

Lorain County

The Peoples Annual Financial Report



For the Year Ended December 31, 1998
Mark R. Stewart, Auditor

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About The Cover: The cover picture, courtesy of JoAnn Schmauch, is of the Lorain County Courthouse, located in the County seat of Elyria. The building was completed in 1881 at a cost of approximately \$200,000 and built from locally quarried sandstone from the Elyria Stone and Grafton Stone Companies. Elijah Meyers who produced designs for more than one hundred courthouses in addition to several state capitols designed the building. Except for a removal of a dome that crowned the structure until 1942, the exterior of the courthouse has remained basically unaltered.

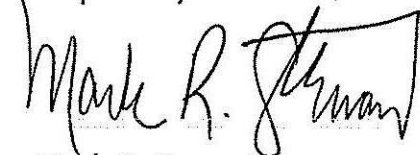
To the Citizens of Lorain County:

I am pleased to present the Lorain County Peoples Annual Financial Report (PAFR) for the year ended December 31, 1998. The report provides a brief analysis of Lorain County's revenue sources and where those dollars are spent. The basis for our information comes from our Comprehensive Annual Financial Report (CAFR) that is over 180 pages long. The CAFR contains detailed financial statements, notes, schedules, and reports. The CAFR was audited by the Auditor of State and received an unqualified (clean) opinion. This report is a condensed, easy to read version of the CAFR.

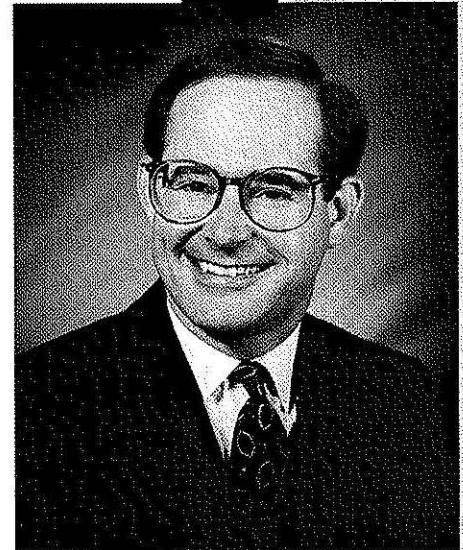
The report is designed to provide an easily understood financial analysis of the County's revenues and expenditures, and some general information about your County government. As the PAFR is a condensed version of the 1998 Comprehensive Annual Financial Report it does not conform to Generally Accepted Accounting Principles (GAAP) and related government standards. Our 1998 Comprehensive Annual Financial Report conforms to Generally Accepted Accounting Principles.

The Peoples 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 review this report. As you review this year's report 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 wish 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/ 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.

WEIGHTS AND MEASURES

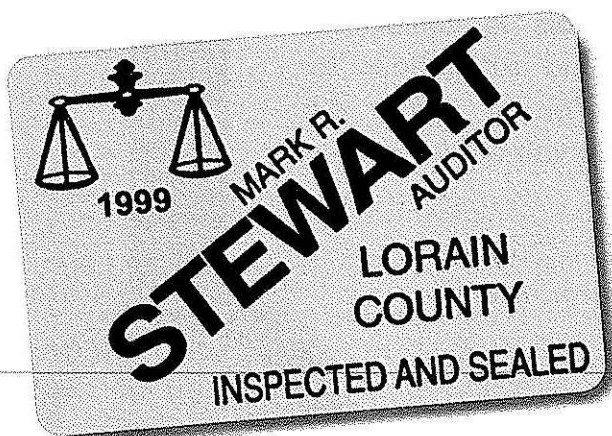
The Lorain County Auditor's Office helps protect County residents and businesses by ensuring that all commercial weighing and measuring devices are accurate. Gas pumps, price scanners, and meat and produce scales are checked regularly. Each year the Auditor's office inspects more than 2100 devices at 260 locations throughout the County.

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.



*Lorain County Auditor Mark Stewart
with Auditor of the State, Jim Petro.*



REAL ESTATE APPRAISAL AND ASSESSMENT

Lorain County has nearly 144,000 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.

