

City of Lorain, Ohio



Comprehensive Annual Financial Report

For the Year Ended December 31, 2008



Mary Taylor, CPA
Auditor of State

City Council
City of Lorain
200 West Erie Avenue, 6th Floor
Lorain, Ohio 44052

We have reviewed the *Independent Auditors' Report* of the City of Lorain, Lorain County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Lorain is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 17, 2009

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City of Lorain, Ohio



Comprehensive Annual Financial Report

For the Year Ended December 31, 2008

Ronald L. Mantini
Lorain City Auditor

City of Lorain, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2008
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200 West Erie Avenue, 6th Floor
Lorain, Ohio 44052-1647

The City of Lorain, Ohio

Ronald L. Mantini, Auditor

Phone: (440) 204-2090
Fax: (440) 204-2097

June 27, 2009

Citizens of Lorain
Lorain, Ohio

I am pleased to submit the comprehensive annual financial report of the City of Lorain for the year ended December 31, 2008.

This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file unaudited general purpose external financial statements with the Auditor of State within 150 days of fiscal year end.

Management assumes full responsibility for both the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Ciuni and Panichi, Inc., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Lorain financial statements for the year ended December 31, 2008. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal, and should be read in conjunction with it.

Profile of the Government

The City of Lorain, incorporated in 1874, is located in Lorain County in northeastern Ohio on the shore of Lake Erie, approximately 30 miles west of Cleveland and 90 miles east of Toledo. It currently occupies 24.25 square miles and serves a population of 70,124 based on the most recent data from the United States Census Bureau. The City is the largest city in the County and the 10th most populous county in the State.

The city will be celebrating its 175th anniversary of its founding with a three day celebration planned for July. It was founded on July 16, 1834 when a group of settlers had a plat of a 40-acre town drawn up and submitted to the Lorain County recorder as Charleston village.

Lorain possesses an international port that has access to world markets via the St. Lawrence Seaway. Major port facilities include docks and other facilities for the receipt of iron ore, gypsum ore, concrete, aggregates and oil. The Lorain Port Authority, a separate political subdivision, operates the port.

The City is in the Cleveland Primary Metropolitan Statistical Area, comprised of the six counties of Ashtabula, Cuyahoga, Geauga, Lake, Lorain and Medina. The City is also in the Cleveland-Akron-Lorain Consolidated Metropolitan Statistical Area which is the 11th most populous of twenty in the country.

The City operates as a statutory City under the laws and regulations as set forth under the Ohio Constitution, which is in contrast to the specialized charter forms of government. The citizens have voted down charters in the past. The form of government prescribed in Lorain is Mayor-Council.

Legislative authority is vested in an 11-member City Council and a Council President. Council has three members who are elected at-large and eight who are elected from wards, all for two-year terms. The Council fixes compensation of City officials and employees, and enacts ordinances and resolutions including, but not limited to, City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal purposes. The presiding officer is the President of Council, who is elected by City voters for a two-year term.

The City's chief administrative officer is the Mayor, who is elected to a four-year term. The Mayor is responsible for basic City services, such as police, fire, streets, parks and community development. The Mayor appoints a Director of Public Safety, a Director of Public Service, department heads, boards and commissions. The Mayor's role is to promote business and commerce and to be the catalyst for new projects and developments.

The City's chief financial and fiscal officer is the Auditor, who is elected to a four-year term. The Auditor is responsible for keeping financial records and preparing financial reports of the City. In addition, the Auditor monitors the budget, directs payroll and accounts payable, and oversees all information technology activities, including a voice over internet protocol phone system (VOIP).

The City's Treasurer is elected to a four-year term. The Treasurer is responsible for income tax and other revenue collections of the City. The Treasurer is the custodian of all monetary assets and is responsible for deposits and investments.

The City's chief legal counsel is the Law Director, who is elected to a four-year term. The Law Director represents the City in all its cases. The Law Director advises City officials and Council on all legal matters and must approve all ordinances, resolutions and contracts as to form. The Law Director also appoints the Chief Prosecutor, who is responsible for prosecution of all municipal, civil, and criminal cases.

Lorain has two Municipal Judges and a Clerk of Courts, each of whom are elected to six-year terms.

The City provides basic services to its residents including police and fire protection, planning, zoning, maintenance of highways, streets, and other infrastructure; and recreational and cultural activities. Certain sanitation services are provided through the City's Water and Sewer Divisions, which functions, in essence, as a department of the City of Lorain and therefore has been included as an integral part of the City's financial statements.

The Council is required to adopt an annual budget by no later than March 31 of the fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, department (e.g., police) and object level (e.g., material and supplies). Sub-object level accounts (e.g., office supplies) are also budgeted for management internal control purposes. Department heads may transfer resources within an object level as they see fit. Transfers between object levels, departments and funds, however, need special approval from the governing council.

In 2008 the City maintained the policy of tight controls on spending, negotiating reasonable labor contracts with the City's local unions, and continued to research avenues of revenue enhancement in an effort to reduce the general fund deficit.

Local Economy

The economy of the City continues to have a diverse base with a mix of service oriented and manufacturing businesses. The following industries are vital to the City's financial condition and contribute to the stable economic condition of the City: Community Health Partners, the City's largest employer, is a full service hospital affiliated with Cincinnati, Ohio based Catholic Health Care Partners, one of the largest not-for-profit healthcare systems in the United States and the largest in Ohio; Industrias CH, S.A. (Republic Engineered Products) is North America's leading supplier of high quality bar steel; Lorain Tubular, a division of United States Steel Corporation, is a leading manufacturer of seamless steel pipe; Emerson Network Power, a major global telecommunications service provider; Grace Management Services, K-mart, Lorain City School District; Lorain National Bank; Lake Point Health Center; The Nord Center, a health care facility; CAMACO Inc., an automotive seating systems supplier.

