

Lorain County

The People's Annual Financial Report



For the Year Ended December 31, 2003
Mark R. Stewart, Auditor

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About The Cover: The New Lorain County Justice Center was substantially completed and partially occupied in May 2004. The Justice Center will consolidate all of the courts and their support services currently being housed in six separate buildings.

The courts will be capable of providing the latest advancements in telecommunications and courtroom electronics equipment for evidence presentation. The building is designed to provide a secure facility consistent with guidelines and rules prescribed for security and safety by the Ohio Supreme Court.

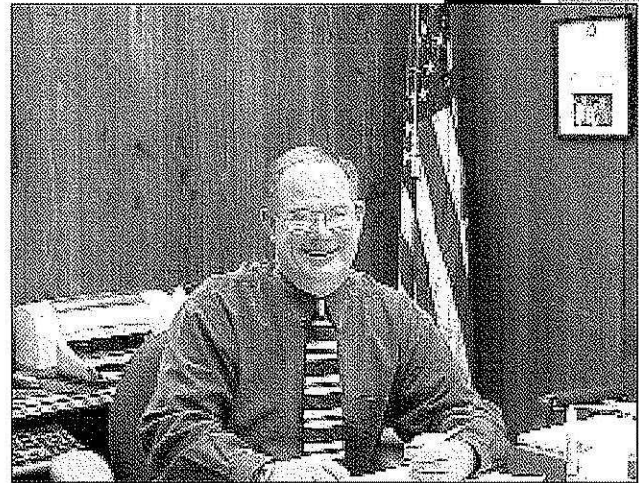
The Justice Center entrance faces the town square and the existing historic courthouse. The primary materials were based on the same Amherst sandstone used on the historic courthouse, churches and other public buildings in Lorain County.

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, 2003. 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 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 our County's government. As the PAFR is a condensed version of the 2003 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

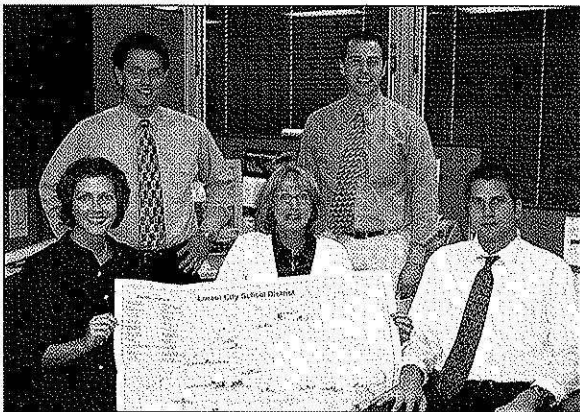


COUNTY AUDITOR'S OFFICE

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.



GIS Department

Standing L-R: Tim Arra, Marty Rowe

Sitting L-R: Jane Piper, Linda Keys (Asst. Chief Deputy),
Dave Adelsberg

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 approximately 11,400 returns a year. However, with a change in the state law effective for 2004, this number will drop to about 3,900.

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.

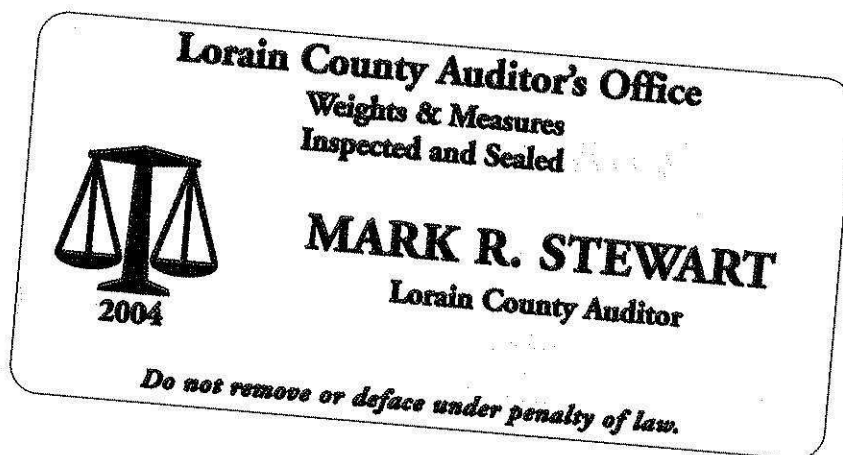
**REAL ESTATE APPRAISAL
AND ASSESSMENT**

Lorain County has over 151,700 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.

