

Lorain County

The People's Annual Financial Report



For the Year Ended December 31, 2004
Mark R. Stewart, Auditor

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About The Cover: Rediscover the joys of living on the Black River, where the rich history of Lorain began some 200 years ago. Back then shipbuilding was the areas' foremost activity. Today, fishing, sailing and boating, long walks, bike rides and picnics are reveled in as the mouth of the river has once again become the center of vivacity and new growth in the city. HarborWalk is playing a key role with meticulously detailed homes that line the banks of the river. The overall plan combines an exceptional mix of architectural designs with extraordinary landscaping features – elements that bring together the best of the architecture with the beauty of the water. With its resort-style feel, HarborWalk is designed for living life like a vacation.

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, 2004. 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 eight 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 2004 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

Left to Right: Renee Jefferson, Maggie Barta, Rhonda Heginbotham, Lisa Hobart, Jean O'Donnell
Missing from picture: 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 11,000 returns a year. However, with a change in the state law effective for 2004, this number has dropped to about 4,800.

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 154,018 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 4930 devices at 670 locations throughout the county.

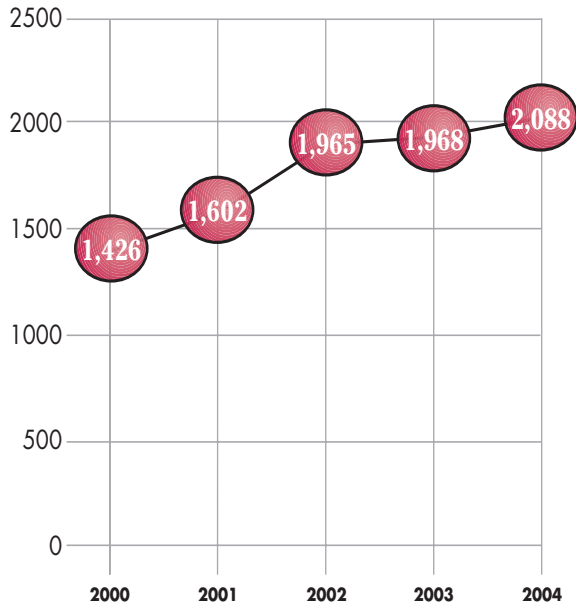
LICENSING

Licenses for dogs, kennels, vendors, and cigarettes are all issued by the Auditor's office. Lorain County annually issues more than 29,000 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 500 cigarette licenses.