PERSONAL PROPERTY TAX

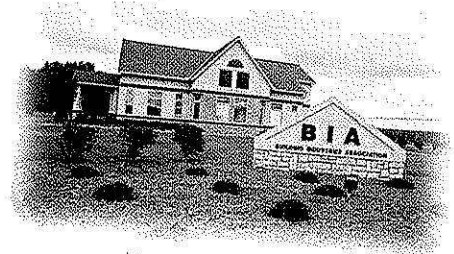
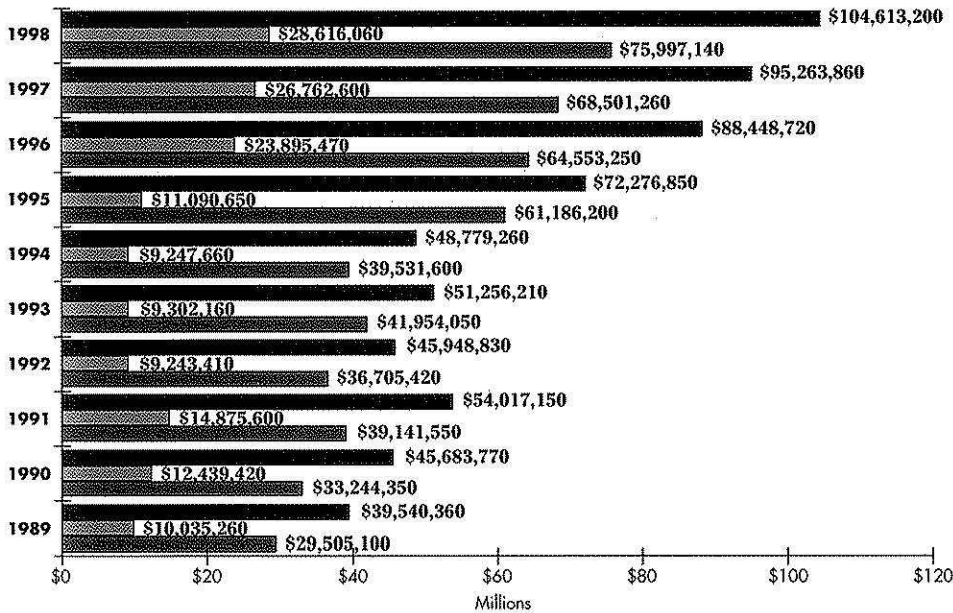
The Auditor's office also administers the state's tangible personal property tax laws. Generally speaking, anyone in business in Ohio is subject to tangible personal property tax on equipment, furniture, fixtures and inventory used in business. The tax is distributed back to the local tax districts like real estate taxes. The Auditor's office handles approximately 9,000 returns a year.

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.