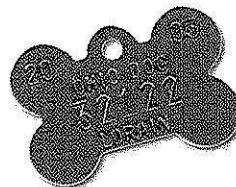


WEIGHTS AND MEASURES

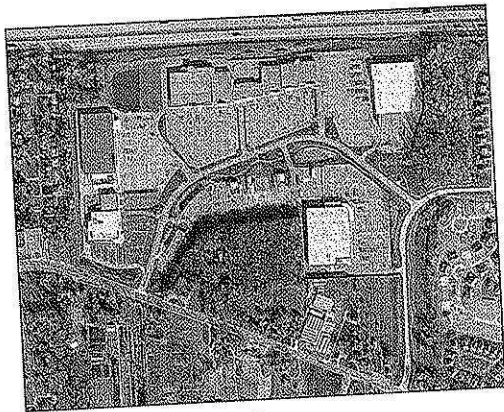
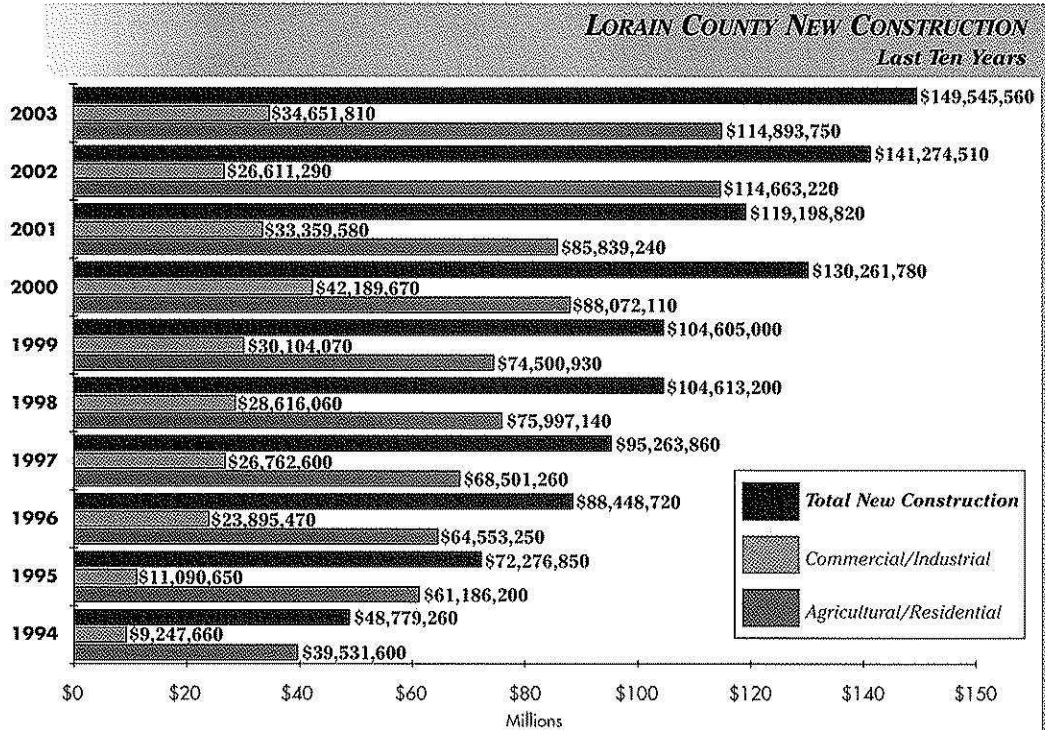
The Lorain County Auditor's Office helps protect County residents and businesses by ensuring that all commercial weighing and measuring devices are accurate. Gas pumps, price scanners, timing devices such as laundromats and car washes and meat and produce scales are checked regularly. Each year the Auditor's office inspects more than 3720 devices at 600 locations throughout the County.

