

Lorain County

The People's Annual Financial Report



For the Year Ended December 31, 2001

Mark R. Stewart, Auditor

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About The Cover: The fountain pictured on the cover has been a long-standing centerpiece of Lakeview Park Beach located in the largest city in the County, Lorain. It was dedicated in 1936 under the administration of Mayor Joseph B. Conley. The sandstone façade was built with locally quarried sandstone from the city of Amherst. General Electric originally designed the multicolored lighting display the fountain offers. The Lakeview Park fountain is basically unaltered from its original state except for periodic maintenance and upkeep.

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, 2001. 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 200 pages long. The CAFR contains detailed financial statements, notes, schedules, and reports which was audited by Gary B. 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 your County government. As the PAFR is a condensed version of the 2001 Comprehensive Annual Financial Report it does not conform to Generally Accepted Accounting Principles (GAAP) and related government standards. Our 2001 Comprehensive Annual Financial Report conforms to Generally Accepted Accounting Principles. For December 31, 2001, the County implemented Governmental Accounting Standards Board (GASB) Statements No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and GASB Statement No. 36, *Recipient Reporting for Certain Nonexchange Revenues*.

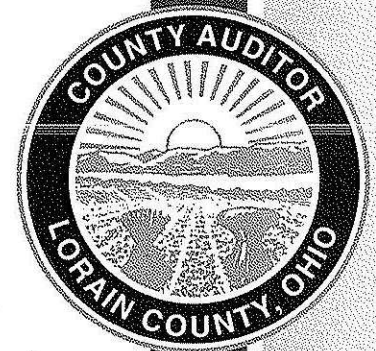
The People's Report is presented as a means of increasing public confidence in County government and its elected officials through an easier, more user friendly financial reporting. I thank you for having an interest in the operation of our County Government and taking time to review this report. As 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

Pictured above left to right:
Mark R. Stewart, County Auditor
Daniel J. Talarek, County Treasurer
Betty Blair, Board of Commissioners



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

Responsible for the approximately \$350,000,000 in revenue and expenses that flow through the county books.

(from left) Lisa Hobart, Jean O'Donnell,
Rhonda Heginbotham, Jessica Yarish

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 11,400 returns a year.

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 145,600 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

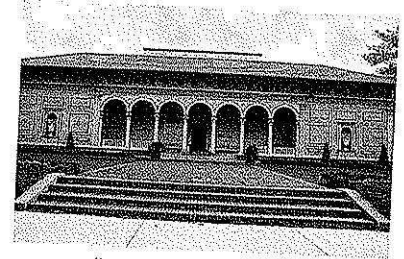
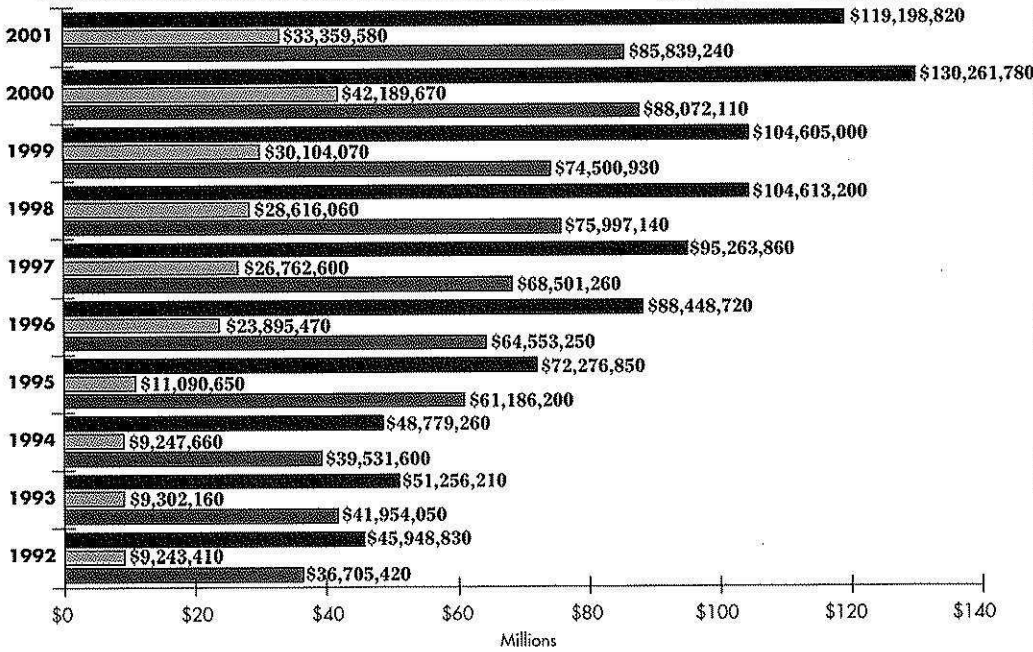
The Lorain County Auditor's Office helps protect County residents and businesses by ensuring that all commercial weighing and measuring devices are accurate. Gas pumps, price scanners, and meat and produce scales are checked regularly. Each year the Auditor's office inspects more than 2300 devices at 280 locations throughout the County.