The City continues to pursue several areas for urban renewal enhancement and redevelopment which include the following:

- **HarborWalk**, A \$100 million, 62-acre development project which includes a planned 420-unit residential housing development, nautical boutiques, restaurants, a health club, a boardwalk and pier, a commercial fishing village and a 34,000 square foot commercial center. The HarborWalk Project involves an area which includes the former shipyard section of the City's downtown riverfront. A 19-acre Riverside Marina remains on the site. New construction is anticipated to continue through 2012.
- **Riverbend Commerce Park** (formerly named Colorado Industrial Park): The industrial park comprises an area of approximately 440 acres along the Black River, with approximately 178 acres of land suitable for development, 35 of the developable acres are located in Sheffield Village. The City has completed the initial phase of infrastructure development and now has at least 75 acres that are "shovel ready" for development including riverfront property on the Black River navigable channel. To further promote the availability of the Commerce Park the City has retained a real estate consultant to market the land. Development of a spec building is in the planning stages. The building is fully designed at 68,000 square feet. Camaco LLC, a tenant in the Park completed their latest expansion in early 2008 with a 40,000 sf addition to their building. The total facility is now approximately 160,000 sf. The other tenants, the US Post Office and Horizon Daycare are still operating.
- **Lighthouse Village**: The Lighthouse Village Urban Renewal Plan area is a development site of approximately 65 acres controlled by Lighthouse Village, LLC. Their proposed development of the approximately 500,000 square foot retail facility has progressed with the opening of Kohl's Department Store in October 2006, Home Depot in February 2008, and Applebee's Restaurant in late 2008. Wal-Mart has announced plans to begin construction on a 180,000 square foot Super Wal-Mart in late 2009. It could create up to 400 new jobs. Additional negotiations are underway with other retailers to locate on this site.
- **Lorain West Urban Renewal Plan**: The Lorain West Urban Renewal Plan area includes the Amherst Development Co. LLC (aka Heritage Development) with their 200 plus housing subdivision and retail center of approximately 250,000 square feet, of which half would be in the City of Lorain. Construction began in early 2008 on the infrastructure for 40 cluster homes and later in 2008 on the infrastructure for 40 more lots for single family homes. A 145,000 square foot Target

opened in October 2008. The Target store is located in the City of Amherst portion of this development. Ground was broken in January 2008 for an 117,000 square foot Lowe's store which opened in October 2008. A 14,000 square foot retail building was built in the City of Amherst. This building houses a sandwich shop, hair salon, bedding store and a beauty supply store and opened in the second quarter of 2009. Construction has started on a Key Bank branch with an expected opening in the fall of 2009. Plans call for an additional out lots to be built in the Lorain section.

The Plan Area also includes the vacated Ford Assembly Plant. In December 2006 the property was sold to Industrial Realty Group (IRG). IRG is a California developer that specializes in transforming old industrial sites. The Urban Renewal Plan will allow the City to work aggressively with the IRG. The plan provides for new zoning classifications that can be readily adopted, and puts in place a TIF district to allow the City to work with the developer to make the necessary public improvements to allow the 225 plus acres to be subdivided and marketed more quickly. Three companies have already located at this site – Trademark Global, an internet sales company; Jiffy Products, a supplier of plant propagation, seed, forestry, plants and trees; and Vermilion Indoor Storage. IRG is currently working with various other companies to relocate to the site.

- **Lorain Lakefront Development:** The City of Lorain and the Lorain Port Authority have signed a cooperative agreement to market the development of this site along with additional property along the Black River that is owned by the Port Authority. A contract to market the property on an international level was awarded to Staubach, Inc. in May 2008. Staubach presented its findings to the city at a Joint Waterfront Development Committee in January 2008. Key issues presented include cleaning up environmental concerns, urban blight, dated marina facilities and the lack of an attraction. The City's administration has formed committees to identify solutions and determine when the problems could be fixed. Once this is completed, the city will market the site to potential developers. These committees had held various meeting in 2008. Plans have been presented to relocate a sewage treatment, the Lorain Port Authority is working on relocating over head electric wires and the Port Authority has receives \$3 million to refurbish a marina. In addition, The Great Lakes Historical Society – Inland Seas Maritime Museum has signed an agreement to move from its current location in Vermilion, Ohio to the Lorain Pellet Terminal site. They are currently raising the funds necessary to construct the museum.

The City continues to make progress in its efforts to strengthen its economic base and community development.

New and existing residential projects continue and expand in various stages including but not limited to: Martin's Run, Deerfield Village, Mallard Creek housing development on the west side of Oak Point Road in the City, and the purchase of four acres of land on Lake Erie by Avalon Beach, LLC with plans to build a high rise lakefront condominium complex.

Long Term Financial Planning

The Administration is committed to working with the business community and residents to assure that the City of Lorain provides a high quality of life and services. Revenues for 2009 are estimated to be down from 2008 collections. The city is attempting to maintain services in this economically troubled economy.

Revenue enhancements include increasing the license plate fees by fifteen dollars which will generate an additional \$750,000 per year for road infrastructure repairs and maintenance. This increase was passed by city council in 2008, was put on the November 2008 ballot through a referendum petition drive and was subsequently defeated. The administration is considering revisiting this again this year.

Major Initiatives

Lorain Health Department Strategic Planning Initiative: The Lorain District Municipal Board of Health has authorized an agreement with the Public Service Institute (PSI) of Lorain County Community College to assist the health department in conducting a strategic planning process. The overall objective is to obtain internal and external perspectives on public health priorities from key stakeholders which will be used to develop a comprehensive strategic plan for the Lorain City Health Department. The project consists of four primary phases of work. Phase I involves one-on-one interviews with board of health members and key department staff. Phase II includes facilitated sessions to engage key community stakeholders in the process. A Planning Council with diverse stakeholder representation will be convened during Phase III to sort through information gleaned from Phases I & II and to establish strategic directions for the health department. Phase IV consists of an internal refinement process to identify the department's mission, vision, strategic priorities and to build upon strategic initiatives identified during Phase III. Upon completion of the strategic planning process, the final plan will be disseminated back to the community stakeholders. During 2007, Phases I & II were completed with the final phases of the project completed in the spring of 2008.

As a result of this strategic plan, the Lorain District Municipal Board of Health adopted a set of strategic priorities (6) and initiatives to guide the health department into the future. The plan provides the health district with a focused, common agenda in a particularly uncertain environment of shrinking resources and increased responsibilities for public health. Ten (10) goals and objectives for 2009 were collectively developed by the administrative staff of the health department based upon priorities identified in the approved Strategic Plan for Public Health. Unfortunately, due to budget constraints some of the goals and objectives may not be achieved.

Lorain Police Department The Lorain Police Department re-opened the City Jail as a 12 day holding facility in May 2008. They are now working on the final phase of their renovation project – the construction of a new and updated dispatch center and the remodeling of the police operations and administrative offices. Completion of this final phase is projected for the third quarter of 2009.

Lorain Utilities Department The Utilities department commitment to upgrade the City's aging infrastructure continued with the construction of two major sanitary sewer improvement projects in 2008. The West Side Sanitary Relief Sewer Improvement project consisted of the installation of new sanitary mainline with manholes, appurtenances and chambers and the East-Central Relief Sewer Improvements consisted of the installation of new sanitary mainline with manholes and the rehabilitation of existing sanitary mainline. In addition the construction of a new waterline on Brownell Avenue in the City was completed in 2008.