LICENSING

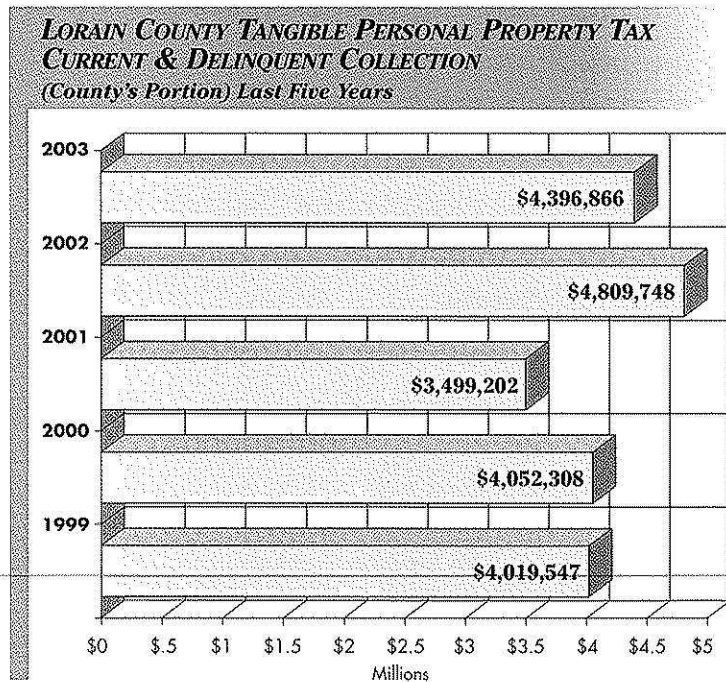
Licenses for dogs, kennels, vendors, and cigarettes are all issued by the Auditor's office. Lorain County annually issues more than 28,560 dog licenses. Vendor licenses authorize businesses to sell tangible property to the public and collect sales tax, a part of which is returned for use on the local level.