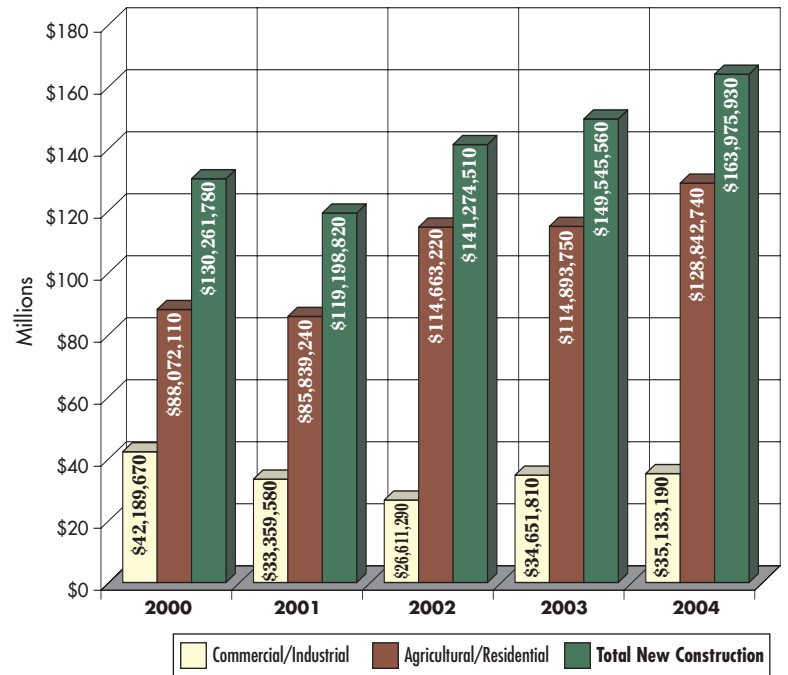
ECONOMIC OUTLOOK

LORAIN COUNTY NEW HOUSING STARTS Last Five Years

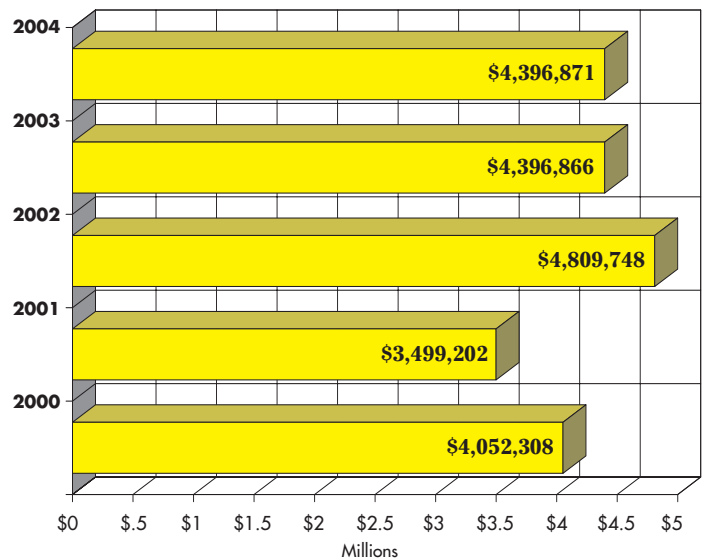


Sandy Ridge Metroparks

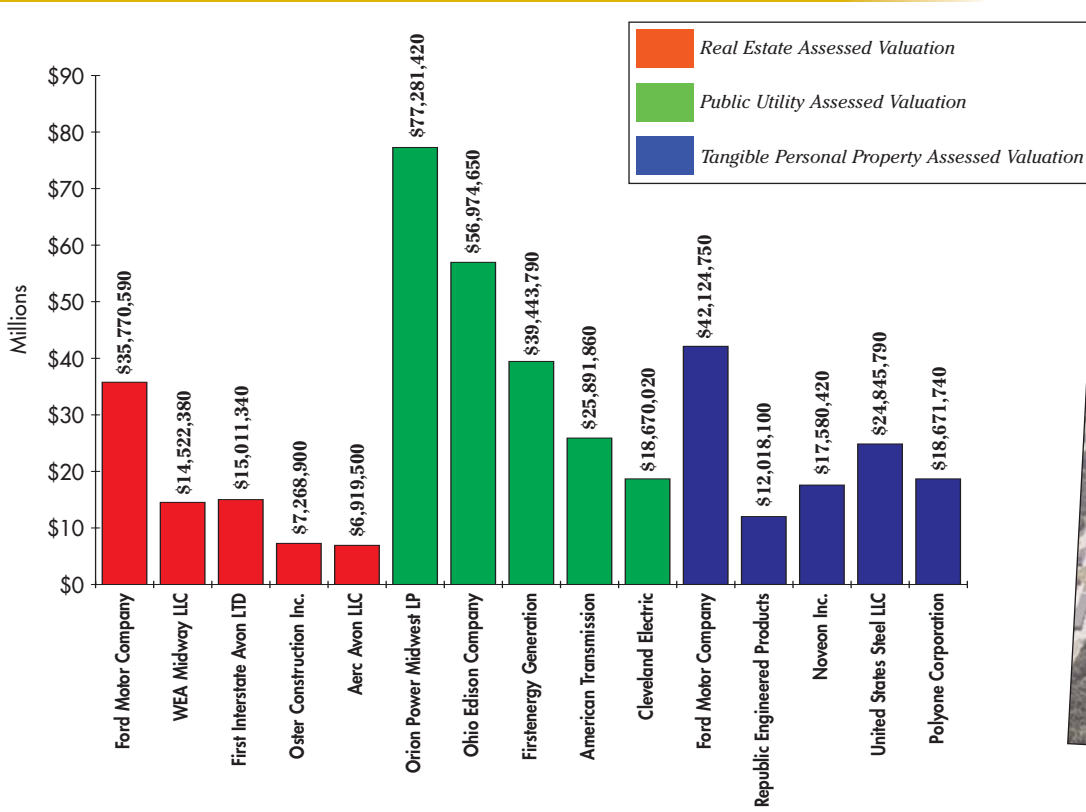
LORAIN COUNTY NEW CONSTRUCTION Last Five Years



