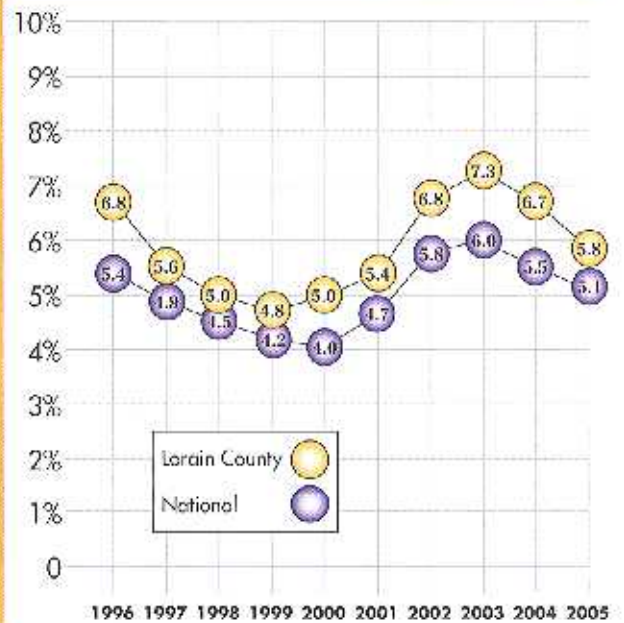
Chestnut Ridge - Walmart - Elyria

LORAIN COUNTY REVENUES - SALES TAX Last Five Years



Note: General Fund Only

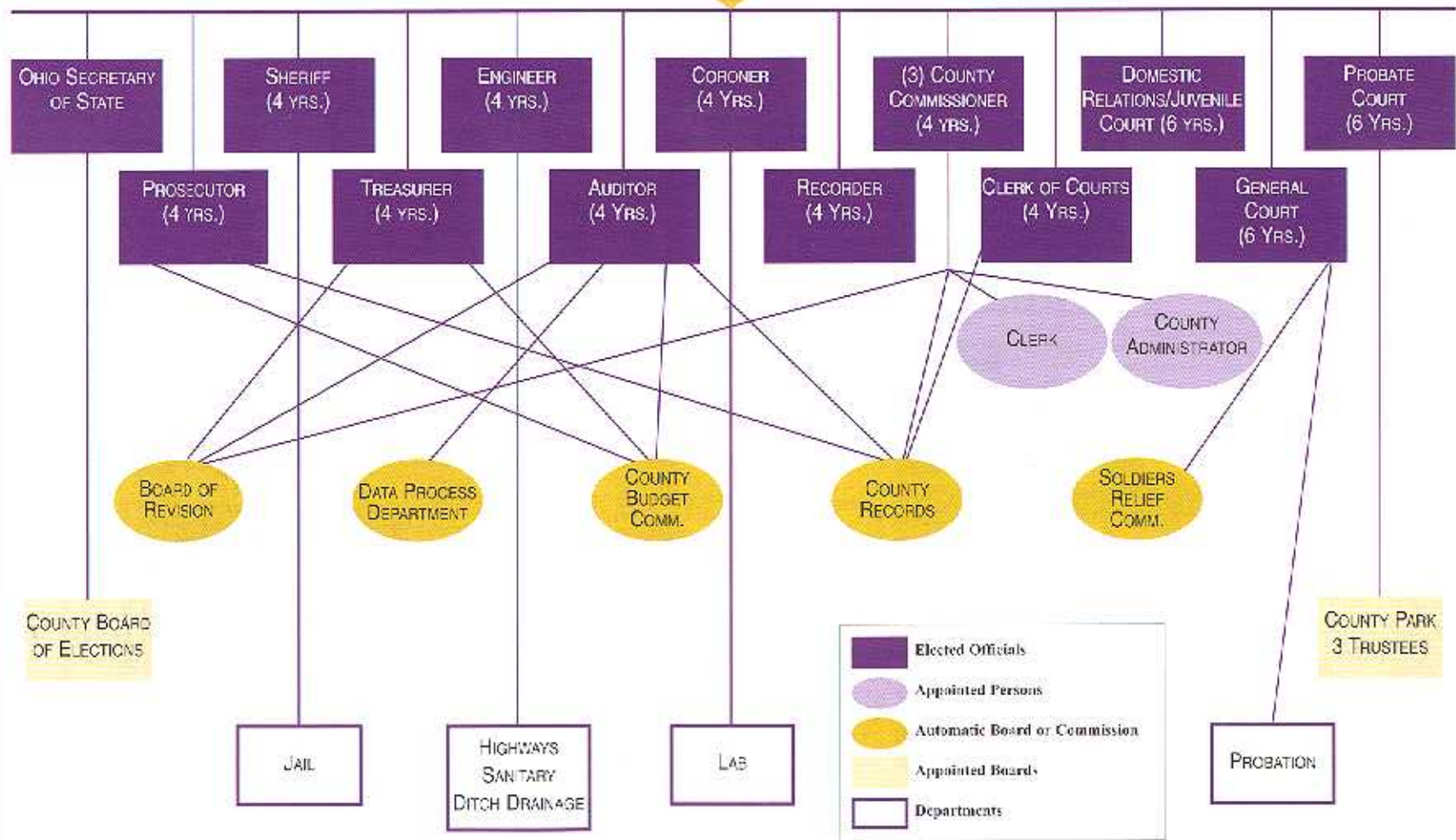
LORAIN COUNTY UNEMPLOYMENT RATE Last Ten Years