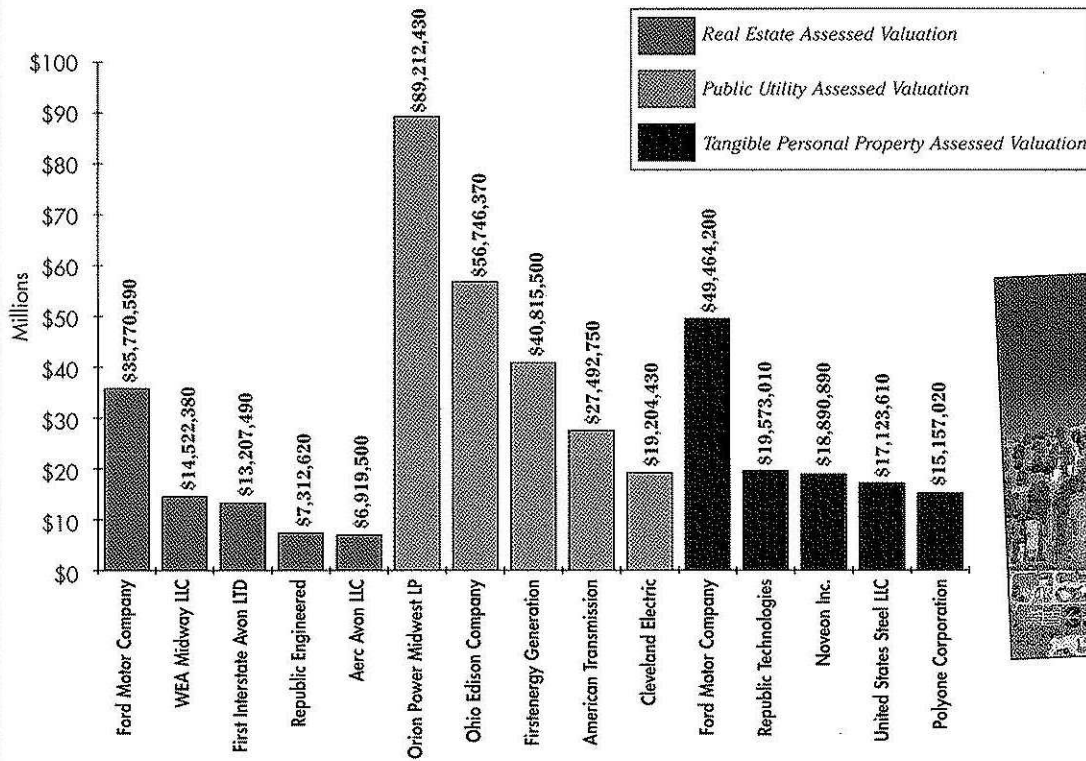
ECONOMIC OUTLOOK



Avon Commons

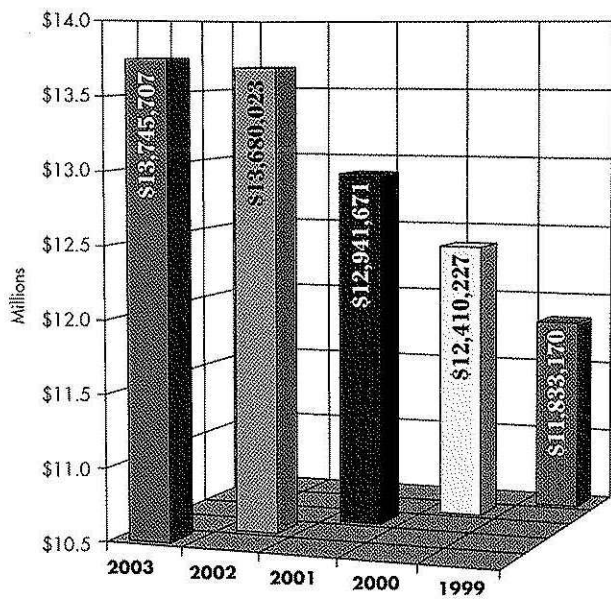


LORAIN COUNTY PRINCIPAL TAXPAYERS CHART



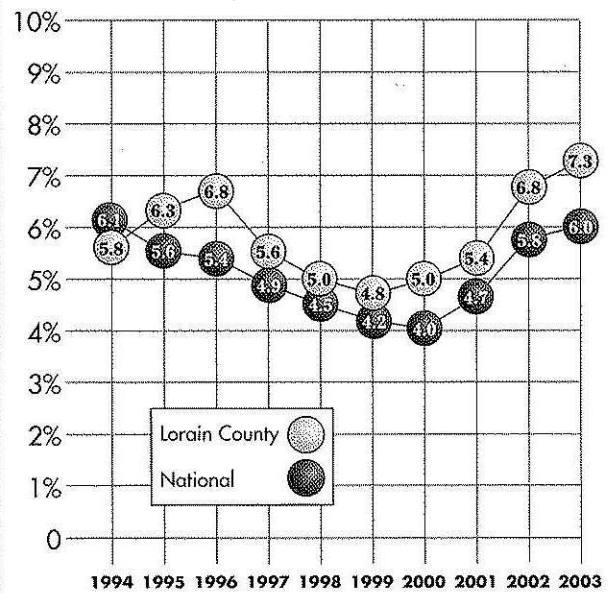
Orion Power Plant

LORAIN COUNTY REVENUES - SALES TAX Last Five Years



Note: General Fund Only

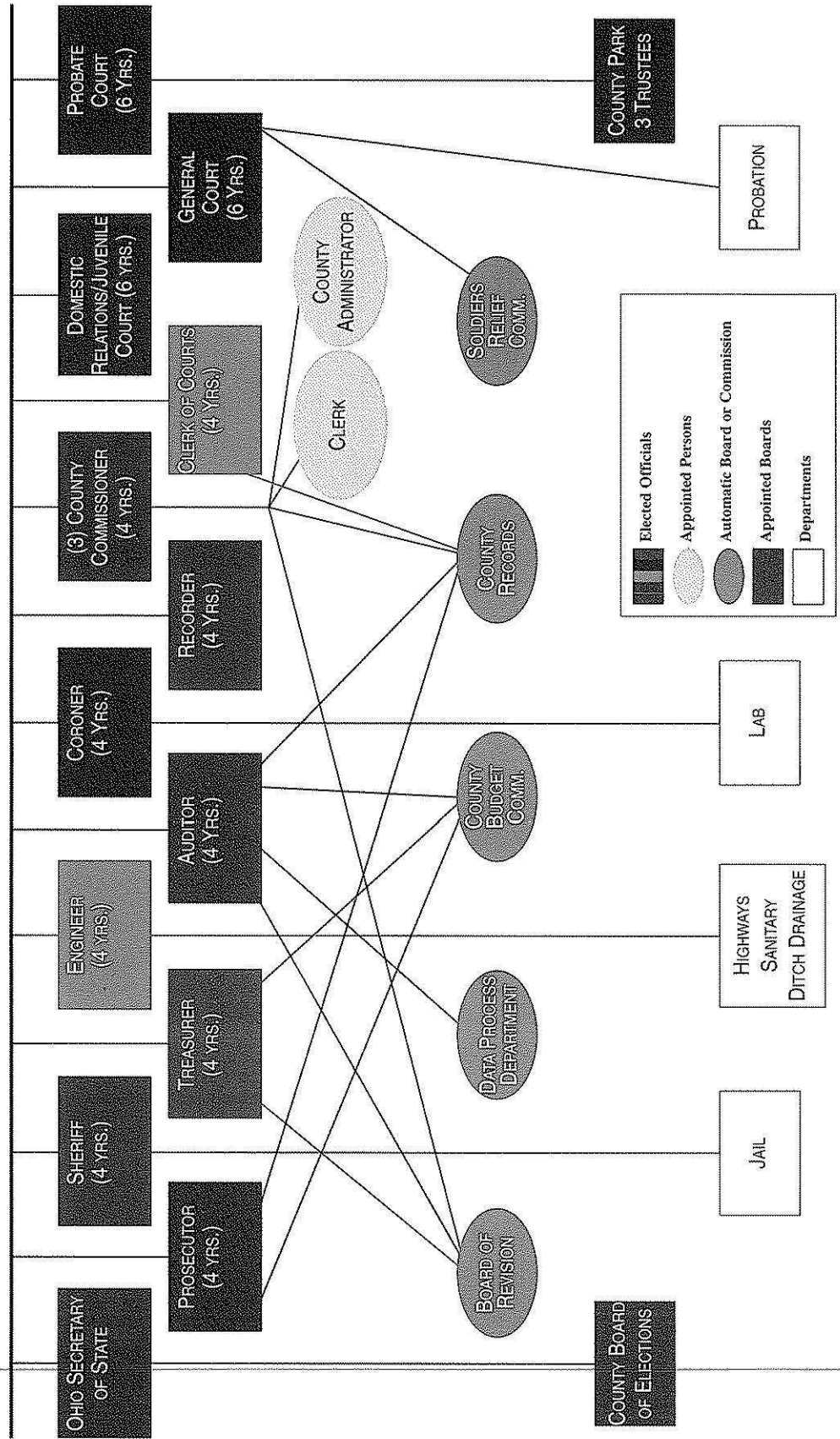
LORAIN COUNTY UNEMPLOYMENT RATE Last Ten Years