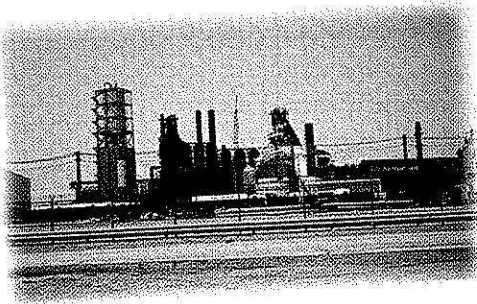
ECONOMIC OUTLOOK

LORAIN COUNTY NEW CONSTRUCTION Last Ten Years



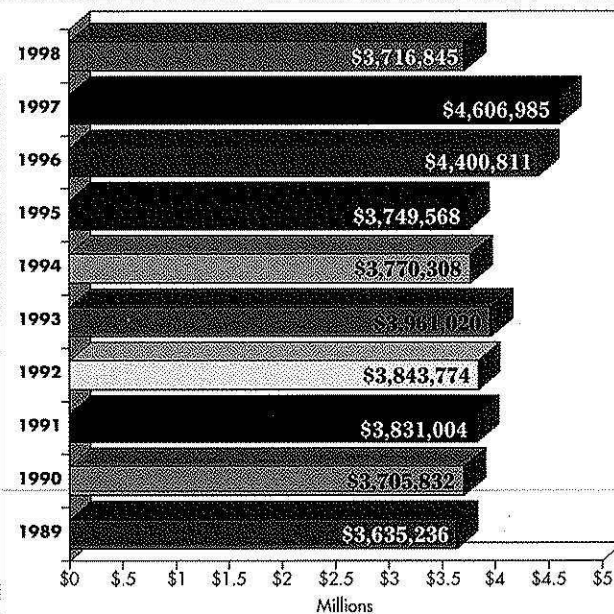
New Construction - BIA

- Agricultural/Residential
- Commercial/Industrial
- Total New Construction

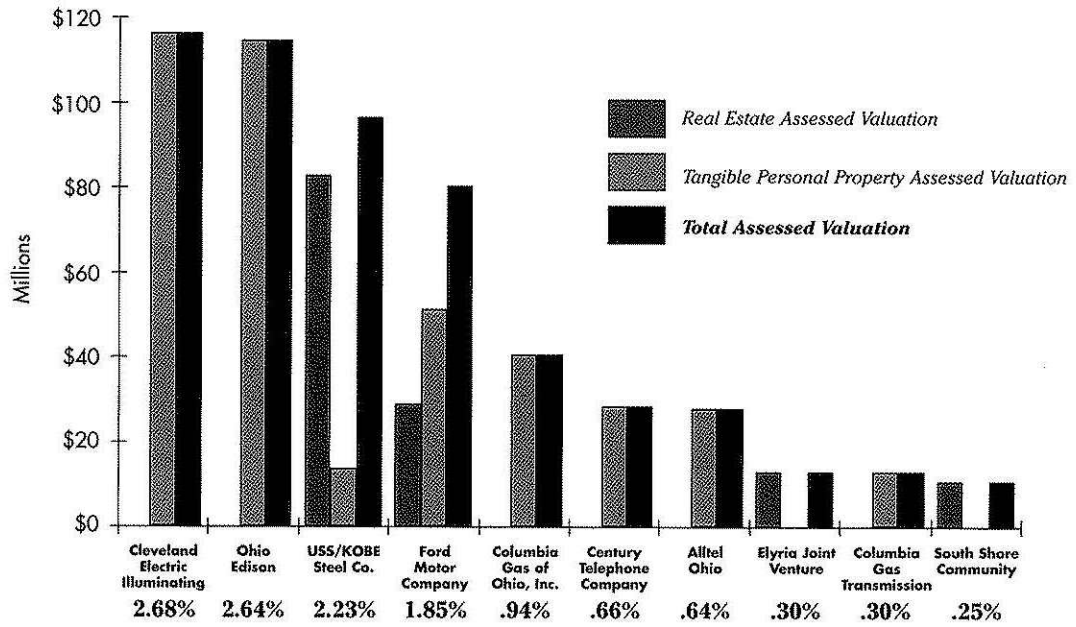


USS/KOBE Steel Company

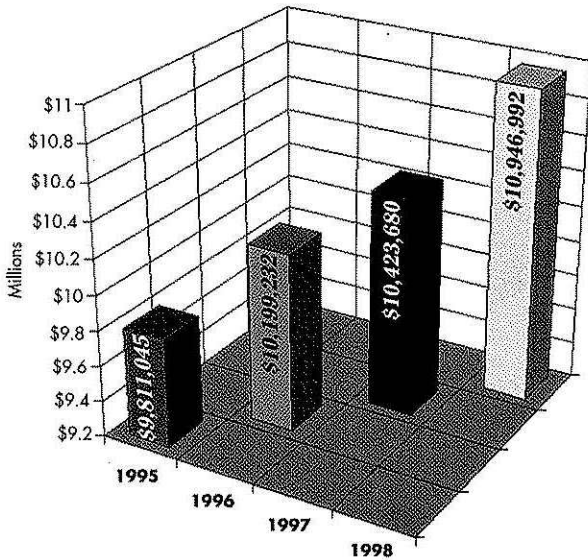
LORAIN COUNTY TANGIBLE PERSONAL PROPERTY TAX Last Ten Years



LORAIN COUNTY PRINCIPAL TAXPAYERS CHART
 Represents 12.49% of the Total County Assessed Valuation