LORAIN COUNTY GOVERNMENT ORGANIZATIONAL CHART

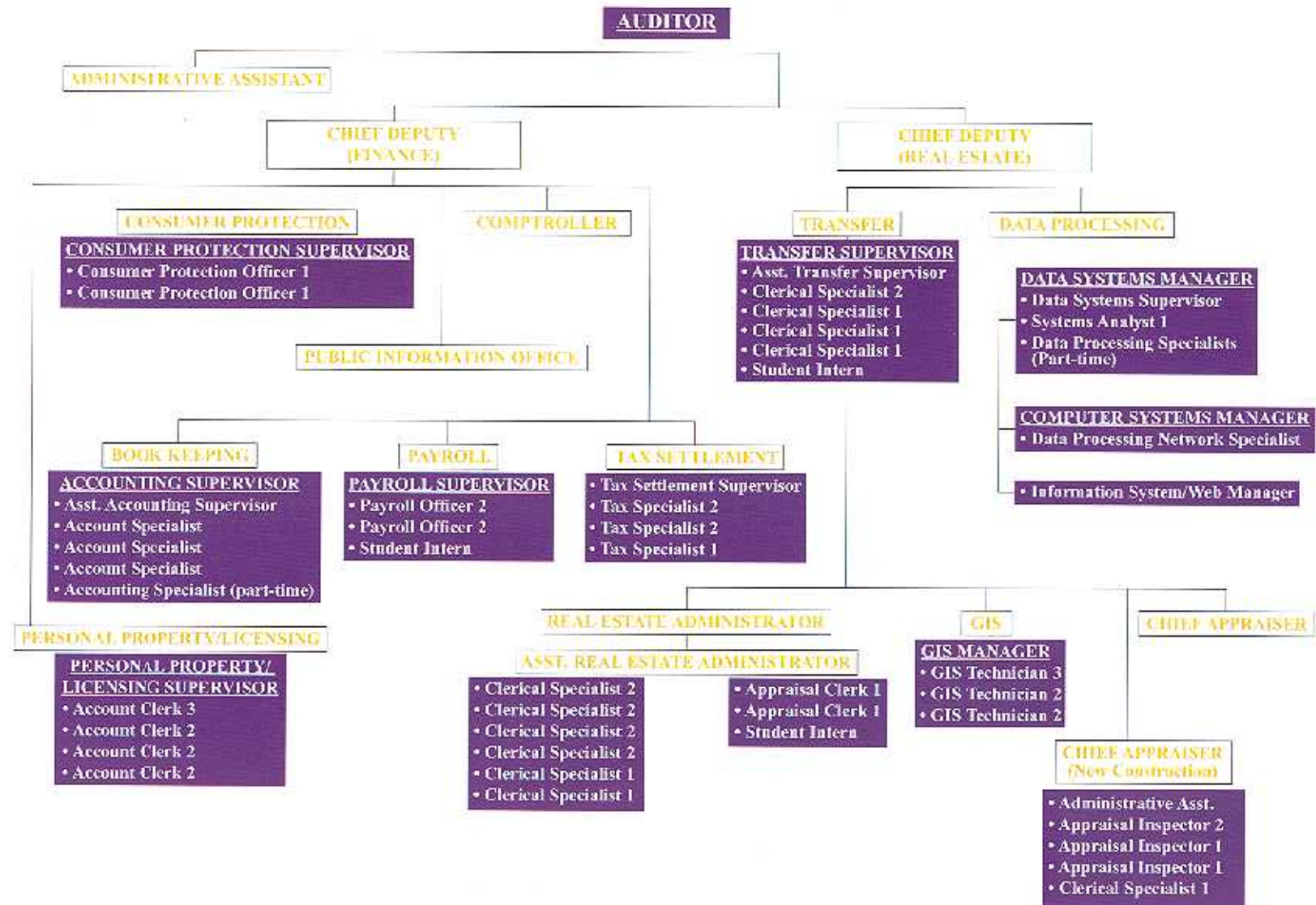
Lorain County Government

REGISTERED VOTERS



LORAIN COUNTY AUDITOR'S ORGANIZATIONAL CHART

Lorain County Auditor's Organizational Chart



CONTINUED GROWTH

MAJOR INITIATIVES

The County started a number of major construction and renovation projects in 2005 in order to serve the public more efficiently and effectively in addition to promoting greater economic growth. The County continued to invest in the infrastructure with the repaving of highway miles and embarking on major sewer improvements in order to maintain the high level of service that the citizenry deserves.

A major project that originally started in 2004 and completed in 2005 was a 2.6 million dollar renovation and construction project for a new Community Mental Health facility in 2005. The state of the art facility will allow for expanded services to meet the needs of the community and allow for future growth.

In 2005 the County issued an Energy Conservation Note for \$3,990,000 for the purpose of paying costs of installations, modifications of installations, and remodeling certain County buildings to conserve energy. The after renovation savings on energy costs should

be adequate to offset the debt service and will not add an additional burden to the general fund. The initial 2005 costs have been minimal with the majority of expense to be realized in 2006. It is anticipated that the note will be retired in September 2007 and a bond will be issued at that time.

In May 2004 the County completed a new 228,000 square foot Justice Center. The total capitalized construction costs of the project amounted to \$41.7 million. The total estimated costs of the project was \$46 million which included items other than direct construction costs, was paid from cash reserves on hand, and issuance of \$25 million in bonds. The Justice Center was designed and built to accommodate for potential future growth. Since, its opening the County has spent an additional \$1.3 million in construction of the facility. Part of these costs were due to the addition of a new General Division Judge and support staff which is scheduled for January 2007 operations. This will bring the total number of General Division Judges to six.