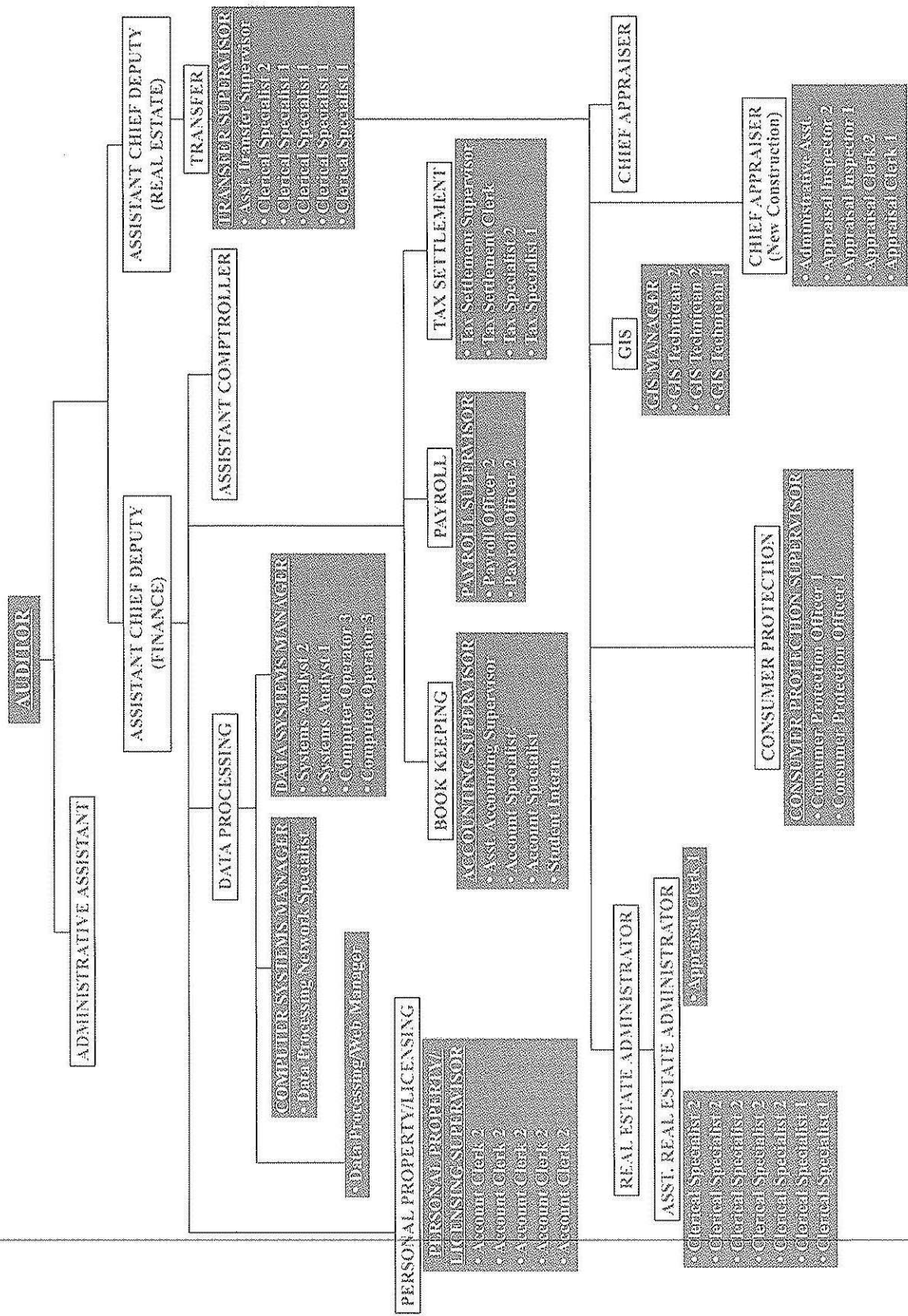
LORAIN COUNTY GOVERNMENT ORGANIZATIONAL CHART