LICENSING

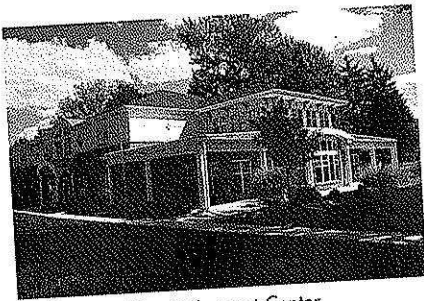
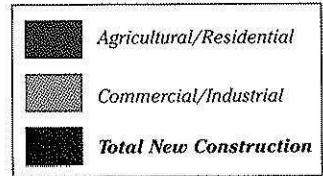
Licenses for dogs, kennels, vendors, and cigarettes are all issued by the Auditor's office. Lorain County annually issues more than 28,000 dog licenses. Vendor licenses authorize businesses to sell tangible property to the public and collect sales tax, a part of which is returned for use on the local level.

ECONOMIC OUTLOOK

LORAIN COUNTY NEW CONSTRUCTION Last Ten Years

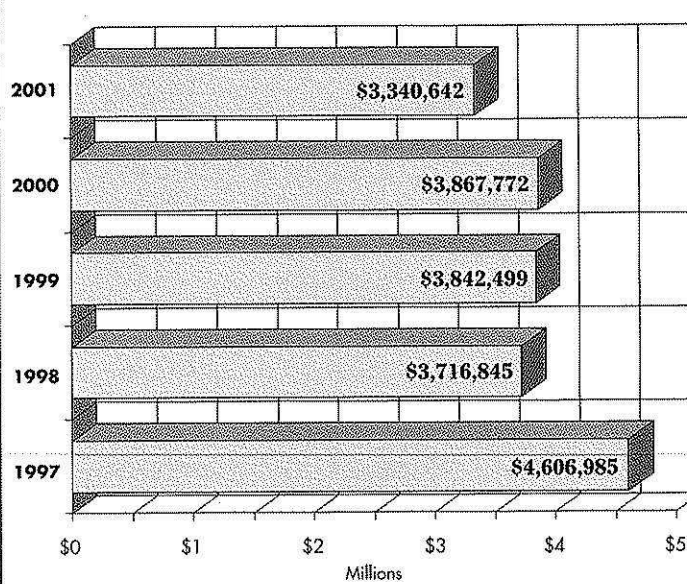


Allen Memorial Art Museum

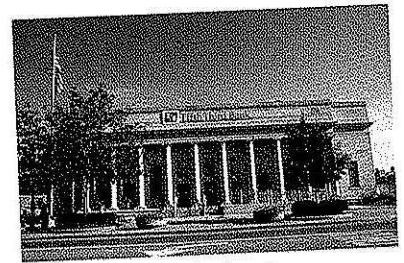
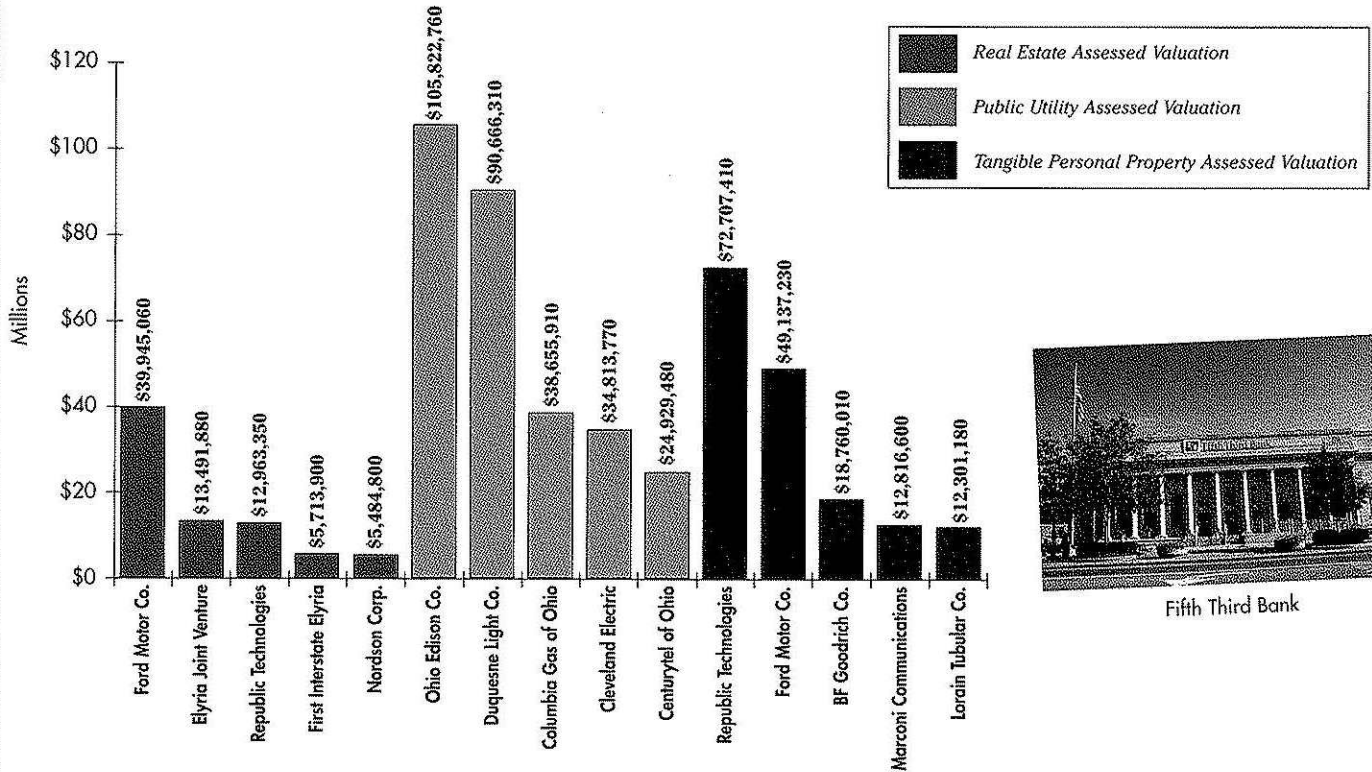