The County relocated a number of departments from the Pre-1900's Courthouse Building to the Justice Center and is currently remodeling these facilities to house other County departments. Since 2004 more than \$250,000 has been expensed in construction and remodeling costs.

A number of ongoing construction projects for other County buildings have continued into 2006. Major renovations to the County Administration Building, County Engineer's office and the Transportation Hub are underway. Approximately \$450,000 has been spent on updating various areas of the Transportation Hub with additional expenditures to be made in 2006. Additionally, approximately \$350,000 has been spent on repairing the Administration Building parking deck.

The County also has a number of ongoing sewer projects at the 2005 year-end totaling more than \$460,000 which should be completed in 2006. These projects will provide much needed sewers to the area and will certainly spur development for these regions of the County.

The County continues to explore other potential projects that will better service and meet the needs of the general public.

DEPARTMENT FOCUS

The featured department for this year's PAFR is the office of Common Pleas Judge, The Honorable Judge Edward M. Zaleski.

The Lorain County Common Pleas Court consists of five General Division judges, three Domestic/Juvenile Division judges and one Probate judge. In addition, the Domestic/Juvenile Division employs six magistrates and three staff attorneys who have magistrate authority. The General Division does not utilize magistrates either on a full or part time basis; rather, each judge has a full-time judicial staff attorney to alleviate the docket caseload.