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

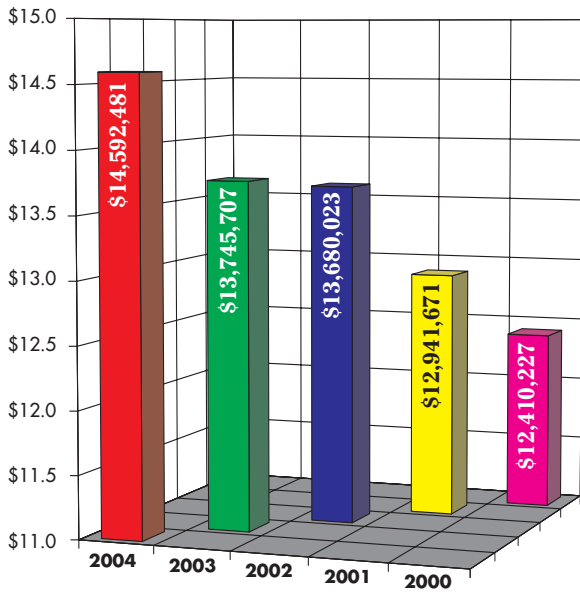


LORAIN COUNTY PRINCIPAL TAXPAYERS CHART



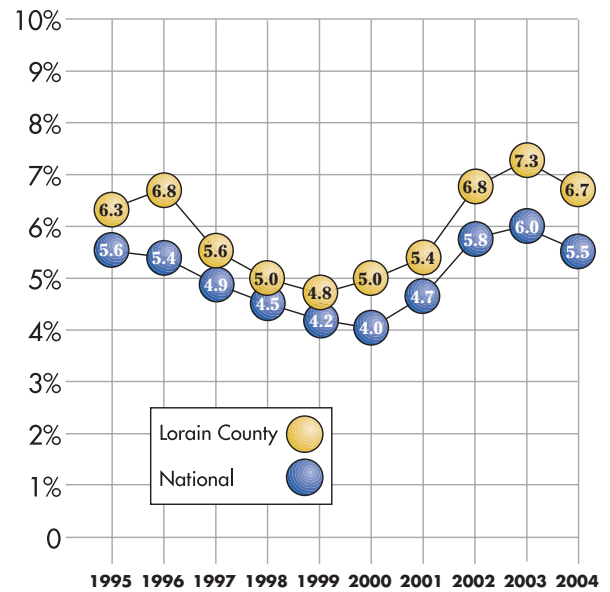