Elms Retirement Center

LORAIN COUNTY TANGIBLE PERSONAL PROPERTY TAX (County's Portion) Last Five Years

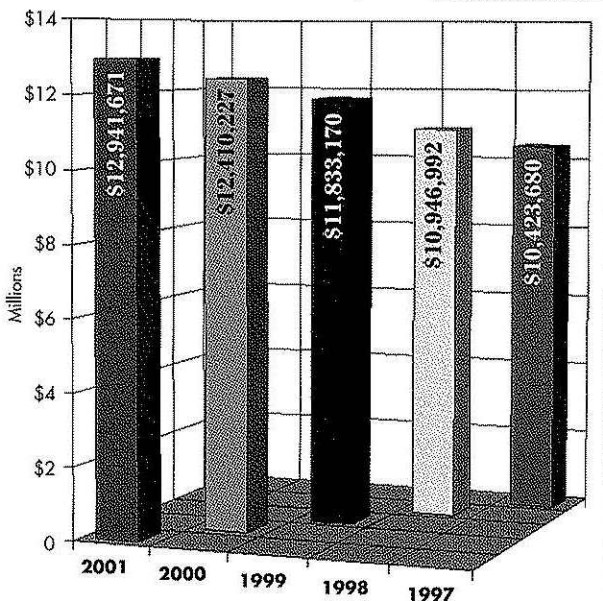


LORAIN COUNTY PRINCIPAL TAXPAYERS CHART



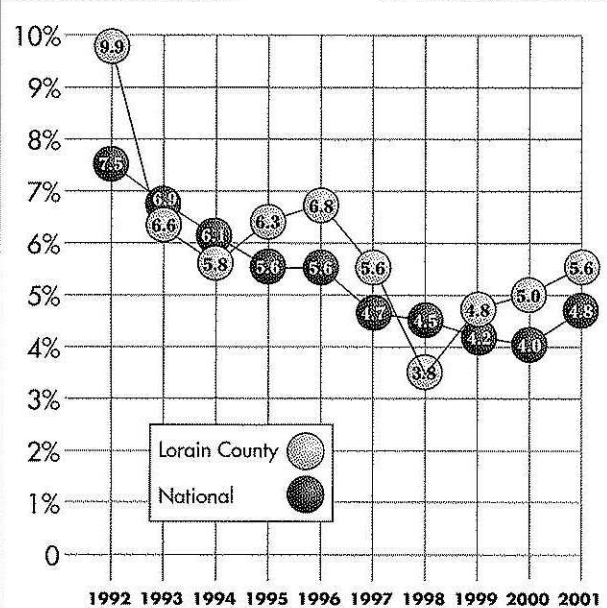
Fifth Third Bank

LORAIN COUNTY REVENUES - SALES TAX Last Five Years



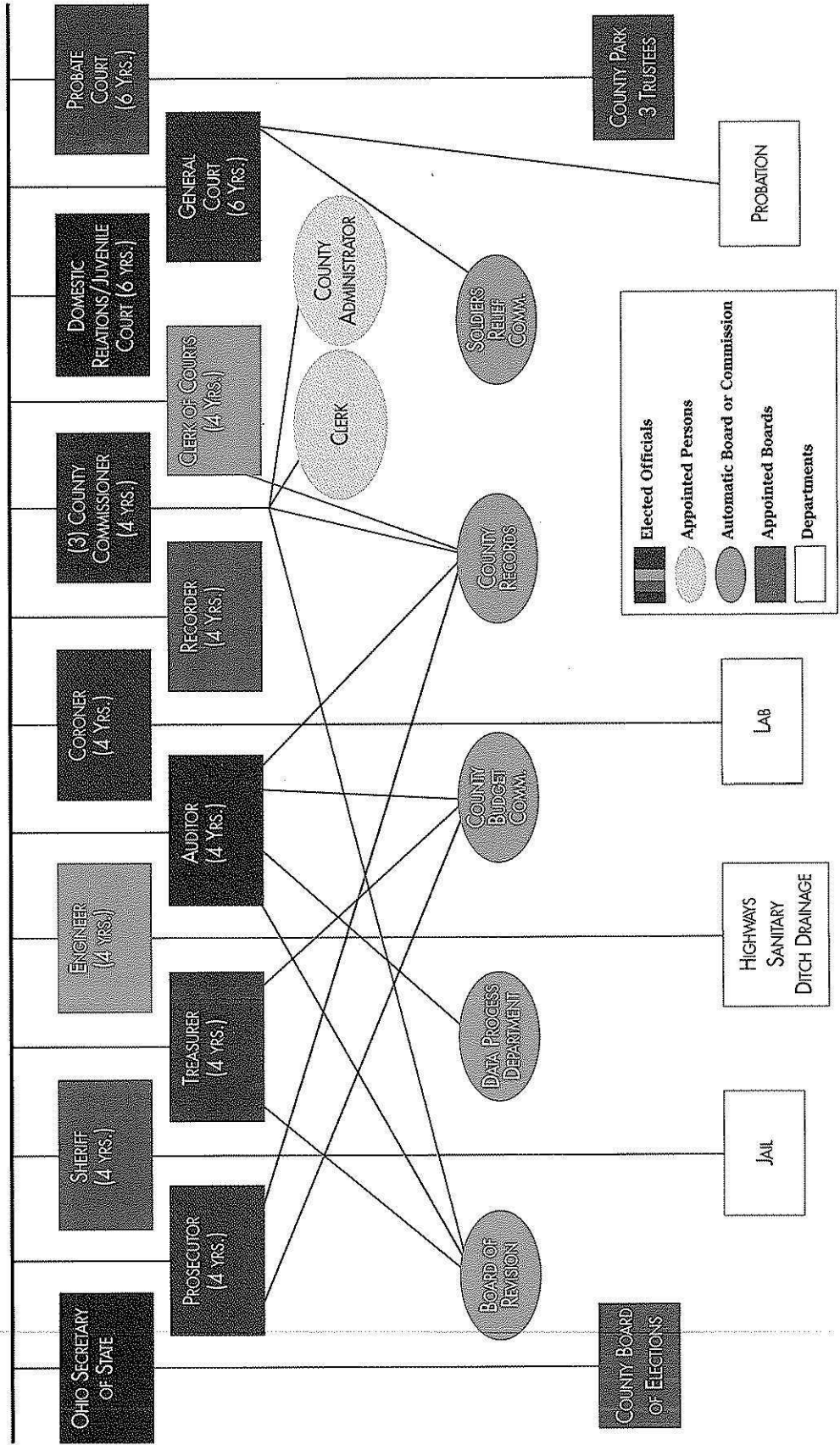
Note: General Fund Only

LORAIN COUNTY UNEMPLOYMENT RATE Last Ten Years



Lorain County Government Organizational Chart

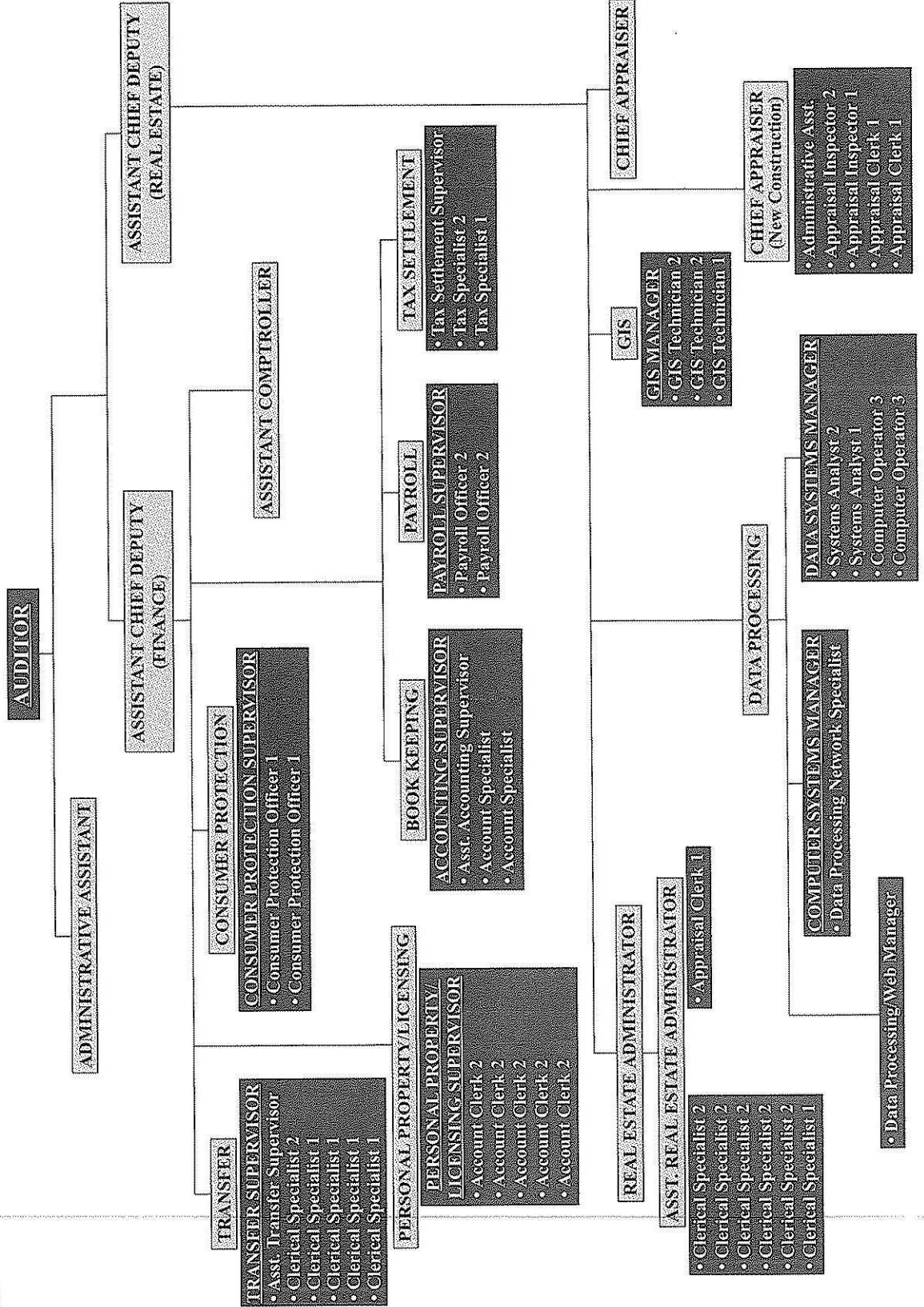
REGISTERED VOTERS



Legend:

- Dark Grey Box:** Elected Officials
- Light Grey Oval:** Appointed Persons
- Light Grey Oval:** Automatic Board or Commission
- Dark Grey Box:** Appointed Boards
- White Box:** Departments

LORAIN COUNTY AUDITOR'S ORGANIZATIONAL CHART



CONTINUED GROWTH

MAJOR INITIATIVES

The County made great strides in 2001 in the area of economic development. The County Economic Development department expanded its staff and was restructured to better meet the demands of a County on the move. The County Commissioners purchased and renovated an existing downtown Elyria structure to house the department and provide the staff with the much-needed space.

In March of 2001, the County established the Lorain County Port Authority. This was a cooperative effort with the State in which both entities are to provide funding with the County contributing 1.5 million dollars. The mission of the Port Authority is to promote economic development by assisting private industry initiatives; by encouraging development and redevelopment; and by promoting investment in business, industrial and transportation projects. A five-member board has been created to oversee these functions.



Woodman Agitator

Another program established to further stimulate development was the creation of the Lorain County Area-Wide Microenterprise Loan Program (LAMP). The program is designed to assist existing microenterprise (business employing five or fewer employees with revenues of less than \$100,000 annually) and aspiring entrepreneurs by providing them with low interest loan from \$250 to \$20,000. These loan dollars can be used for working capital, inventory, or machinery and equipment. The LAMP program also provides training and ongoing technical assistance to help business owners acquire the skills necessary to be successful.