Lorain County Government

REGISTERED VOTERS



LORAIN COUNTY AUDITOR'S ORGANIZATIONAL CHART



CONTINUED GROWTH

MAJOR INITIATIVES

The County completed a number of major construction and renovation projects in 2003 to expand and 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 20.5 million dollars towards the construction of its new Justice Center in 2003 bringing the to date project costs to 32.5 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 are 46 million dollars, which is being paid from cash reserves on hand, and issuance of 25 million dollars in bonds. The seven-story structure was substantially complete in 2003 and occupied in May of 2004, with some minor finishing work subsequent to occupancy. Once the Justice Center is fully completed, it will 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 various buildings in the County and will bring them under one roof. A number of other County departments are expected to be moved into the newly vacated Pre-1900's Courthouse. The remaining departments such as the County Commissioners, Recorder, Auditor and Treasurer will remain in the County Administration building where they are currently situated.

Late in 2003, the County committed to purchase a new facility to house its board of elections officials and employees. 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, which should save the taxpayers money in the long term. The County will now own a centrally located facility with highway access at an initial capital outlay of approximately 1.7 million dollars. In April of 2004, bonds were issued for this amount in order to acquire, renovate, improve, equip and furnish the Board of Elections

building. This action will also help position the County favorably as the State mandated use of computerized voting machines takes effect and should better meet the changing needs of the community.

The County looks forward to a continuation in growth of its economy as new homes are built and the population increases. There were more than 1,600 new homes built in 2003, with record numbers in conveyances, recording fees 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. A number of administrative and legislative actions taken by the County Commissioners during the year should enhance the quality of services provided by the Lorain County Regional Airport and the Lorain County Transit System. The relatively new Port Authority recently completed a financing deal for the Lorain County Visitors Bureau to purchase land and construct a visitor's bureau facility and is working on a number of other potential projects.

Another project currently under construction that offers great promise that Lorain County will continue its growth is the addition of a turnpike

interchange onto State Route 58 in Amherst Township. This project has been in the making for a number of years and the Turnpike Commission broke ground in 2003 and slated to be completed in the fall of 2004. The increased flow of traffic and accessibility to this North-South corridor of Lorain County should greatly assist in the economic growth of the area.

DEPARTMENT FOCUS

The featured department for this year's CAFR and PAFR is Lorain County Recorder Judy Nedwick and her staff. Judy took over for long-time recorder Mary Ann Jamison upon her untimely death in July of 2003.

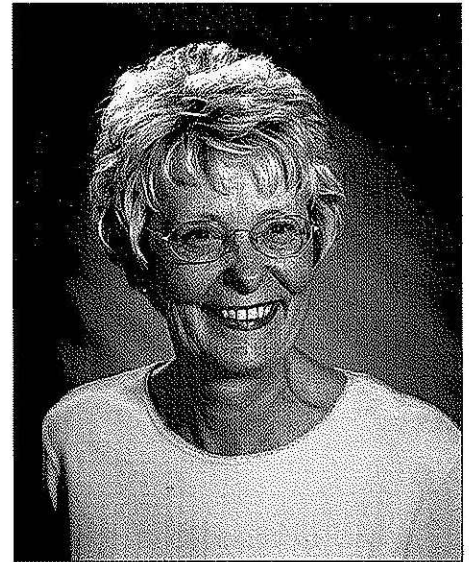
A workforce of nineteen, along with Ms. Nedwick, handles a myriad of different documentation issues for the residents of Lorain County. There are more than 150 possible files that can be recorded, the most common being deeds, mortgages, leases, living wills and powers of attorney. Within her office there are documents that date as far back as 1824 that pertain to property deeds and transfers. The Recorder's office has the important and indispensable task of keeping vital records pertaining to ownership in real estate and to all encumbrances or liens upon it.