Quarry Project

LORAIN COUNTY REVENUES - SALES TAX Last Five Years



Note: General Fund Only

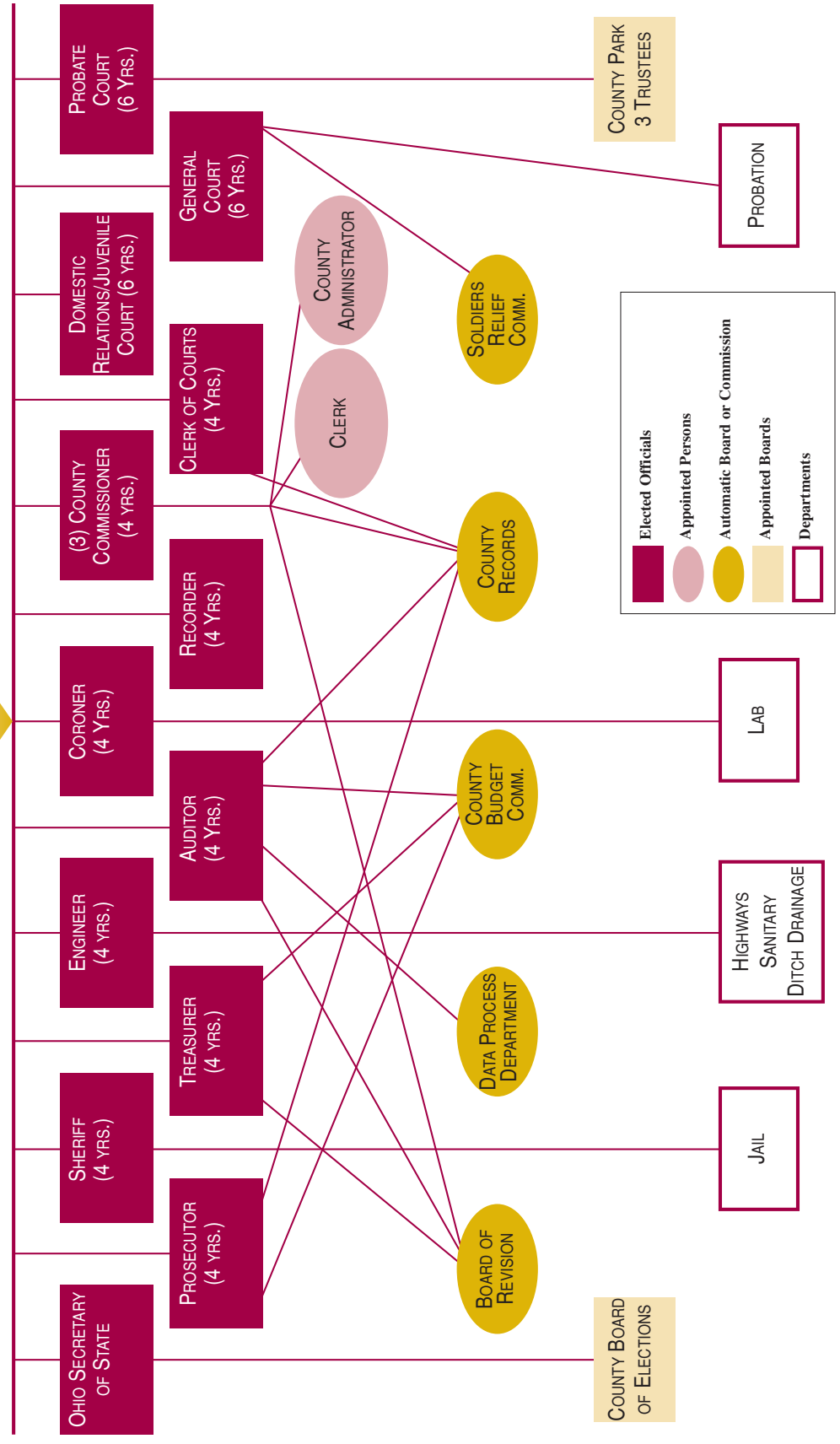
LORAIN COUNTY UNEMPLOYMENT RATE Last Ten Years