The County has continued to invest in its infrastructure in order to keep up with the population growth in Lorain County. With great fanfare, the County broke ground on May 3, 2002 for the much-anticipated 228,000 square foot Justice Center. Approximately 3.8 million dollars in preconstruction costs have been incurred through the end of 2001 with a total estimated cost being 46 million dollars. The seven-story structure is scheduled to be completed in the summer of 2004. The Justice Center is expected to house 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. These departments are currently located in different building in the County and will bring them under one roof.

Other ongoing 2001 projects include the renovation and expansion of the 911 and Emergency Management facility. Approximately \$600,000 of the 1.4 million-dollar project has been expended with the completion of the project scheduled for late 2002 or early 2003. The project will add 11,724 square feet to the existing structure along with the repaving of the entire 50,000 square foot parking area. Another renovation project started in late 2000 was for the expansion and remodeling of the County Engineers offices and was completed in January 2002. This project has provided much needed office space along with areas for the road equipment and trucks used in maintaining the County roads.

The County completed and capitalized approximately 4.4 million dollars in sewerlines in 2001 as reflected in the proprietary funds. The main project was a sewer located in Amherst Township. The State Turnpike Commission has contemplated the construction of a Turnpike Interchange Exit on State Route 58 in Lorain County for which the sewer service was needed. With the completion of this project the way has been paved for growth in this area and the Commission to go forward with its plans.

DEPARTMENT FOCUS

The featured department for this year's CAFR and PAFR is Lorain County's Office of the Coroner. The Coroner is Dr. Paul M. Matus who is assisted by an office manager, investigator and deputy coroners.

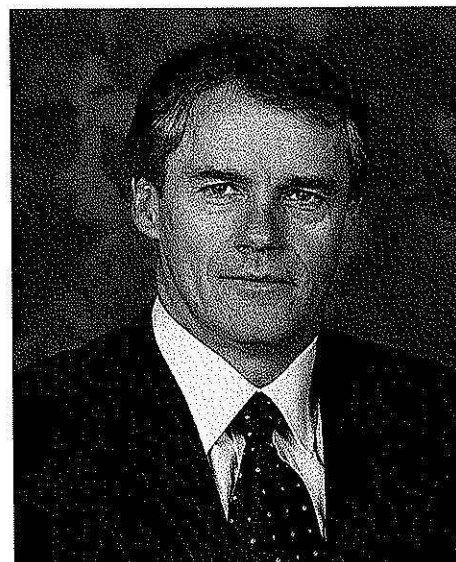
In Ohio, coroners are required to be physicians and to be available twenty-four hours a day to conduct death investigations. Ohio Law requires that coroners investigate deaths due to violence, accident, homicide, or suicide; deaths which occurred in a suspicious or unusual manner or while in custody, and deaths which happened unexpectedly when the decedent was in apparently good health. Under a recent change in the Ohio Revised Code, any child under the age of two years, who dies with no known potentially lethal disease, must be referred to the coroner's office to be autopsied. Another reason that a body may be brought to the coroner's office is that the identity of the deceased person is unknown.

An autopsy is a systematic external and internal examination of the body of the deceased person for the purpose of determining the time, exact cause, mode and manner of death. Not all persons referred to the coroner's office are autopsied. When "foul play" has been ruled out and evidence of a natural death is present, an autopsy may not be performed. In cases likely to be followed with legal

proceedings, an autopsy will most often be performed. Ohio Law provides that the coroner does not need permission to perform an autopsy.

There is legislation being considered to require autopsies on all deaths from any kind of trauma because of the far-reaching medical and legal consequences of such deaths. Emergency rooms and trauma care centers already utilize coroner's reports to improve care. Coroners' offices report to the United States Consumer Products Safety Commission by identifying unsafe products involved in deaths. This aids in future safety and testing regulations in hopes of saving lives. In addition, O.S.H.A., suicide prevention centers, the Ohio State Patrol, the Sudden Infant Death Syndrome Association, and other governmental and private agencies interact closely with the Coroner's office in an effort to make our communities safer and to prevent future injuries or deaths.

Dr. Matus is frequently a key witness in court, not only in homicide cases, but also in civil cases, such as work-related deaths, and his testimony significantly influences decisions regarding injury or disability claims, double indemnity life insurance payments, and social security benefits, etc. His principle duty is to speak for the dead and protect the rights, safety and interests of all concerned.