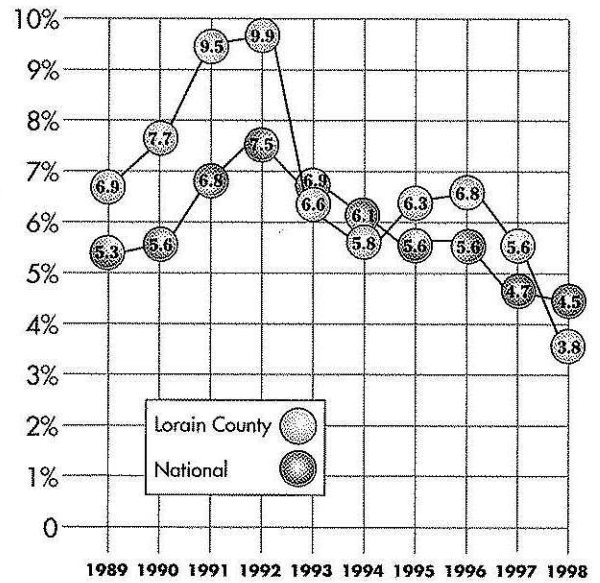


LORAIN COUNTY REVENUES - SALES TAX
 Last Four Years



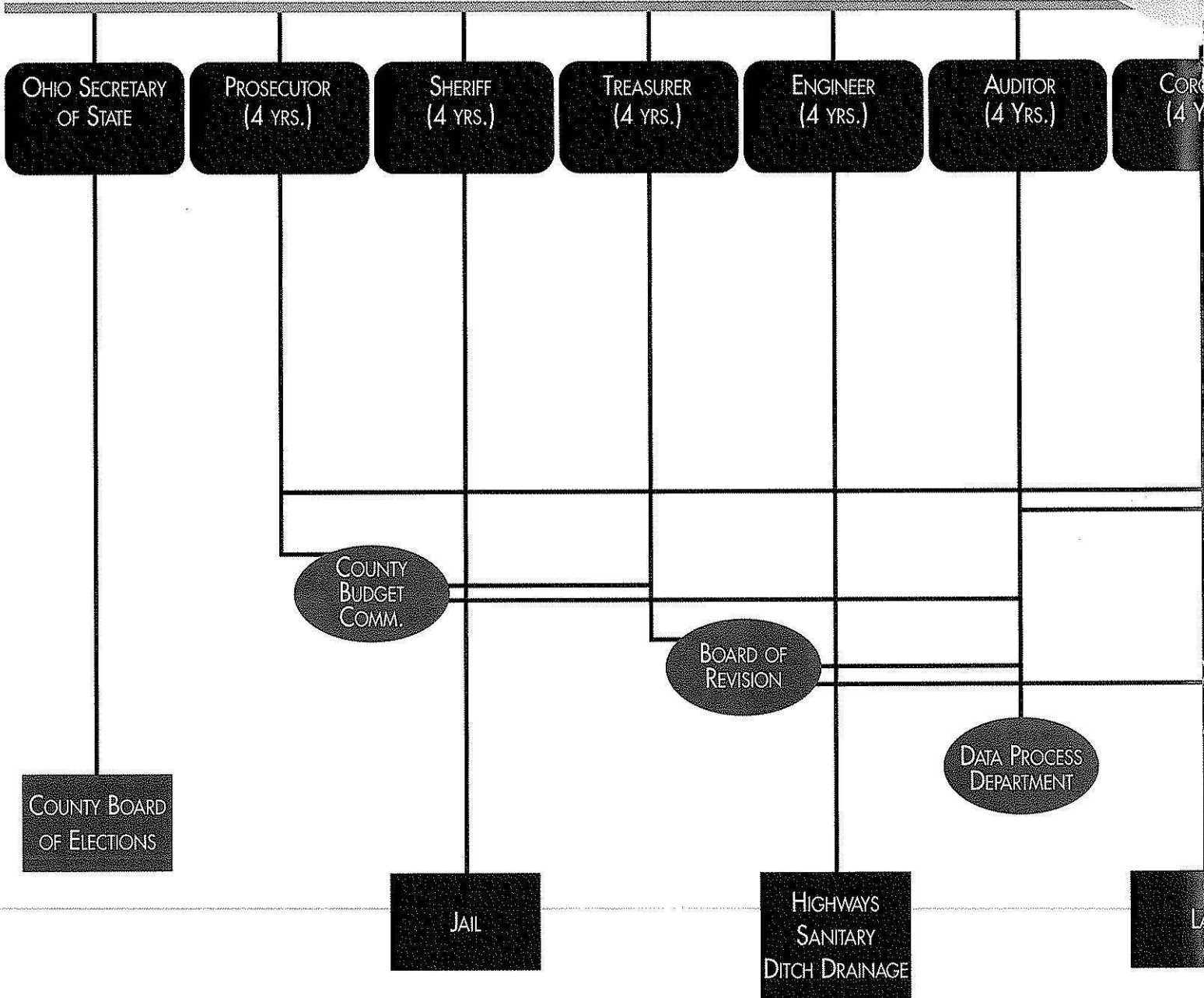
Note: General Fund Only

LORAIN COUNTY UNEMPLOYMENT RATE
 Last Ten Years

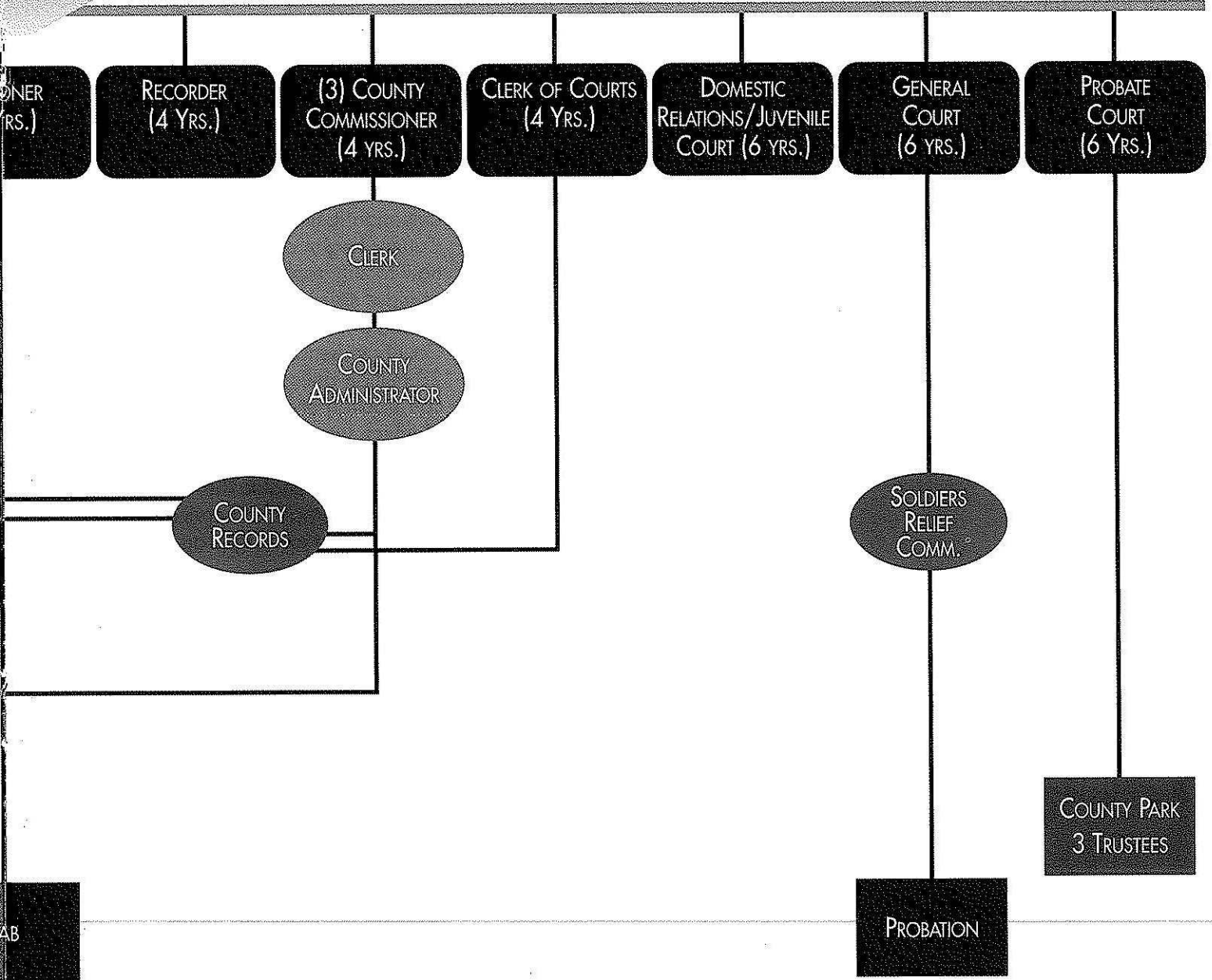
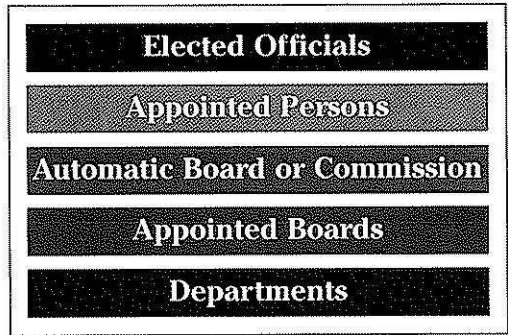


LORAIN COUNTY GOVERNMENT

REGISTERED



ED VOTERS



CONTINUED GROWTH

MAJOR INITIATIVES

In 1998 the County held elections for two new judgeships for the Lorain County Court of Common Pleas. One judge was assigned to the Division of Domestic Relations and the other to the General Division. The terms of the judgeships commenced January 2, 1999. This brought the total number of Domestic Relation Judgeships to three and five for the General Division along with one Probate Court Judge. The County expended approximately \$300,000 in preparation to house and supply the new judges and an additional \$900,000 has been set aside for

1999. Currently the new judges have been placed in temporary County owned facilities until a new Justice Center can be built. The County purchased properties in 1997 and 1998 to be used as a site to build the Justice Center. The County has narrowed its choices for an architectural firm and construction manager to aid in the planning and design of the new Center.