In 2003, the Recorder's office handled a record number of

97,575 transactions, equating to more than 4 million dollars flowing through the County coffers. The office has undertaken increased responsibilities as mandated by state law and an increased workload the past few years. Lorain County has experienced unprecedented growth the last few years compounded by all-time low interest rates spurring home sales and refinancing deals; the office bears the brunt of these transactions. From the first deed ever recorded in 1824 to the two millionth deed recorded in early 2004, the second million in the last 26 years alone, the recorder has been the gatekeeper to the history of Lorain County.

An important aspect of the County Recorder's work is to index each document so it may be readily located. Accurate indexing makes it possible for persons searching land records to find documents necessary to establish a "chain of title" and ensure that any debts or encumbrances against the property are evident. The general public, attorneys, historians, genealogists and land title examiners regularly access this information.

With this in mind, Ms. Nedwick has pushed towards improved computerization and accessibility of these records allowing for a user-friendly environment compared to the cumbersome record books currently in use. She has compiled a "task force" comprised of individuals that



Lorain County Recorder
Judy Nedwick

work with the various documents to advise and enact on processes to help the end users. Ultimately, she intends to make available all documents Internet accessible available 24 hours a day. Further, as her office pushes towards cutting edge technology, the recordation of documents by e-mail will be phased in as another component of her master plan.

In the end, with the implementation of improved technology, it should equate to savings of time and money to the citizenry.

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 2003 FINANCIAL ACTIVITY STATEMENT

| | 2003 Activities | 2002 Activities |
|--|-----------------------|-----------------------|
| Resources Received | | |
| Program & General | | |
| Charges for Services | \$ 33,655,828 | \$ 30,322,450 |
| Charges for Services Business/Sewer | 890,755 | 1,065,375 |
| Operating Grants | 77,784,499 | 85,474,699 |
| Capital Grants | 7,236,058 | 1,896,089 |
| Taxes | 66,916,905 | 64,168,784 |
| Intergovernmental | 10,824,152 | 11,761,947 |
| Investment Income | 1,900,526 | 4,237,027 |
| Other | 654,881 | 516,920 |
| Premium on Bonds, includes Interest | | 597,404 |
| Total Resources Received | \$ 199,863,604 | \$ 200,040,695 |
| Services Rendered | | |
| General Government - | | |
| Legislative and Executive | \$ 33,764,298 | \$ 34,201,123 |
| Judicial | 13,767,058 | 15,403,674 |
| Public Safety | 20,580,981 | 19,034,878 |
| Public Works | 14,299,549 | 11,799,212 |
| Health | 41,679,367 | 42,595,535 |
| Human Services | 69,762,952 | 72,025,168 |
| Economic Development | 1,103,502 | 820,124 |
| Intergovernmental | 555,155 | 588,218 |
| Interest | 659,033 | 1,681,098 |
| Business/Sewer | 1,277,984 | 1,208,169 |
| Total Services Rendered | \$ 197,449,879 | \$ 199,357,199 |
| Resources Received Over Services Rendered | \$ 2,413,725 | \$ 683,496 |

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.

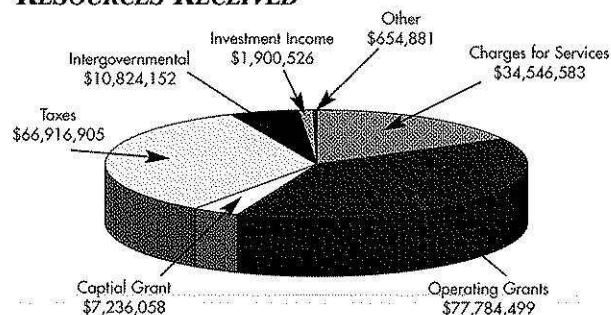
Capital Grants are resources from state and federal grants for buildings, construction improvements and Special Assessments from citizens for providing improvements such as ditches, water, sewer, curbs and lighting.

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.

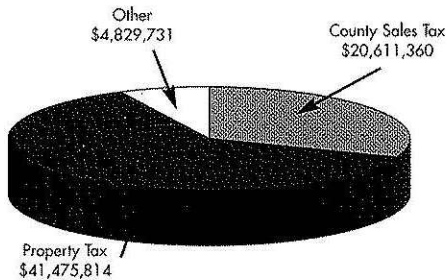
RESOURCES RECEIVED



Details of Tax Revenues

| | |
|------------------|---------------|
| County Sales Tax | \$ 20,611,360 |
| Property Tax | 41,475,814 |
| Other | 4,829,731 |

Total Tax Revenues \$ 66,916,905



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.