Lorain Parks and Recreation Department The Lorain Parks and Recreation Department in 2008 entered into a five year lease agreement with North Coast Knights to lease the Pipe Yard baseball facility. The North Coast Knights is a team made up of elite collegiate professional prospects from all over the country and plans to use the Pipe Yard for 30 home games. The Cleveland State baseball team also use the Pipe Yard for it's home games.

Community Development Department The Lorain Community Development Department has received a \$3,031,480 Title III Neighborhood Stabilization Program (NSP) grant from the United States Department of Housing and Urban Development. This money will be used for acquisition, rehabilitation and sale/lease to low income residents of the City. Money will also be used for demolition of blighted buildings and acquisition for land banking.

The department has also started the Pearl Avenue Corridor project. This project will develop an international corridor which will showcase the rich heritage of the City. This concept is aimed to highlight the existing architecture present in this district. These architectural styles range from Victorian,

Queen Anne, Romanesque and Greek Revival. A Spanish colonial design period will be incorporated to represent the Latin American culture.

Awards and Acknowledgements

Awards The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2007.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. The CAFR is judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to communicate clearly its financial story and to motivate potential users and user groups to read the CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

A Certificate of Achievement is valid for a period of one year only. The City has now received the Certificate of Achievement for fourteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for review.

Acknowledgments I would like to acknowledge the dedicated effort of the Auditor's staff in the preparation of this Comprehensive Annual Financial Report. Many long hours were spent in the preparation and proofreading of the CAFR. Special thanks are extended to **Anita J. Harper**, Chief Deputy Auditor and **Patricia L. Dunnigan**, Deputy Auditor. Without their effort, the printing of this document would not be possible.

Thanks also must be given to the department heads for their input. In addition, I would like to express my appreciation to the Auditor of State, Local Government Services Section for their consultation and assistance on this project.

Sincerely,



Ronald L. Mantini
Lorain City Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lorain
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

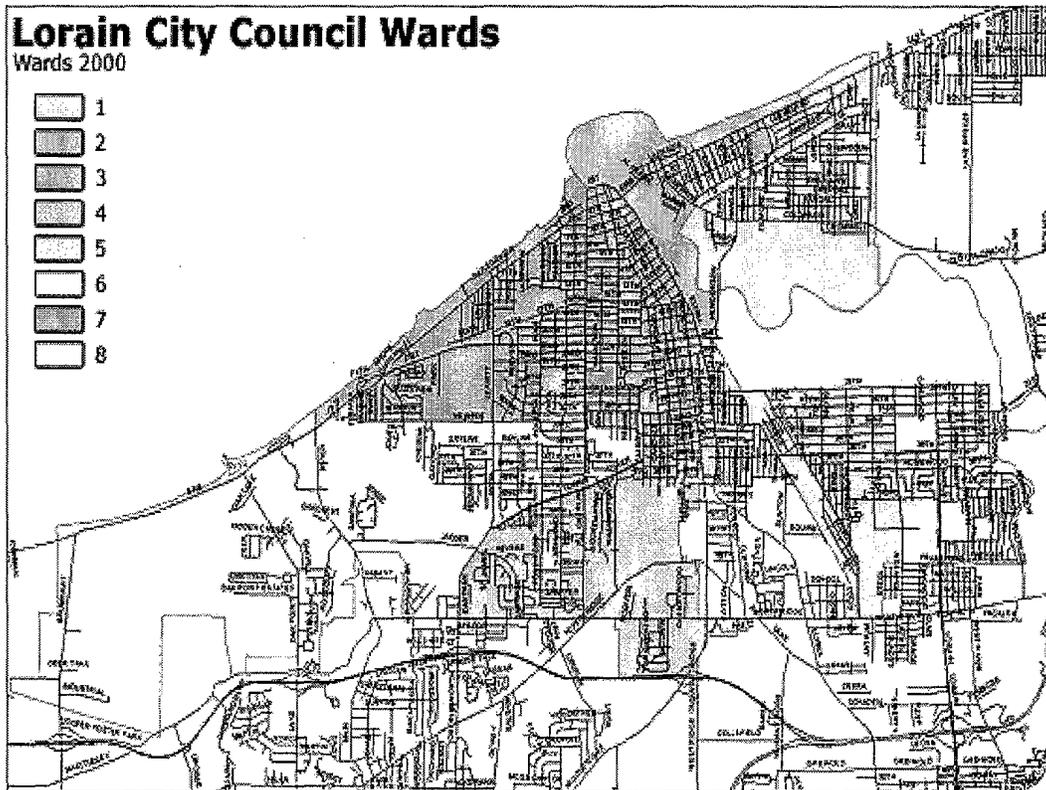
CITY OF LORAIN, OHIO
ELECTED OFFICIALS

<u>TITLE</u>	<u>NAME</u>	<u>YEARS OF SERVICE IN OFFICE</u>	<u>YEARS OF SERVICE WITH THE CITY</u>
Mayor	Tony Krasienko	2	13
City Auditor	Ronald L. Mantini	9	9
City Treasurer	Thomas Urbanek	3	23
Director of Law	Mark Provenza	9	20
Clerk of Courts	Lori Maiorana	2	27
Judge	Mark Mihok	6	19
Judge	Thomas Elwell	4	4
<i>Members of Council:</i>			
Council President	Joel Arrendondo	1	1
Council at Large	Mitchell Fallis	1	1
Council at Large	Daniel Given	3	15
Council at Large	Anne Molnar	1	9
1 ST Ward	Melanie Szabo	1	1
2 nd Ward	Dennis Flores	1	1
3 rd Ward	Tim D. Howard	1	1
4 th Ward	Bret Schuster	3	3
5 th Ward	Eddie Edwards	11	11
6 th Ward	Greg Holcomb	3	3
7 th Ward	Myroslaw Silecky	3	3
8 th Ward	Craig Snodgrass	3	3