In early 1999 the County approved and executed an agreement to purchase the business operations of the Lorain County Regional Airport for approximately \$1.8 million. The Regional Airport is currently shown as a component unit of Lorain County, which does not reflect the business portion recently acquired. Further, the Commissioners are in the process of setting up a Port Authority Board consisting of nine members appointed by the County Commissioner to oversee the operations. The airport is currently under the control of the airport authority, with the new Port Authority Board scheduled to take over in August of 1999.

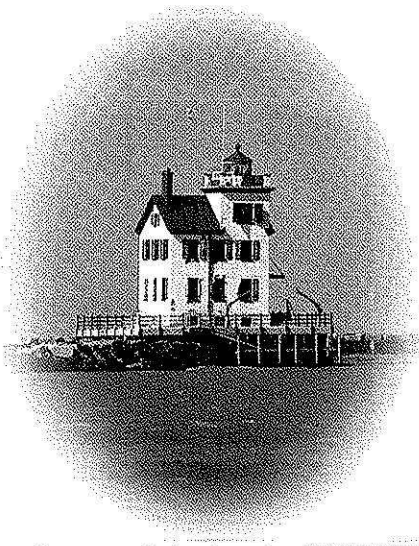
In May of 1994 the voters of Lorain County passed a quarter percent sales tax levy for the renovation, reconstruction and maintenance of the Lorain County Correctional Facility. The levy has enabled the current jail

to be expanded by 208 beds. The cost of the jail expansion was approximately \$9.2 million, of which approximately \$3 million was State funded. The project was completed during 1998 and has been reflected as an addition to the County's General Fixed Assets.