LORAIN COUNTY GOVERNMENT ORGANIZATIONAL CHART

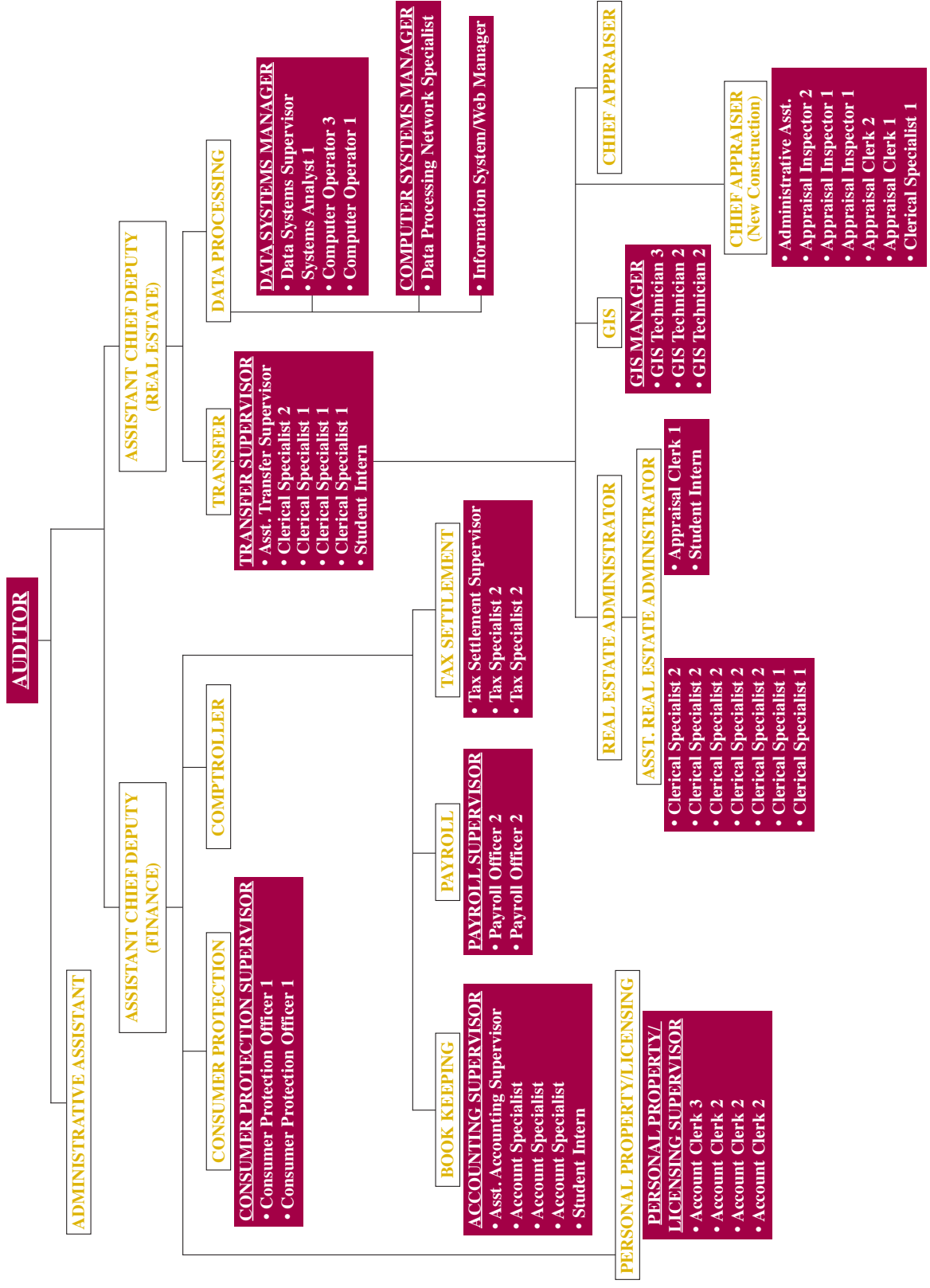
Lorain County Government

REGISTERED VOTERS



LORAIN COUNTY AUDITOR'S ORGANIZATIONAL CHART

Lorain County Auditor's Organizational Chart



CONTINUED GROWTH

MAJOR INITIATIVES

The County completed a number of major construction and renovation projects along with expanding into and strengthening its economic development tools in 2004 with the intent to better serve the citizens of Lorain County. It is critical to invest in the infrastructure of the county to maintain the high level of service that the citizenry deserves.

The county spent about 8.9 million dollars in 2004 to complete the long awaited "crown jewel" of construction projects, the new Lorain County Justice Center. The total capitalized construction costs of the project amounted to 41.7 million dollars. A long time in the making, the County Officially broke ground May 3, 2002 on the 228,000 square foot facility. The total estimated costs of the project was 46 million dollars which included items other than the brick and mortar, was paid from cash reserves on hand, and issuance of 25 million dollars in bonds. The seven-story structure was substantially completed in 2003 and occupied in May of 2004. The Justice Center is home to the offices of the five General Division Judges, three Domestic Judges, the Probate Court Judge, the County

Prosecutor and the County Clerk of Court and their respective staffs. The approval for a sixth General Division Judge has been recently passed by the State Legislature with the anticipated term to commence in January 2007. The Justice Center was designed and built to accommodate for potential future growth and will be home to the additional General Division Judge and support staff.