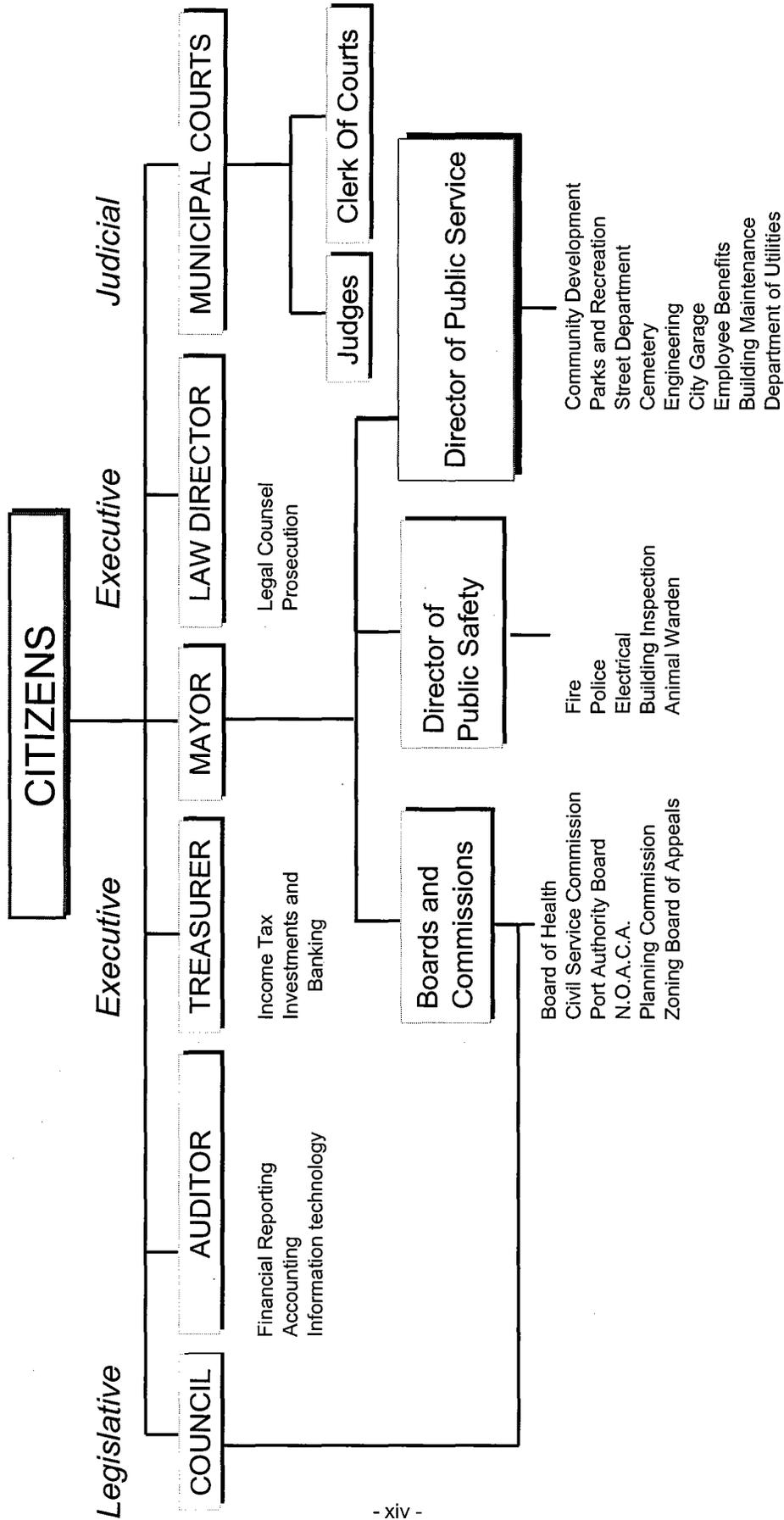
APPOINTED OFFICIALS

<u>TITLE</u>	<u>NAME</u>	<u>YEARS OF SERVICE IN OFFICE</u>	<u>YEARS OF SERVICE WITH THE CITY</u>
Director of Public Safety	Philip Dore	1	31
Director of Public Service	Robert Gilchrist	1	1
Police Chief	Celestino Rivera	14	38
Fire Chief	Thomas Brown	3	21
Director of Utilities	Corey Timko	5	8
Director of Community Development	Sanford Prudoff	36	36
Director of Park & Recreation	Bob Renney	6	24
Street Commissioner	Chuck Camera	18	37
Acting Building Inspector	Richard Klinar	1	15
Acting Administrative Director (Engineering)	James Reagan	1	27
Chief Deputy Auditor	Anita Harper	9	9
IT Director	David Comer	15	15
Clerk of Council	Nancy Greer	14	17

City of Lorain Voting Wards



City of Lorain - Organizational Chart



Independent Auditors' Report

Members of the City Council
Lorain, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lorain, Ohio (the "City") as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General and Community Development Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2008, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* and Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of the City Council
Lorain, Ohio

The management's discussion and analysis on pages 3 through 17 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor funds financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cini & Paricki, Inc.

Cleveland, Ohio
June 29, 2009

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The discussion and analysis of the City of Lorain's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2008. It is the intent of this discussion and analysis to look at the City's financial performance as a whole. Readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2008 are:

- The City's deficit cash balance in the general fund as of December 31, 2008 was \$826,904. This is an increase of \$503,728 over 2007 due to increased costs for petroleum, utilities which includes gas and electric for City owned properties, and the expenditures related to opening and operating the City's new 12 day holding facility jail.
- Investment income totaling \$416,114 for 2008 is a decrease of 54.86 percent from 2007.
- Total assets decreased by \$5,739,892 from 2007 to 2008, or 1.98 percent.
- Total liabilities increased by \$7,013,750 from 2007 to 2008, or 5.96 percent.
- Total net assets decreased \$12,753,642 from 2007 to 2008, or 7.40 percent.
- Total outstanding debt increased \$8,282,969 or 8.77 percent from 2007.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the City of Lorain as a financial whole or an entire operating entity. The statements here provide a more in depth look at specific financial conditions.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Reporting the City of Lorain Financial Statements

Statement of Net Assets and Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions to determine how the City did financially during 2008. The *Statement of Net Assets* and the *Statement of Activities* provides this information. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net assets and the changes in those assets. The changes in assets are important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

The *Statement of Net Assets* and the *Statement of Activities* are divided into the following categories:

- Assets
- Liabilities
- Net Assets (Assets minus Liabilities)
- Program Revenue and Expenses
- General Revenues
- Net Assets Beginning of Year and Year's End

Reporting the City of Lorain's Most Significant Funds

Fund Financial Statements

The presentation of the City's major funds begins on page 22. Fund financial reports provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds which account for the multitude of services, facilities and infrastructure provided to our residents. However, these fund financial statements focus on the City's most significant funds. The City of Lorain's major funds are: the General Fund, Community Development, General Obligation Bond Retirement, Capital Improvements, Water and Water Pollution Control Fund.