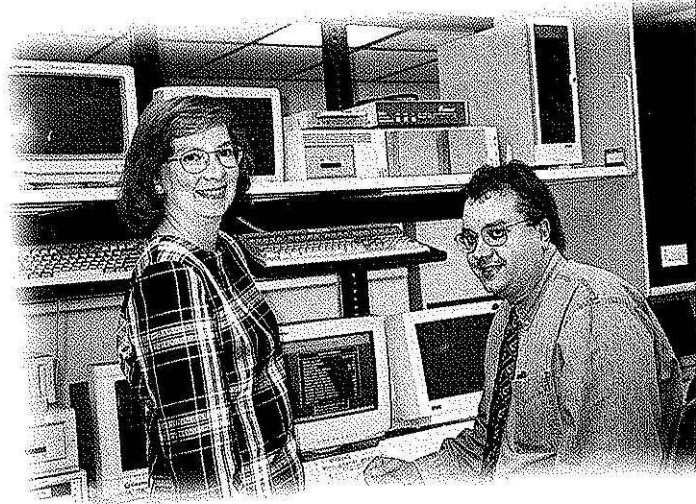
Another major project completed in 1998 was a new juvenile detention facility. In 1997, the County began construction of the new facility replacing a number of older structures and adding a couple of new buildings. The County expended approximately \$3 million dollars towards the construction of this facility, part of which was funded by State grants. The addition of these structures will enable the County to provide expanded services and fine tune existing programs.

DEPARTMENT FOCUS

The featured department for this year's PAFR is the Data Processing department for Lorain County. This office falls under the direction of Lorain County Auditor, Mark R. Stewart. Although the data department falls under the Auditor's control, it is also very involved in assisting the computer needs of other County officials and departments.



Kay Corbin and Bob Milovich of the Data Processing Department.



To make a near impossible job worse, the data department has had to contend with what is probably the single most distressing issue for computer systems, the year 2000 issue. The "Y2K" problem is caused by computer systems and embedded computer chips that use two-digit representations for the year part of the date field ("6/30/99" for June 30, 1999, for example). Besides financial systems and mainframe computers, "Y2K" problems can disable personal computers, operating systems, and other equipment. The potential disruption in services created by a shutdown in the computers could be disastrous to the citizenry of Lorain County. However, with the hundreds of hours spent by the data department, as well as the cooperation of the Lorain County Commissioner and other County agencies, the data department has done an outstanding job to put Lorain County in a good position to greet the new millennium and conduct business as usual.

Besides the "Y2K" issue, the data department has had to keep up with the daily demands of the County. Data personnel are responsible for supporting and updating the County's payroll, financial accounting, personal property, dog license, vendor

license, estate tax and real estate systems to name a few. These functions are critical to the County Auditor and Lorain County as well. Their assistance enables the Auditor to disperse tax revenues to outside entities and assists in the assessment of property. Their duties do not end with the Auditor's office, as the department has been very instrumental in assisting the County Treasurer, Probate Court and Recorder's office in their computer upgrades.

In addition to the unusual situations such as the "Y2K" issue and the day to day functions, the department has been involved with numerous new projects for the County. This department played an integral part in the installation of a new countywide network recently installed for Lorain County. Data personnel have been very busy coordinating efforts of the various County agencies to install the new network, which will greatly enhance the computer capabilities for Lorain County.

Another major project undertaken by the department has been the development and design of the County Auditor's Website. The site will be continuously updated to reflect current real estate information. This site will be linked to and complement our current static Website. Another complex time consuming project the department has been working on is the implementation of a new integrated assessment system for the real estate division of the Auditor's office that will assist in the valuation of property.

The demands on the department are ever increasing. As technology increases, so do the needs and demands of the citizens of Lorain County as well as the other County offices. The Lorain County Data department has met the challenges of yesterday and with teamwork and resourcefulness. There is no reason to believe that they will not be able to meet the challenges of tomorrow.

FINANCIAL ACTIVITY STATEMENT

SUMMARY

The Financial Activity Statement, known in accounting terms as the "Income Statement," provides a record of the money received and spent during the year. Explanations of specific Resources and Services are provided on the following pages.