With the construction of this facility, the county has been able to consolidate these departments and locate in one building instead of multiple locations as in the past. This should increase the efficiency and coordination of work between these departments and the taxpayers that require their assistance. A number of other county departments have moved into the vacated Pre-1900's courthouse that housed most of the Judges. The remaining departments such as the County Commissioners, Children Services, Recorder, Auditor and Treasurer will remain in the County Administration Building.

In April of 2004, bonds were issued in the amount of 3.87 million dollars for various purpose improvements. Approximately 1.7 million

dollars was to acquire, renovate, improve, equip and furnish the County Board of Elections Building. Historically, the County has leased two Board of Elections Office Buildings, one located in the county seat of Elyria and the other in the county's most populous city, Lorain. In a cost saving move, the Commissioners opted to purchase a facility in lieu of rent, as the yearly lease payments were about the same as the yearly bond payments and the county now owns a facility that is centrally located with highway access to conduct business. The other 2.1 million dollars is intended to pay for costs for making improvements to roads, highways and bridges within Lorain County. The bond payments are to be paid from proceeds the County Engineer receives from the State of Ohio gasoline excise tax fund, therefore, not using any general fund monies.

On March 7, 2004 the county officially took over the Lorain County Transit Authority to help leverage the county's financial strength and boost the funding sources available to the public transportation operation. In addition to the Transit, the Commissioner's passed a resolution in May of 2005 to take over the operations of the Lorain County Regional Airport Authority in hopes to maximize the economic virility of the county and enhance the opportunities for economic development of the airport.

These actions are very important to the long-term health of the county as its population continues to increase. There were approximately 1,800 new homes built in 2004, with record numbers in conveyances and sales tax collections. As the state and surrounding counties have suffered rough economic times, Lorain County has shown moderate to heavy growth in a number of these key economic areas. The county looks forward to continued growth through the numerous economic tools it has put in place.

DEPARTMENT FOCUS

The featured department for this year's CAFR and PAFR is the office of the Common Pleas Judges, in particular Judge Thomas W. Janas.

Let's face it. When asked to describe government work and government employees, many people think "dull and boring and kind of like being one of the living dead." But, in Lorain County, at least, one couldn't be more wrong about the people who run our local government agencies or the work they do for our benefit.

For example, like the robins of spring, each year an astounding 5000+ new legal matters come home to roost at Lorain County Justice Center in Elyria, Ohio. These invading cases are often long, complicated, and require the close, personal attention of

the men and women that we have elected to the highest judicial offices in our county: the judges of our county's Court of Common Pleas. Far from boring, a little further investigation reveals that the activities taking place in these highly specialized courts are anything but humdrum. The people involved in assisting the judges in their everyday operations are pretty special too.

Our local court system is composed of several independent judicial offices, each office headed by a judge and each responsible for resolving particular kinds of legal disputes. Within the "General Division" of the Justice Center, five Judges, the Honorable Edward Zaleski, Lynett McGough, Thomas Janas, Mark Betleski, and Christopher Rothgery, have been charged with protecting Lorain County citizens from adult felony crime and, at the same time, resolving civil disputes that may involve millions of dollars or maybe even just a lemon of a used car.

A quick visit to the office and chambers of, for example, Judge Thomas W. Janas, an eleven-year veteran of the Bench and former chief assistant prosecuting attorney for Lorain County, provides ample evidence of the energy and experience of our courts. Judge Janas, like all the General Division Judges, oversees a small staff that aids him in his official endeavors and through all phases of litigation. This staff consists of a bailiff, a



Common Pleas Judge
Thomas W. Janas

court reporter, two secretaries and a law clerk. What makes Judge Janas' courtroom so noteworthy is that he has personally assembled a team of tireless legal professionals with 77 years of law-related experience among them. With that kind of quality workforce in place, it is no small wonder that Judge Janas still finds his work both exciting and satisfying. It is a feeling reciprocated by his employees.