Governmental Funds

Most of the City's activities are reported in the governmental funds that focus on how money flows into and out of those funds and the balances at year-end available for spending in future periods. Governmental funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Government fund information helps you determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the *Statement of Net Assets* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

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Proprietary Funds

Proprietary funds (Water and Water Pollution Control (Sewer) Funds) have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the City as a whole. The Proprietary Fund financial statements can be found beginning on page 28 of this report.

Internal Service Funds

Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City of Lorain maintains two Internal Service Funds: the Garage Fund which accounts for charges to various departments for maintenance on vehicles and equipment and the Hospitalization Fund which accounts for the hospital/medical, prescription drug, vision, and dental benefits for the self-insurance program for the employees of the City. The Internal Service Fund financial statements can be found beginning on page 28 of this report.

Fiduciary Funds

The City's only fiduciary funds are agency funds. Agency funds are purely custodial funds used to account for resources held for the benefit of parties outside the City government and do not involve the measurement of results of operation. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The Fiduciary Fund financial statement can be found on page 32 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the City-wide and fund financial statements. The notes to the financial statements can be found on pages 33-76 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules that can be found on pages 78-132 of this report.

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The City of Lorain as a Whole

The *Statement of Net Assets* looks at the assets of the City as a whole. Table 1 provides a summary of the City's net assets for 2008 as compared to 2007.

TABLE 1
NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and Other Assets	\$40,952,744	\$43,629,743	\$11,779,023	\$11,835,076	\$52,731,767	\$55,464,819
Capital Assets,						
Non-Depreciable	19,489,797	16,675,401	28,997,745	21,295,031	48,487,542	37,970,432
Capital Assets,						
Depreciable, Net	109,501,455	122,300,685	73,372,408	74,097,128	182,873,863	196,397,813
<i>Total Assets</i>	169,943,996	182,605,829	114,149,176	107,227,235	284,093,172	289,833,064
Liabilities						
Current and Other Liabilities	11,087,199	13,805,181	2,059,728	1,759,621	13,146,927	15,564,802
Long-Term Liabilities:						
Due Within One Year	4,429,821	4,153,823	4,115,266	3,487,911	8,545,087	7,641,734
Due in More Than One Year	49,397,841	43,391,113	53,504,148	50,982,604	102,901,989	94,373,717
<i>Total Liabilities</i>	64,914,861	61,350,117	59,679,142	56,230,136	124,594,003	117,580,253
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	85,270,139	97,026,059	46,112,138	42,339,183	131,382,277	139,365,242
Restricted:						
Capital Projects	2,184,529	1,235,939	0	0	2,184,529	1,235,939
Debt Service	929,267	833,898	2,647,896	2,662,538	3,577,163	3,496,436
Replacement and Improvement	0	0	300,000	300,000	300,000	300,000
Utility Reserve	0	0	1,394,584	1,305,744	1,394,584	1,305,744
Capital Leases	0	991,591	0	0	0	991,591
Other Purposes	19,648,025	22,943,548	0	0	19,648,025	22,943,548
Unrestricted (Deficit)	(3,002,825)	(1,775,323)	4,015,416	4,389,634	1,012,591	2,614,311
<i>Total Net Assets</i>	\$105,029,135	\$121,255,712	\$54,470,034	\$50,997,099	\$159,499,169	\$172,252,811

Total assets decreased by \$5,739,892 from 2007 to 2008 and is attributable to decreases in cash used for operations and depreciation on capital assets.

Total liabilities increased by \$7,013,750 from 2007 to 2008. This increase is due to the issuance of debt for street projects, urban redevelopment, real estate acquisition, and water and sewer line construction.

Net assets may serve over time as a useful indicator of a City's financial position. For the City of Lorain, total assets exceeded liabilities by \$159,499,169 with \$105,029,135 in governmental activities and \$54,470,034 in business-type activities as of December 31, 2008. The largest portion of the City's net assets (82.4 percent) reflects its investment in capital assets [i.e. land, building structures and improvements, machinery and equipment, furniture and fixtures, infrastructure (including water and sewer lines) and construction in progress], less any outstanding debt used to acquire those assets.

An additional portion of the City's net assets (17.0 percent) represents resources that are subject to restriction on how they can be used.

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The *Statement of Activities* shows the changes in net assets for the year ended December 31, 2008. Table 2 provides the detailed data. The change in net assets from 2007 to 2008 shows a decrease of \$12,753,642 with (\$16,226,577) in governmental net assets and \$3,472,935 in business-type activities.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for Services	\$4,513,945	\$4,642,771	\$19,473,829	\$18,821,034	\$23,987,774	\$23,463,805
Operating Grants and Contributions	5,862,249	3,825,559	0	0	5,862,249	3,825,559
Capital Grants and Contributions	1,478,968	912,005	700,813	0	2,179,781	912,005
Total Program Revenues	11,855,162	9,380,335	20,174,642	18,821,034	32,029,804	28,201,369
General Revenues:						
Municipal Income Taxes	18,173,290	18,605,328	0	0	18,173,290	18,605,328
Property Taxes	5,503,171	5,294,625	0	0	5,503,171	5,294,625
Investment Income	377,061	811,699	39,053	110,225	416,114	921,924
Intergovernmental Revenue not Restricted to Specific Programs	7,371,329	6,083,171	0	0	7,371,329	6,083,171
Miscellaneous	460,595	435,314	21,555	60,374	482,150	495,688
Total General Revenues	31,885,446	31,230,137	60,608	170,599	31,946,054	31,400,736
Total Revenues	43,740,608	40,610,472	20,235,250	18,991,633	63,975,858	59,602,105
Program Expense:						
General Government	12,788,107	12,812,199	0	0	12,788,107	12,812,199
Security of Persons and Property	22,346,039	19,390,489	0	0	22,346,039	19,390,489
Transportation	13,855,345	14,435,681	0	0	13,855,345	14,435,681
Public Health	2,021,791	1,995,300	0	0	2,021,791	1,995,300
Community Environment	636,040	1,104,662	0	0	636,040	1,104,662
Economic Development	4,623,187	2,926,740	0	0	4,623,187	2,926,740
Leisure Time Activities	1,582,512	501,112	0	0	1,582,512	501,112
Interest and Fiscal Charges	2,114,164	1,950,140	0	0	2,114,164	1,950,140
Water Works	0	0	7,594,813	7,614,864	7,594,813	7,614,864
Water Pollution Control	0	0	9,167,502	9,149,590	9,167,502	9,149,590
Total Expenses	59,967,185	55,116,323	16,762,315	16,764,454	76,729,500	71,880,777
Increase (Decrease) in Net Assets Before Extraordinary Items and Transfers						
	(16,226,577)	(14,505,851)	3,472,935	2,227,179	(12,753,642)	(12,278,672)
Extraordinary Items	0	0	0	(693,389)	0	(693,389)
Transfers	0	(2,327,231)	0	2,327,231	0	0
Increase (Decrease) in Net Assets	(16,226,577)	(16,833,082)	3,472,935	3,861,021	(12,753,642)	(12,972,061)
Net Assets, January 1	121,255,712	138,088,794	50,997,099	47,136,078	172,252,811	185,224,872
Net Assets, December 31	\$105,029,135	\$121,255,712	\$54,470,034	\$50,997,099	\$159,499,169	\$172,252,811