LORAIN COUNTY 1998 FINANCIAL ACTIVITY STATEMENT

Resources Received	1998	1997
Property & other Taxes	\$ 26,043,983	\$ 28,993,488
Sales Tax	16,382,436	15,590,020
Charges for Services	18,541,206	15,185,327
Licenses, Permits & Fees	2,825,793	2,412,577
Fines & Forfeitures	1,349,686	2,274,581
Intergovernmental Revenue	71,639,326	75,345,142
Special Assessments	452,283	589,795
Interest	7,815,292	7,003,017
Donations	--	15,381
Other	436,878	505,518
Total Resources Received	\$145,486,883	\$147,914,846
Services Rendered		
Legislative and Executive	\$ 19,641,201	\$ 18,376,870
Judicial	9,223,612	8,720,829
Public Safety	11,098,810	12,082,621
Public Works	9,481,551	7,067,251
Health & Human Services	78,742,444	74,457,129
Economic Development and Assistance	626,177	556,415
Capital Outlay	7,870,964	14,318,265
Intergovernmental	1,867,566	3,428,744
Debt Service	3,575,842	2,698,108
Total Services Rendered	\$142,128,167	\$141,706,232
Resources Received over (under) Services Rendered	\$ 3,358,716	\$ 6,208,614

RESOURCES RECEIVED

Resources received are monies the County receives from a variety of sources in order to pay for the Services it provides.

Taxes are resources that include sales tax, real estate tax, personal property tax, and a variety of other smaller taxes.

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

Licenses & Permits are revenues from the selling of vendor licenses, dog licenses and other items.

Fines and Forfeitures are the resources derived from fines levied in the Courts and the money received from a variety of forfeitures, including drug arrests and seized property.

Intergovernmental Revenues are resources received from direct grants and funding from the State of Ohio and Federal Government.

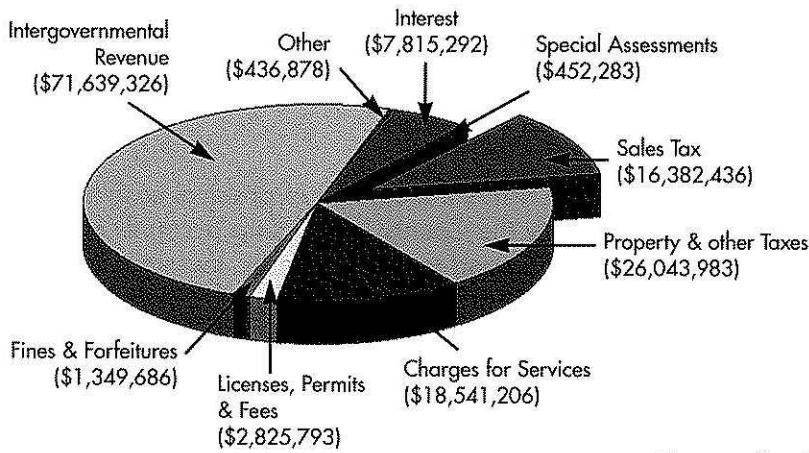
Special Assessments are amounts levied on real estate tax bills by the County and other local governments for providing improvements such as ditches, water and sewer service, curbs, and lighting.

The County earns interest on various investments made by the Lorain County Treasurer.

Wade Steen, State Representative of Ohio
GFOA presents the 1997 Certificate of
Achievement for Excellence in Financial
Reporting to Lorain County Commissioners
& Lorain County Auditor.



RESOURCES RECEIVED



SERVICES RENDERED

Services rendered are the funds spent to provide services to citizens.

Legislative and Executive expenditures are the expenses incurred for administrative offices including the Auditor, Commissioners, Prosecutor, Recorder, and Treasurer.

Judicial expenditures are the costs of administering justice through the Lorain County Courts, which include the Courts of Common Pleas, Juvenile, Domestic Relations.

Public Safety expenditures are the costs of the Coroner, Probation, and Sheriff Departments.

Public Works expenditures are the costs incurred to maintain County roads and bridges, along with costs of operating the County water and sewers.

Health Expenditures include services provided by the Board of Mental Retardation/Developmental Disabilities and the Lorain County Mental Health Board to maintain public health.

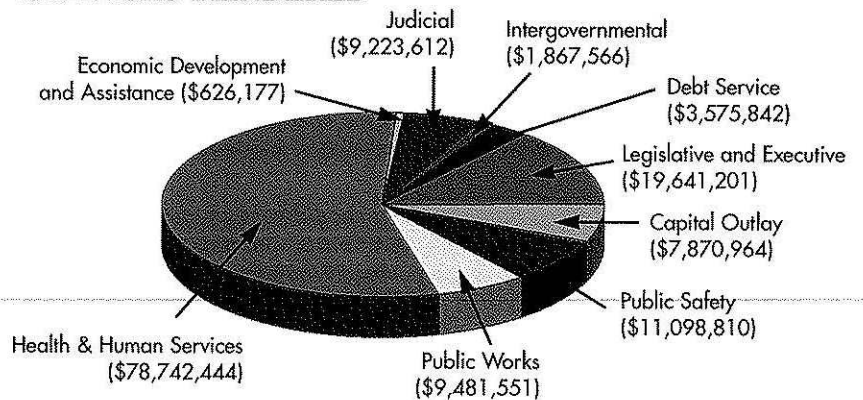
Human Services expenses is the costs of the Human Services Department and Children Services Board.

Economic Development expenses are costs associated with financial assistance in developing community housing and business projects.