For the past 37 years Judge Edward M. Zaleski has served Lorain County as an assistant Lorain County Prosecutor, as Law Director and City Prosecutor for the City of Vermilion, as Law Director for the City of Lorain, and as Common Pleas Judge where he has presided since his election in 1988.

Beginning in 1990 Zaleski was one of the first Judges in the State of Ohio to allow jurors to take written notes on witness's testimony. He also introduced Lorain County to the process of permitting jurors to ask witnesses questions during the

course of a trial. Almost 15 years later the Supreme Court of Ohio recommended that all Courts consider implementing these ideas as a means of improving the quality of justice for all Ohioans.

During his tenure as Judge, Zaleski has presided over thousands of civil and criminal proceedings, allowing him to achieve the necessary balance and temperament essential to being an effective Judge. At the end of 2005 Judge Zaleski was unanimously selected by his fellow Judges, to serve his 14th term as Administrative Judge, a position for which Judge Zaleski acknowledges his gratitude to his fellow Judges' for their confidence and trust.

As Administrative Judge, Zaleski attends to his individual case docket in addition to the management of the entire General Division. Of continuing concern is the ever increasing volume of cases pending in the General Division.

During the period 2000-2004 Lorain County had an increase of 21% in the number of cases each judge received. This corresponds to an increase of approximately 200 more cases a year for each judge. Unfortunately this trend continues to escalate; from 2004-2005 the caseload increased an additional 25%.



Common Pleas Judge
Edward M. Zaleski.

One very effective method of reducing the caseload volume is Alternative Dispute Resolution (ADR). The Lorain County Common Pleas Court General Division employs a variety of ADR techniques. Within the ADR process, nonbinding mediation and arbitration are utilized most frequently. In addition, the Court encourages the use of other ADR techniques, such as high-low arbitration, binding arbitration, private judges, private magistrates, or a combination of these techniques to assist in a resolution of litigation. Through hard work and proactive measures Judge Zaleski along with the other General Division Judges continue to strive to ensure that the old saying "justice delayed is justice denied" does not come to pass in Lorain County.

FINANCIAL ACTIVITY STATEMENT

SUMMARY

The Financial Activity Statement, known in accounting terms as the "Income Statement," provides a record of the money received and services rendered during the year.

RESOURCES RECEIVED

Resources received are from a variety of monetary sources for the services provided to the citizens of Lorain County.

Charges for Services are resources from various county departments and agencies for fees for services paid to them by the public such as court costs, licenses, permits, recording deeds and transferring property.

Operating Grants are state and federal grants, subsidies and allocations for operations of various county departments and services for the benefit of the citizens.

Capital Grants are resources from state and federal grants for buildings, construction improvements and Special Assessments from citizens for providing improvements such as ditches, water, sewer, curbs and lighting.

Taxes are resources that include Sales Tax, Real Estate Tax, Personal Property Tax and a variety of smaller taxes.

Intergovernmental revenues are resources received from the State of Ohio as the county portion of Local Government funds.

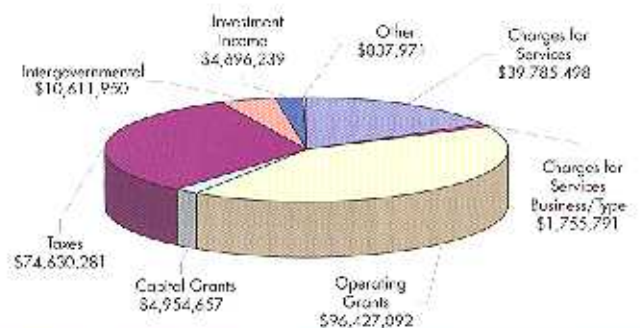
Investment Income earnings are resources received from the interest earned on various investments made by the Lorain County Treasurer and any changes in the fair market value of investments.