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Program revenues represent approximately 27.1 percent of total revenues for governmental activities. This is a 26.4 percent increase in program revenues from the prior year. This increase is primarily reflected in operating grants and contributions and is mostly related to economic development in the form of community development block grant and housing and urban development funds. While program revenues provide considerable assistance in the provision of governmental services, the burden of governmental support is met by general revenues such as municipal income taxes, property taxes, and unrestricted grants and entitlements. General revenues increased 2.1 percent from the prior year; much of this increase in unrestricted grants and entitlements is due to an increase in intergovernmental monies received from the County for local government revenue and estate and inheritance taxes. By far, the City's largest revenue source is municipal income taxes which provides 57 percent of general revenues and 41.5 percent of total revenues overall.

GOVERNMENTAL ACTIVITIES

There are several revenue sources that fund the City's governmental activities. Total revenues for 2008 were \$43,740,608. Income tax revenues account for one of the largest sources of revenue - \$18,173,290 or 41.5 percent. The income tax rate for the General Fund of the City is 1.75 percent and was last amended in 2005. In 1992 an additional .25 percent was approved by the citizens of Lorain for the Police (money collected is in a separate Police Levy Fund). In 2008, the revenue from income taxes decreased by \$432,038 from \$18,605,328 to \$18,173,290. This decrease is due mainly to an unexpectedly large refund of approximately \$370,000 paid to one of the City's principal taxpayers with the remainder of the decrease reflecting a decline in earned income from the general population.

Other major sources of revenue in governmental activities are: Operating Grants and Contributions of \$5,862,249 or 13.4 percent (this includes \$2,196,557 in Community Development block grants and HUD money, and \$2,527,797 in licenses plate and gas taxes), Unrestricted Grants and Entitlements of \$7,371,329 or 16.9 percent, Charges for Services of \$4,513,945 or 10.3 percent, Property Taxes of \$5,503,171 or 12.6 percent and Capital Grants and Contributions of \$1,478,968 or 3.4 percent. The remaining 1.9 percent is made up of interest and miscellaneous revenues.

The City has a strong economic development program, through our Community Development Department, which is aggressively pursuing new businesses to support the City's governmental activities. The City of Lorain, through the Administration and City Council, continues to pursue strategies that will expand the local tax base, expand employment opportunities, improve economic conditions and diversify the local industrial base. In 2008 the City's governmental fund net assets were restated from \$126,642,429 to \$121,255,712 due to an erroneous accrual for loans receivable and intergovernmental receivable in the Community Development Department in the amounts of \$2,996,165 and \$2,390,552 respectively (see Note 3 in the basic financial statements).

Total governmental program expenses for 2008 were \$59,967,185. Security of persons and property accounted for program expenses of \$22,346,039 which accounts for 37.3 percent of the total governmental activity expenses for the City. Transportation expenses were \$13,855,345 which is 23.1 percent and general government expenses were \$12,788,107 which is 21.3 percent.

In addition to financial support from General Fund revenues, the Police Department has a special income tax levy of .25 percent which is used for additional police officers and equipment. This money is utilized to purchase new vehicles, equipment that will better serve our community and provide extra police officers. In 2008 the police department purchased 18 new police cruisers and support vehicles including two all terrain vehicles.

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The Fire Department is funded with General Fund revenues. The Department continues to upgrade emergency fire and rescue equipment, as needed, to better serve the community. In 2008, the City completed improvements to fire station number seven on the City's west side.

Transportation expenses were for the depreciation, maintenance and repairs to the City's roads and infrastructure. The City paid for these projects from general revenues, license plate fees, and state gas taxes.

General government expenses include the functions of the legislative, executive and judicial branches of the City and include the operations of the auditor, treasurer, engineering and electrical departments.

Table 3 presents a summary for governmental activities, the total cost of services and the net cost of providing these services.

Table 3
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General Government	\$12,788,107	\$12,812,199	\$10,771,397	\$11,062,710
Security of Persons and Property	22,346,039	19,390,489	21,544,574	18,414,084
Transportation	13,855,345	14,435,681	9,810,703	11,036,638
Public Health	2,021,791	1,995,300	177,835	(65,007)
Community Environment	636,040	1,104,662	(209,228)	51,097
Economic Development	4,623,187	2,926,740	2,404,123	2,866,015
Leisure Time Activities	1,582,512	501,112	1,498,455	420,311
Interest and Fiscal Charges	2,114,164	1,950,140	2,114,164	1,950,140
<i>Total</i>	<u>\$59,967,185</u>	<u>\$55,116,323</u>	<u>\$48,112,023</u>	<u>\$45,735,988</u>

Business-Type Activities

Utility services for water and sewer saw an increase of 3.5 percent in charges for services due to increased customer usage in 2008. The rates charged to customers remained unchanged from 2007. The City closely monitors the utility rate structure to insure it meets both the revenue bond indenture requirements and its operating needs including debt.

The Utilities Department continued work on the Westside relief sewer, a 22 million dollar upgrade project, and work on the East Central relief sewer and Brownell Ave. waterline replacement projects.

Financial Analysis of the City's Funds

Information about the City's governmental funds begins on page 22. These funds are accounted for by using the modified accrual basis of accounting to ensure compliance with finance related legal requirements.

Governmental Funds – The focus of the City's governmental funds is to provide information on short term revenues, expenditures and balances of resources available to spend. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

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For the year ended December 31, 2008 the City's governmental funds had combined total revenues of \$42,786,344 and expenditures of \$51,021,680. The City's governmental funds had a combined ending fund balances of \$22,484,754. Of this total amount, \$7,203,112 or 32.0 percent is available for spending at the City's discretion.