Capital Outlay are expenditures for the purchase, acquisition and construction of improvements to County buildings, land, equipment, and vehicles.

Debt Service expenditures are the costs of paying interest and principal on County debt.

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. Explanations of specific accounts follow:

LORAIN COUNTY 1998 FINANCIAL POSITION STATEMENT

Financial Benefits	1998	1997
Cash & Cash Equivalents	\$123,210,704	\$115,582,184
Taxes Receivables	266,164,134	324,536,084
Other Receivables	40,611,622	51,591,609
Property & Equipment	74,166,605	64,517,111
Inventory	933,784	723,071
Other Assets	25,067,752	33,441,770
Total Financial Benefits	\$530,154,601	\$590,391,829
Financial Burdens		
Accrued Payroll, Accounts Payable & Other	\$12,190,406	\$9,568,737
Compensated Absences Payable	5,574,229	5,121,993
Deferred Revenue	30,710,453	28,589,307
Short Term Debt	--	8,345,000
Long Term Debt	17,609,709	12,320,841
Other Financial Burdens	283,807,924	366,423,020
Total Financial Burdens	\$349,892,721	\$430,368,898
Benefits over Burdens	\$180,261,880	\$160,022,931

Readers of the Condensed Balance Sheet should keep in mind that the statement is presented on a non-GAAP basis, and those desiring to review GAAP basis reports should refer to the County's 1998 Comprehensive Annual Financial Report.

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 and investments of the cash management pool are considered to be cash equivalents.

Investments are funds not needed to pay current expenses that the Treasurer invests in a variety of securities like U.S. Treasury Notes and U.S. Treasury Bills. This allows the County to earn interest on its surplus cash.

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 represent the water and sewer plants, land, buildings, vehicles, furniture, and equipment that provide an economic benefit of greater than one year.

Inventories of all funds are stated at cost which is determined on a first in, first out basis and includes expendable supplies held for consumption.

BURDENS

Amounts Owed to Employees and Vendors are funds the County owes individuals and companies who supply goods or services and the expected payment is to be made within twelve months.

Compensated Absences Payable include accrued vacation and sick benefits earned by employees.

Deferred Revenue includes special assessments property taxes and intergovernmental revenues to be received in subsequent years.

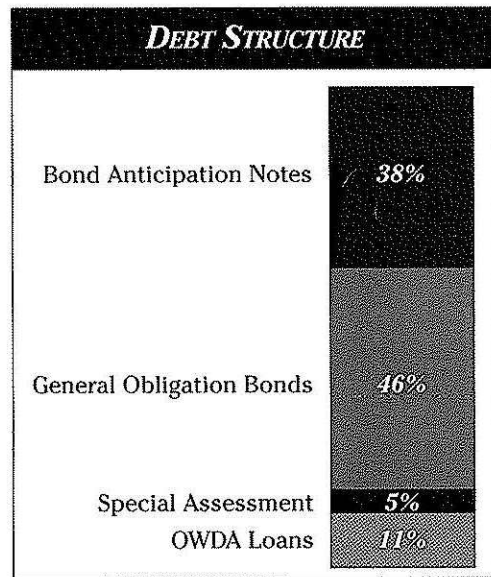
Short Term Debt represents the amounts borrowed by the County that must be repaid within one year.

Long Term Debt represents the amount of bonds the County has issued and still owes. Bonds do not have to be paid off in one year. The County makes yearly debt payments on these amounts.

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 1998 SUMMARY OF DEBT OBLIGATIONS

	Balance as of 01/01/98	Additions	Deletions	Balance as of 12/31/98
Bond Anticipation Notes	\$ --	\$ 6,665,000	\$ --	\$ 6,665,000
General Obligation Bonds	9,256,479	--	1,173,542	8,082,937
Special Assessment	1,054,149	--	118,671	935,478
OWDA Loans	2,010,213	--	83,919	1,926,294
Total	\$ 12,320,841	\$ 6,665,000	\$ 1,376,132	\$ 17,609,709

Lorain County

Elected Officials

As of December 31, 1998

BOARD OF COMMISSIONERS

Elizabeth C. Blair
Mary Jo Vasi
Michael A. Ross

COUNTY AUDITOR

Mark R. Stewart

COUNTY TREASURER

Daniel J. Talarek

PROSECUTING ATTORNEY

Gregory A. White

CLERK OF COURTS

Donald J. Rothgery

CORONER

Paul M. Matus

COMMON PLEAS COURT JUDGES

Kosma Glavas
Edward M. Zaleski
Lynett M. McGough
Thomas W. Janas
Mark A. Betleski

PROBATE COURT JUDGE

Frank J. Horvath

DOMESTIC RELATIONS JUDGES

David A. Basinski
Paulette Lilly
Debra Boros

ENGINEER

Kenneth P. Carney

RECORDER

Mary Ann Jamison

SHERIFF

Martin J. Mahoney