In conclusion, rest easy knowing, that regardless of the status of the victims of crime or the amount of money concerned, our judges and their bright-eyed teams treat all cases that come before them with great respect and impartiality. Whether you are a homeless person or a dot.com millionaire, you will be treated exactly the same when you face the Bench at the new Lorain County Justice Center in downtown Elyria.

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.

LORAIN COUNTY 2004 FINANCIAL ACTIVITY STATEMENT		
	2004 Activities	2003 Activities
Resources Received		
Program & General		
Charges for Services	\$ 35,634,842	\$ 33,655,828
Charges for Services Business/Type	1,435,857	890,755
Operating Grants	92,803,473	77,784,499
Capital Grants	3,272,997	7,236,058
Taxes	70,431,578	66,916,905
Intergovernmental	10,693,280	10,824,152
Investment Income	2,626,903	1,900,526
Other	868,710	654,881
Total Resources Received	\$ 217,767,640	\$ 199,863,604
Services Rendered		
General Government -		
Legislative and Executive	\$ 32,734,506	\$ 33,764,298
Judicial	15,194,491	13,767,058
Public Safety	22,436,361	20,580,981
Public Works	15,442,116	14,299,549
Health	44,817,754	41,679,367
Human Services	73,392,588	69,762,952
Economic Development	1,103,502	1,103,502
Intergovernmental	585,003	555,155
Interest	557,397	659,033
Business/Type	1,873,180	1,277,984
Total Services Rendered	\$ 211,796,334	\$ 197,449,879
Resources Received Over Services Rendered	\$ 5,971,306	\$ 2,413,725

Figures include Primary Government ONLY

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.

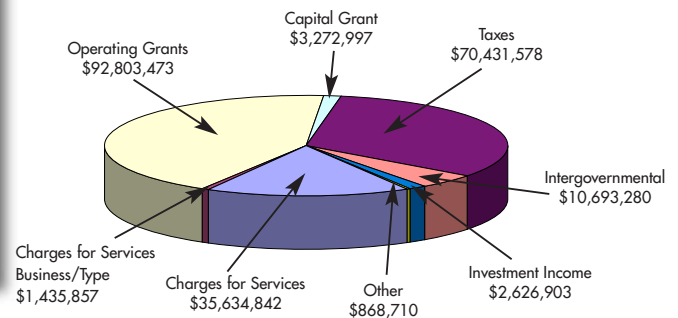
Capital Grants are resources from state and federal grants for buildings, construction improvements and Special Assessments from citizens for providing improvements such as ditches, water, sewer, curbs and lighting.

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.

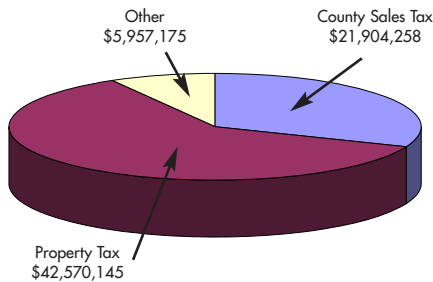
Investment Income earnings are resources received from the interest earned on various investments made by the Lorain County Treasurer and any changes in the fair market value of investments.

RESOURCES RECEIVED



Details of Tax Revenues

County Sales Tax	\$ 21,904,258
Property Tax	42,570,145
Other	5,957,175
Total Tax Revenues	\$ 70,431,578



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.

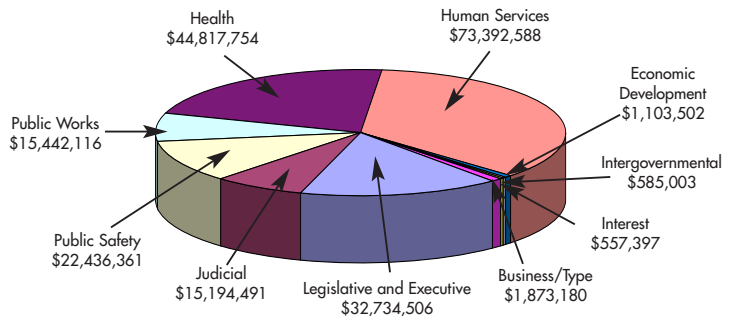
Economic Development are services provided by Community Development Block Grants and Housing Improvement Programs.