The General Fund is the main operating fund of the City. At the end of the current year, the General Fund's unreserved balance was \$222,753, while the total fund balance was \$469,542. The decrease in fund balance of \$831,127 from 2007 is largely attributable to the operation of the City's new 12 day holding facility in the Police Department which opened in May 2008, increased funding for hospitalization and medical costs for general fund employees, and increased costs for petroleum used in City vehicles and utilities.

The Community Development Fund accounts for State and Federal grants restricted for the acquisition of real property, administrative costs, public facilities and the rehabilitation of real property. For the year ended December 31, 2008, the City's Community Development Fund had total revenues of \$2,444,570 plus other financing sources of \$2,586,236 and expenditures of \$4,678,429. The City's Community Development Fund had an ending fund balance of \$18,543,816, an increase of \$352,377 over 2007's restated fund balance which can be attributed primarily to the unspent proceeds of the Pellet Terminal Improvement bond.

The General Obligation Bond Retirement Fund accounts for the accumulation of resources to pay principal and interest on general obligation debt. For the year ended December 31, 2008, the City's General Obligation Bond Retirement Fund had total revenues of \$1,934,763 plus other financing sources and uses of \$803,238 and expenditures of \$2,627,343. The City's General Obligation Bond Retirement Fund had an ending fund balance of \$330,420 which consists entirely of excess payments in lieu of taxes received in 2008 specifically restricted for debt service on the City's various urban renewal bonds.

The Capital Improvements Fund accounts for state grants and loans, transfers in and various other financing sources used for the construction of various improvements of the City. For the year ended December 31, 2008, the City's Capital Improvements Fund had total revenues of \$748,676 plus other financing sources and uses of \$5,545,155 and expenditures of \$3,945,142. The City's Capital Improvements Fund had an ending fund balance of (\$241,235). The deficit balance is due to the issuance of notes. The deficit balance was decreased in 2008 by \$2,348,689 as a result of the conversion of \$3,287,000 in short term bond anticipation notes to long term bonds.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law, adopted by an ordinance of City Council and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The General Fund is organized upon the basis of eighteen (18) departments each with its own set of line-item budgeted accounts. The recording of General Fund revenues and expenditures, along with original budget amounts, necessitates updates toward a final budget. Recommendations and requests for budget changes are referred to a City Council meeting for ordinance enactment on the change. The City does allow small interdepartmental budget changes that modify line items within account categories within departments within the same fund.

At the direction of Council, all capital projects and requests for capital type purchases must be reviewed and approved individually by Council. The General Fund supports many major activities such as the Police Department, Fire Department, Lorain Municipal Court and Building Department as well as the legislative and most executive activities. Some major capital projects are funded with general fund dollars. By ordinance,

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these funds are transferred from the general fund to capital project funds where the revenue and expenditures for the capital improvement are tracked and monitored.

In 2008 amendments were made to the original revenue budget to account for the award of a Clean Ohio Revitalization Fund (C.O.R.F.) grant and the award of federal grants for the Police and Fire Departments in the amounts of \$1,000,000 and 110,252 respectively. An additional \$47,037 was added for the revenue generated by the auction of confiscated and forfeited property by the Police Department and estate and inheritance tax revenue was increased by \$60,000 for excess distributions received. The balance of the increases are related to various miscellaneous unanticipated revenue receipts in the amount of \$7,871. Amendments were also made to other sources for an advance of and corresponding repayment of monies from the utility funds to cover the expenses related to the C.O.R.F. grant until reimbursement is received from the grant funds in the amount of \$1,000,000, and \$1,000,000 to temporarily sustain the general fund in the event of a negative cash flow during the year.

Corresponding amendments based on the above revenue enhancements were made to the original appropriation budget in various departments and included the C.O.R.F. grant expenses, Police Department overtime and contractual services and the purchase of equipment for the Fire Department.

General Fund expenditures are shown in Table 4.

Table 4

<u>Service Component</u>	<u>Amount Expended</u>	<u>Percent Expended</u>
General Government	\$9,465,713	33.40 %
Security of Persons and Property	16,256,790	57.36
Public Health	304,072	1.07
Community Environment	584,901	2.06
Leisure Time Activities	1,274,487	4.50
Debt Service	456,272	1.61
<i>Totals</i>	<u>\$28,342,235</u>	<u>100.00 %</u>

There was a difference in revenue of (\$1,469,588) between the final amended budget and the actual collected revenue. Although property taxes exceeded estimated revenue in 2008 by \$237,474, income taxes collected were under expected receipts by \$974,307 and intergovernmental revenue was under budget by \$670,840. The income tax revenue was affected by reduced collections for final returns, estimates, and employer withholding and can be accredited to the general economic downturn which included the layoff of over 300 employees in the steel production industry within the City during the year. In addition, the City had to issue an unexpectedly large refund (\$323,000) to one of the City's principal taxpayers at year end. The intergovernmental revenue shortfall was mainly due to uncollected proceeds from the C.O.R.F. grant. The balance of the City's revenue sources came in under the final amended budget by a total of \$61,915.

The negative variance in expenditures of \$80,437 between the final amended budget and the actual is the result of the police department exceeding their budget for personal services by \$62,648 and the safety/service department going over budget by \$315,693 for contractual services which includes the City's payments for basic utilities. The remainder of the departments came in under their final amended budgets by a combined \$297,904.

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Revenues and expenditures are constantly being reviewed by the Auditor's office for adherence to the budget approved by City Council. Financial reports are given to the Administration and City Council for their review. The Auditor's office also works with the department heads to manage their budgets.

Capital Assets and Debt Administration

Capital Assets

Total capital assets for the City of Lorain for its governmental and business-type activities as of December 31, 2008 were \$231,361,405. Of this total, \$128,991,252 was for governmental activities and \$102,370,153 was for business-type activities. This investment in capital assets includes land, building structures and improvements, machinery and equipment, furniture and fixtures, infrastructure (including water and sewer lines) and construction in progress.