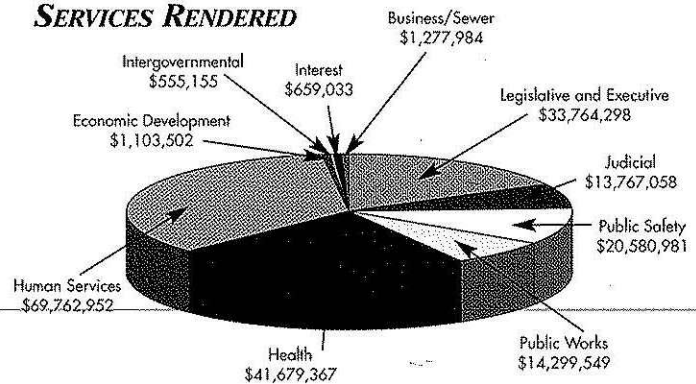
Economic Development are services provided by Community Development Block Grants and Housing Improvement Programs.

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 2003 FINANCIAL POSITION STATEMENT | | |
|--|-----------------------|-----------------------|
| | 2003 | 2002 |
| Financial Benefits | | |
| Cash & Cash Equivalents | \$ 118,146,733 | \$ 135,875,837 |
| Receivables | 82,175,567 | 82,554,881 |
| Property & Equipment | 142,756,275 | 124,826,081 |
| Other Assets | 1,069,959 | 1,108,389 |
| Total Financial Benefits | \$ 344,148,534 | \$ 344,365,188 |
| Financial Burdens | | |
| Accounts & Other Payables | \$ 12,742,477 | \$ 12,767,765 |
| Intergovernmental Payables | 1,530,122 | 938,304 |
| Short Term Debt | 2,000,000 | 2,000,000 |
| Long Term Debt | 31,935,370 | 34,240,823 |
| Other Financial Burdens | 9,604,321 | 8,449,892 |
| Total Financial Burdens | \$ 57,812,290 | \$ 58,396,784 |
| Benefits over Burdens | \$ 286,336,244 | \$ 285,968,404 |

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 2003. 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.

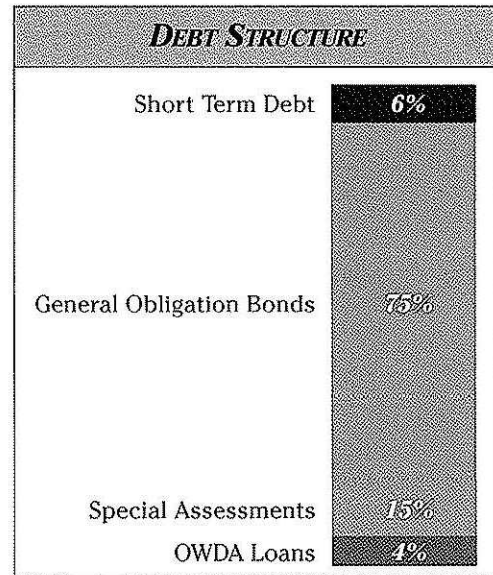
Short Term Debt includes amounts borrowed by the County that must be repaid within one year.

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.



| | Balance as of 01/01/03 | Additions | Deletions | Balance as of 12/31/03 |
|--------------------------|---------------------------|---------------------|---------------------|---------------------------|
| Short Term Debt | \$ 2,000,000 | \$ 2,000,000 | \$ 2,000,000 | \$ 2,000,000 |
| General Obligation Bonds | 27,235,000 | -- | 1,915,000 | 25,320,000 |
| Special Assessment | 5,458,808 | -- | 283,626 | 5,175,182 |
| OWDA Loans | 1,547,015 | -- | 106,827 | 1,440,188 |
| Total | \$ 36,240,823 | \$ 2,000,000 | \$ 4,305,453 | \$ 33,935,370 |

Lorain County

Elected Officials

As of December 31, 2003

BOARD OF COMMISSIONERS

Elizabeth C. Blair
Mary Jo Vasi
David J. Moore

COUNTY AUDITOR

Mark R. Stewart

COUNTY TREASURER

Daniel J. Talarek

PROSECUTING ATTORNEY

Jeffrey Manning

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 Betleski

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