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.

LORAIN COUNTY 2004 FINANCIAL POSITION STATEMENT

	2004	2003
Financial Benefits		
Cash & Cash Equivalents	\$ 113,419,954	\$ 118,146,733
Receivables	91,832,785	82,175,567
Property & Equipment	146,162,856	142,756,275
Other Assets	1,098,921	1,069,959
Total Financial Benefits	\$ 352,514,516	\$ 344,148,534
Financial Burdens		
Accounts & Other Payables	\$ 15,019,253	\$ 12,742,477
Intergovernmental Payables	1,932,258	1,530,122
Short Term Debt	- 0 -	2,000,000
Long Term Debt	34,382,631	31,935,370
Other Financial Burdens	10,349,446	9,604,321
Total Financial Burdens	\$ 61,683,588	\$ 57,812,290
Benefits over Burdens	\$ 290,830,928	\$ 286,336,244

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 2004. The CAFR can be obtained from the Lorain County Auditor's office.

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.

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.

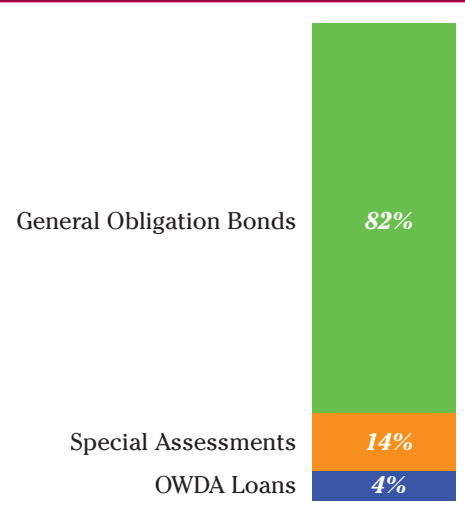
Long Term Debt includes amounts for bonds and loans the county issued and will be paid by yearly debt payments of these long-term obligations. This debt will be paid off beyond a one-year period.

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 2004 SUMMARY OF DEBT OBLIGATIONS

	Balance as of 01/01/04	Additions	Deletions	Balance as of 12/31/04
Short Term Debt	\$ 2,000,000	\$ --	\$ 2,000,000	\$ --
General Obligation Bonds	25,320,000	3,870,000	1,025,000	28,165,000
Special Assessment	5,175,182	--	285,629	4,889,555
OWDA Loans	1,440,188	--	112,112	1,328,076
Total	\$ 33,935,370	\$ 3,870,000	\$ 3,422,739	\$ 34,382,631

Lorain County

Elected Officials

As of December 31, 2004

BOARD OF COMMISSIONERS

Elizabeth C. Blair

Mary Jo Vasi
(Term ending 12-31-04)

David J. Moore
(Term ending 01-02-05)

Lori Kokoski
(Term commencing 01-02-05)

Ted Kalo
(Term commencing 01-03-05)

CORONER

Paul M. Matus

COMMON PLEAS COURT JUDGES

Kosma Glavas

Edward M. Zaleski

Lynett M. McGough

Thomas W. Janas

Mark Betleski

COUNTY AUDITOR

Mark R. Stewart

PROBATE COURT JUDGE

Frank J. Horvath

COUNTY TREASURER

Daniel J. Talarek

DOMESTIC RELATIONS JUDGES

David A. Basinski

Paulette Lilly

Debra Boros

PROSECUTING ATTORNEY

Gary Bennett
(Term ending 01-02-05)

Dennis Will
(Term commencing 01-03-05)

ENGINEER

Kenneth P. Carney

CLERK OF COURTS

Ron Nabakowski

RECORDER

Judy Nedwick

SHERIFF

Phil R. Stammitti