LORAIN COUNTY FINANCIAL ACTIVITY STATEMENT

	2005 Activities	2004 Activities
Resources Received		
Program & General		
Charges for Services	\$ 39,785,498	\$ 35,634,842
Charges for Services Business/Type	1,755,791	1,435,857
Operating Grants	96,427,092	92,803,473
Capital Grants	4,954,657	3,272,997
Taxes	74,630,281	70,431,578
Intergovernmental	10,611,950	10,693,280
Investment Income	4,696,239	2,626,903
Other	837,971	868,710
Total Resources Received	\$ 233,699,479	\$ 217,767,640
Services Rendered		
General Government -		
Legislative and Executive	\$ 40,580,422	\$ 32,734,506
Judicial	17,375,247	15,194,491
Public Safety	24,626,431	22,436,361
Public Works	13,997,321	15,442,116
Health	41,789,536	44,817,754
Human Services	83,130,352	73,392,588
Economic Development	1,125,992	385,003
Intergovernmental	588,937	557,397
Interest	1,633,060	1,873,180
Business/Type	5,643,156	4,762,938
Total Services Rendered	\$ 230,490,454	\$ 211,796,334
Resources Received Over Services Rendered	\$ 3,209,025	\$ 5,971,306

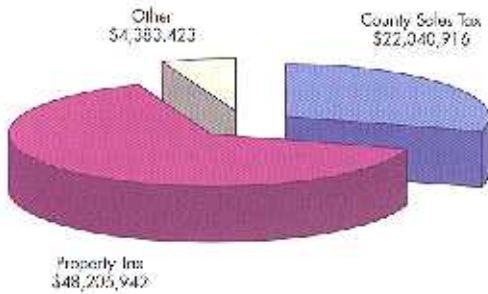
Figures include Primary Government ONLY

RESOURCES RECEIVED



Details of Tax Revenues

County Sales Tax	\$ 22,040,916
Property Tax	48,205,942
Other	4,383,423
Total Tax Revenues	\$ 74,630,281



SERVICES RENDERED

Services rendered are the funds spent to provide a variety of services to the citizens of Lorain County.

General Government – Legislative and Executive are the services provided by the administrative offices that include the Commissioners, Auditor, Treasurer, Prosecutor, Record Center, Board of Revision, Board of Elections, Community Maintenance, Community Development and Recorder.

General Government – Judicial are the services provided by the Court of Appeals, Common Pleas, Domestic Relations, Probate, Municipal, and the Clerk of Courts, Law Library and Indigent Guardianship.

Public Safety are the services provided by the Sheriff, 9-1-1, Hazardous Materials, Community Disaster Services, Law Enforcement & Education, Drug Court, Prosecutor Victim Witness, Adult Probation, Court Security, Jail Operations and Crime Laboratory.

Public Works are services provided by the Engineer, Flood Plan, Bascule Bridge, Erosion Control and Ditch Maintenance.

Health are the services provided by the Alcohol & Drug Services Board, Board of Mental Retardation/Developmental Disabilities, Community Mental Health Board, Dog and Kennel, Solid Waste/Recycle Ohio, TB Clinic and Golden Acres.

Human Services are the services provided by the Job and Family Services, Child Support, Children Services, Youth Services/Reclaim Ohio, Medically Handicapped Children and Marriage Licenses.

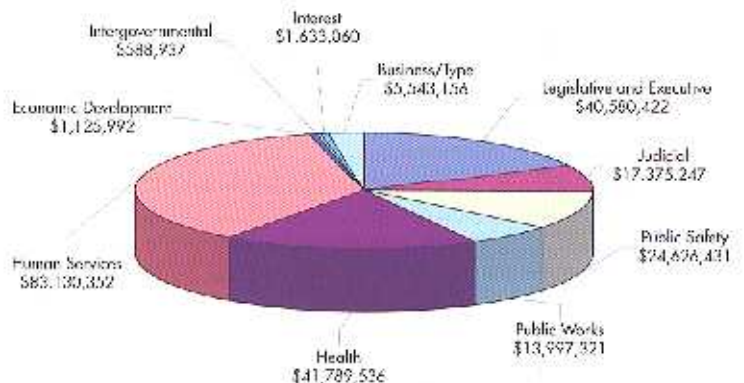
Economic Development are services provided by Community Development Block Grants and Housing Improvement Programs.

Intergovernmental expenses are made to another government in support of activities by the receiving governmental agency.

Interest expenses are made for long-term debt obligation activities.

Business-Type Activities are services provided for the Sanitary Sewer Systems and Wastewater Treatment system supported from user charges.