Dr. Paul M. Matus

As a result of the complexities of modern day society and pitfalls of litigation, the coroner cannot afford to overlook any detail. He must utilize many new forensic technologies and death investigation techniques to assure valid conclusions concerning the circumstances and cause of a death. Today, citizens and the legal system do not want to know just the cause and manner of death but also who, what, where, when and why, which frequently can only be determined by the coroner.

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 2001 FINANCIAL ACTIVITY STATEMENT

Resources Received	2001	2000
Property & other Taxes	\$ 32,308,534	\$ 30,516,832
Sales Tax*	19,346,425	18,596,540
Charges for Services	8,036,148	7,581,462
Licenses, Permits & Fees	11,870,031	10,307,088
Fines & Forfeitures	1,790,919	2,896,740
Intergovernmental Revenue	87,366,770	89,904,738
Special Assessments	243,685	206,555
Interest	7,815,249	11,084,658
Other	3,314,703	2,794,205
Total Resources Received	\$172,092,464	\$173,888,818
Services Rendered		
Legislative and Executive	\$ 23,365,934	\$ 22,382,012
Judicial	12,370,435	10,783,418
Public Safety	17,597,024	17,959,664
Public Works	7,503,614	6,953,343
Health & Human Services	102,880,530	90,231,207
Economic Development and Assistance	944,799	502,503
Capital Outlay	5,652,063	7,543,559
Intergovernmental	8,070,233	5,678,789
Debt Service	1,623,948	6,389,810
Total Services Rendered	\$180,008,580	\$168,424,305
Resources Received over(under) Services Rendered	(\$7,916,116)	\$5,464,513

*Does not reflect states share of sales tax

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 Property and other taxes, real estate tax, personal property tax, and a variety of other smaller taxes.

Sales tax is levied at 5.75%; with the 5% earmarked for the State of Ohio, .5% of the sales and use tax is dedicated to the general fund and a .25% of the sales and use tax is for the construction and operation of the county correctional facilities.

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.

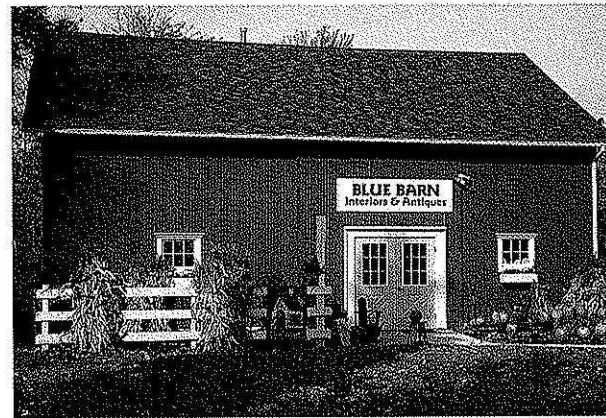
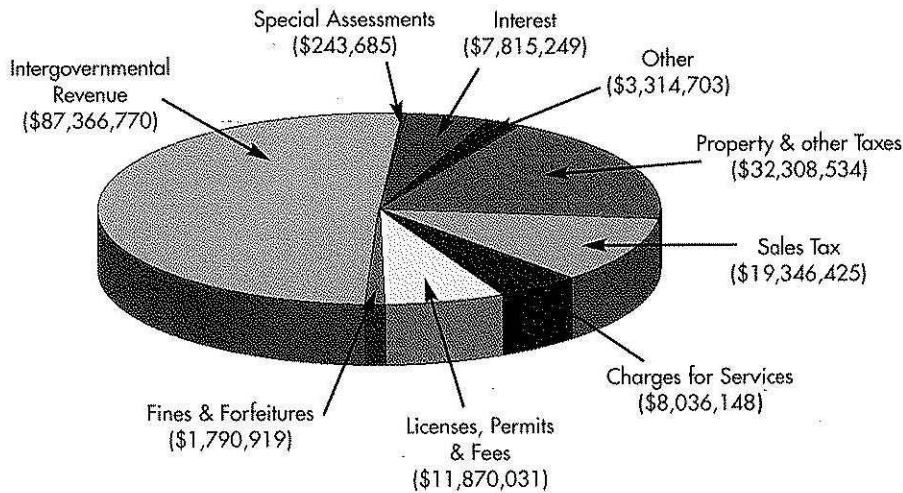
Fines and Forfeitures are the resources derived from fines levied in the Courts and the money received from a variety of forfeitures, including drug arrests and seized property.

Intergovernmental Revenues are resources received from direct grants and funding from the State of Ohio and Federal Government. The implementation of GASB 33 and GASB 36 greatly impacted these resources.

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.

RESOURCES RECEIVED



Blue Barn

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, Probate Court and Clerk of Court.

Public Safety expenditures are the costs of the Coroner, Probation, Disaster Services 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.