SERVICES RENDERED



FINANCIAL POSITION STATEMENT

SUMMARY

The Financial Position Statement, known in accounting terms as the "Balance Sheet," provides a picture of the County's Financial Position at the end of the year.

BENEFITS

Cash is the amount of physical cash held by the county in checking accounts and on hand to pay expenses. Investments with an original maturity of three months or less and cash investments of the cash management pool are considered to be cash equivalents.

Receivables are amounts owed to the county which are expected to be paid over the next twelve months. This would include real estate taxes and special assessments.

Property and Equipment includes land, buildings, infrastructure, water and sewer plants, vehicles, furniture and equipment that provide an economic benefit of greater than one year.

Other Assets are miscellaneous items with the majority consisting of inventory items of the various county offices.

** Figures include Primary Government reporting entities only.

LORAIN COUNTY FINANCIAL POSITION STATEMENT

	2005	2004
Financial Benefits		
Cash & Cash Equivalents	\$ 114,673,057	\$ 113,419,954
Receivables	99,077,074	91,832,785
Property & Equipment	147,254,352	146,162,856
Other Assets	1,148,257	1,098,921
Total Financial Benefits	\$ 362,152,740	\$ 352,514,516
Financial Burdens		
Accounts & Other Payables	\$ 16,314,704	\$ 15,019,253
Intergovernmental Payables	2,264,680	1,932,258
Short Term Debt	4,690,000	- 0 -
Long Term Debt	32,704,310	34,382,631
Other Financial Burdens	12,070,869	10,349,446
Total Financial Burdens	\$ 68,044,563	\$ 61,683,588
Benefits over Burdens	\$ 294,108,177	\$ 290,830,928

The Financial Position Statement and the Financial Activity Statement are presented on a non-GAAP basis. Individuals desiring to review GAAP basis reports should refer to Lorain County's Comprehensive Annual Financial Report for 2005. The CAFR can be obtained from the Lorain County Auditor's office.

BURDENS

Accounts Payable and Other includes funds the county owes employees, individuals and companies who supply goods or services and the expected payment is to be made within twelve months.

Intergovernmental Payables includes amounts owed to other governmental agencies and political subdivisions.

Short Term Debt includes amounts borrowed by the county that must be repaid within one year.

Long Term Debt includes amounts for bonds and loans the county issued and will be paid by yearly debt payments of these long-term obligations. This debt will be paid off beyond a one-year period.

Other Financial Burdens includes mainly Compensated Absences that are vacation, sick and incentive estimated liabilities based on the county's past experience.

BENEFITS OVER BURDENS

This amount represents the difference between the financial benefits of the County and the burdens that it must pay. The amount provides the net worth of the County.

DEBT STRUCTURE



LORAIN COUNTY 2005 SUMMARY OF DEBT OBLIGATIONS

	Balance as of 01/01/05	Additions	Deletions	Balance as of 12/31/05
Short Term Debt	\$ --	\$ 4,690,000	\$ --	\$ 4,690,000
General Obligation Bonds	28,165,000	5,560,000	6,835,000	26,890,000
Special Assessment	4,889,555	--	285,662	4,603,893
OWDA Loans	1,328,631	--	117,659	1,210,417
Total	\$ 34,382,631	\$ 10,250,000	\$ 7,238,321	\$ 37,394,310

Lorain County

Elected Officials

As of December 31, 2005

BOARD OF COMMISSIONERS

Elizabeth C. Blair
Ted Kalo
Lori Kokoski

COUNTY AUDITOR

Mark R. Stewart

COUNTY TREASURER

Daniel J. Talarek

PROSECUTING ATTORNEY

Dennis Will

CLERK OF COURTS

Ron Nabakowski

CORONER

Paul M. Matus

COMMON PLEAS COURT JUDGES

Edward M. Zaleski
Lynett M. McGough
Thomas W. Janas
Mark Betleski
Christopher Rothgery

PROBATE COURT JUDGE

Frank J. Horvath

DOMESTIC RELATIONS JUDGES

David A. Basinski
Paulette Lilly
Debra Boros

ENGINEER

Kenneth P. Carney

RECORDER

Judy Nedwick

SHERIFF

Phil R. Stammitti