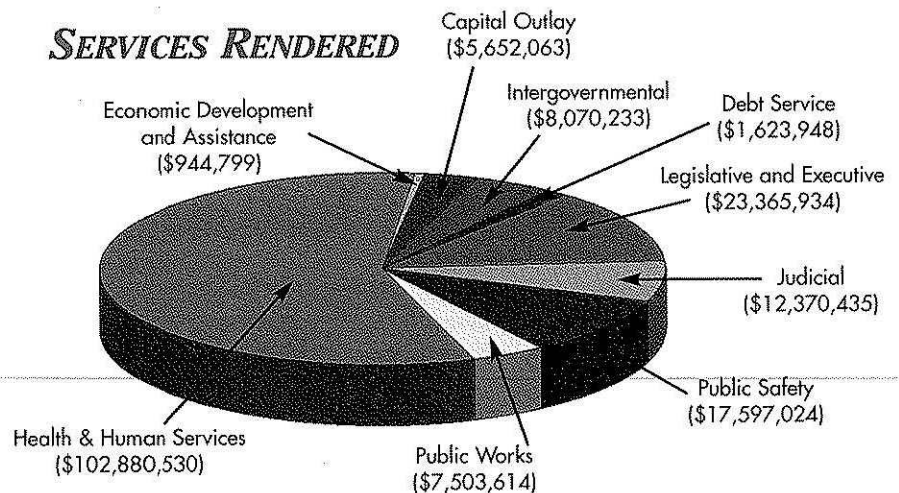
Human Service expenses are the costs of the Job and Family Services Department and Children Services Board.

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 2001 FINANCIAL POSITION STATEMENT		
Financial Benefits	2001	2000
Cash & Cash Equivalents	\$149,004,130	\$139,717,888
Taxes Receivables	360,372,770	298,047,771
Other Receivables	87,066,203	50,405,081
Property & Equipment	86,694,681	81,784,839
Inventory	962,916	827,234
Other Assets	23,207,497	17,495,599
Total Financial Benefits	\$707,308,197	\$588,278,412
Financial Burdens		
Accrued Payroll, Accounts Payable & Other	\$ 11,877,030	\$ 12,362,647
Compensated Absences Payable	7,340,827	6,573,684
Deferred Revenue	65,273,802	33,666,301
Short Term Debt	2,228,000	4,802,000
Long Term Debt	13,926,026	9,979,353
Other Financial Burdens	389,081,506	319,797,031
Total Financial Burdens	\$489,727,191	\$387,181,016
Benefits over Burdens	\$217,581,006	\$201,097,396

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 2001 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 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.

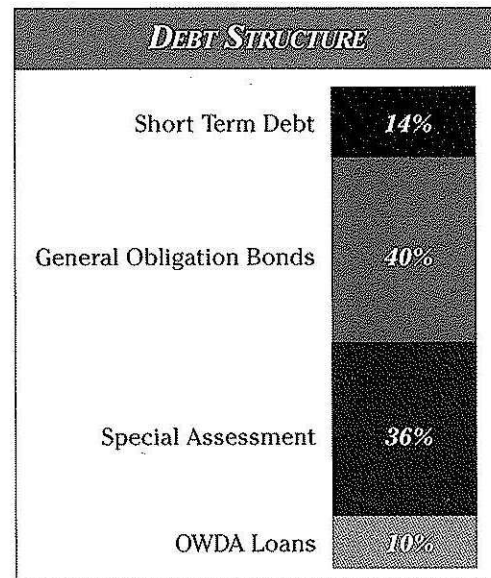
Deferred Revenue includes special assessments property taxes and intergovernmental revenues to be received in subsequent years. A large increase for 2001 was experienced due to the implementation of GASB 33.

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.



LORAIN COUNTY 2001 SUMMARY OF DEBT OBLIGATIONS

	Balance as of 01/01/01	Additions	Deletions	Balance as of 12/31/01
Short Term Debt	\$ 4,802,000	\$ 7,432,000	\$ 10,006,000	\$ 2,228,000
General Obligation Bonds	6,950,000	--	410,000	6,540,000
Special Assessment	1,290,271	4,560,000	113,053	5,737,218
OWDA Loans	1,745,803	--	96,995	1,648,808
Total	\$ 14,788,074	\$ 11,992,000	\$ 10,626,048	\$ 16,154,026

Lorain County

Elected Officials

As of December 31, 2001

BOARD OF COMMISSIONERS

Elizabeth C. Blair
Mary Jo Vasi
David J. Moore

COUNTY AUDITOR

Mark R. Stewart

COUNTY TREASURER

Daniel J. Talarek

PROSECUTING ATTORNEY

Gregory A. White

CLERK OF COURTS

Ron Nabakowski

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

Phil R. Stammitti