Table 5
Capitals Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$9,414,359	\$9,479,638	\$617,876	\$617,876	\$10,032,235	\$10,097,514
Construction in Progress	10,075,438	7,195,763	28,379,869	20,677,155	38,455,307	27,872,918
Buildings and Improvements	14,146,077	14,589,359	26,672,865	25,624,119	40,818,942	40,213,478
Machinery and Equipment	10,241,158	9,571,455	3,853,254	3,500,543	14,094,412	13,071,998
Furniture and Fixtures	48,696	53,889	0	0	48,696	53,889
Infrastructure:						
Streets and Sidewalks	85,065,524	98,085,982	0	0	85,065,524	98,085,982
Water Lines		0	15,417,799	15,857,614	15,417,799	15,857,614
Sewer Lines		0	27,428,490	29,114,852	27,428,490	29,114,852
<i>Total Capital Assets</i>	<u>\$128,991,252</u>	<u>\$138,976,086</u>	<u>\$102,370,153</u>	<u>\$95,392,159</u>	<u>\$231,361,405</u>	<u>\$234,368,245</u>

Major capital asset additions in governmental activities during the year included the following:

- \$ 530,418 – Police Equipment Purchase
- \$ 524,987 – Cisco IP Phone System
- \$ 507,886 – North Ridge Road Rehabilitation - Infrastructure
- \$ 463,261 – Street Equipment Purchase
- \$ 441,847 – Omaha Avenue Rehabilitation - Infrastructure
- \$ 421,915 – East 36th Street Rehabilitation - Infrastructure
- \$ 284,494 – Cooper Foster Park Road Rehabilitation - Infrastructure
- \$ 135,795 – Police 12 Day Holding Cell Construction

Major capital asset additions in business-type activities during the year included the following:

- \$ 6,217,019 – Westside Sanitary Relief Sewers
- \$ 605,712 – New Wastewater Treatment Plant design and engineering

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- \$ 312,084 – Variable Frequency Drive replacement for the Water Treatment Plant
- \$ 278,658 – Sewer Equipment Purchase
- \$ 240,023 – East Central Sanitary Relief Sewers

Of these major capital asset additions, all with the exception of the Street, Police and Sewer equipment purchases, Cooper Foster Park Road rehabilitation, and the Cisco IP phone system were still in progress at year end.

City Council is committed along with the Administration to maintain its capital assets at a condition acceptable to provide the best possible service for all residents. The Administration continues to seek grants for infrastructure projects as well as improving City facilities and services.

See Note 8 of the Notes to the Basic Financial Statements for additional information on the City's capital assets.

Debt Administration

On December 31, 2008, the City of Lorain had \$102,734,869 in bonds, loans, and capital leases outstanding, with \$7,000,341 due within one year. Table 6 summarizes bonds, loans, and capital leases outstanding.

Table 6
Long-Term Outstanding Debt at Year End

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General Obligation Bonds	\$31,714,580	\$27,731,792	\$1,041,120	\$1,207,975	\$32,755,700	\$28,939,767
Special Assessment Bonds	467,691	567,014	0	0	467,691	567,014
Revenue Bonds	0	0	7,074,036	8,138,159	7,074,036	8,138,159
OWDA Loans	0	0	48,074,819	43,621,429	48,074,819	43,621,429
HUD Section 108 Loans	5,005,000	5,455,000	0	0	5,005,000	5,455,000
OPWC Loans	2,818,314	2,088,849	0	0	2,818,314	2,088,849
ODOD Loan	2,296,943	1,240,041	0	0	2,296,943	1,240,041
ODOT Loans	1,454,600	1,062,114	0	0	1,454,600	1,062,114
Installment Loans	193,716	250,000	0	0	193,716	250,000
Capital Leases	2,385,686	2,832,561	208,364	256,966	2,594,050	3,089,527
<i>Total</i>	<u>\$46,336,530</u>	<u>\$41,227,371</u>	<u>\$56,398,339</u>	<u>\$53,224,529</u>	<u>\$102,734,869</u>	<u>\$94,451,900</u>

The general obligation bonds include the following:

- \$4,870,000 Riverfront Urban Renewal Refunding bond issued in 2007 for the advance refunding of the Riverfront Urban Renewal bond issued in 2000 for Phase I of the HarborWalk project
- \$1,315,000 Heritage Urban Renewal bond issued in 2007 for the Deerfield Village project.
- \$1,230,000 Various purpose bond issued in 2007 for Colorado Avenue and State Route 6 road rehabilitation and repavement.
- \$1,510,000 Lighthouse Urban Renewal bond issued in 2006 for Phase I of the Lighthouse Village project.
- \$2,105,000 Energy Conservation bond issued in 2005 for City building upgrades.

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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- \$4,470,000 Riverfront Urban Renewal bond issued in 2003 for Phase II and III of the HarborWalk project.
- \$7,035,000 Safety/Service bond issued in 2002 for improvements to the Police department including a new jail, capital expenditures for the fire department (new west side fire station, aerial ladder truck and pumper), and park and cemetery improvements.
- \$5,440,000 Pellet Terminal Improvement bond issued in 2008 for the purchase and improvement of the old pellet terminal site located on the Black River.
- The remainder of the bonds issued is for various purposes dating back to 1988.

The special assessment bonds consist of two street assessment projects.

The revenue bonds are for water (\$5,154,645) and sewer (\$1,919,391) and both were issued in 1995.

The Ohio Water Development Authority (OWDA) loans are for water and sewer projects dating back to 1978. The major loans are for the following projects, some which are related to the Sanitary Sewer Overflow (SSO) project mandated by the Environmental Protection Agency:

- \$ 3,233,706 from 2001 for the Tacoma Avenue relief sewer (SSO)
- \$ 6,885,576 from 2001 for the Idaho Avenue pump station (SSO)
- \$ 3,318,927 from 2003 for the Central Lorain (4W) waterline replacement
- \$ 3,180,555 from 2006 for the East Central relief sewer (SSO)
- \$20,398,260 from 2007 for the Westside Sanitary Relief Sewer (SSO)

The HUD Section 108 Loans are Community Development loans for the Head Start building (\$40,000 and \$440,000), Riverbend Commerce Park infrastructure (\$1,375,000), expansion of the City's existing business development revolving loan fund \$1,250,000 and \$1,900,000 for acquisition of property and professional services for future economic development for the City.

The Ohio Department of Development (ODOD) urban redevelopment loan is for the purpose of land acquisition, infrastructure and site preparation within the Colorado Avenue Industrial Area Urban Renewal Plan Area.

The Ohio Department of Transportation (ODOT) state infrastructure bank (SIB) loans are for the rehabilitation and repaving of State Route 57 (\$569,981), East 36th St. (\$582,619), and various local roadways (\$302,000).

The Ohio Public Works Commission (OPWC) loans represent interest free loans obtained to finance road improvement projects throughout the City. These loans are paid from monies transferred into the debt service funds from the general fund.

The City's overall legal ten and one-half percent debt limitation (voted and unvoted) on December 31, 2008 was \$102,311,140. The outstanding debt, after issuance of bonds subject to the ten and one-half percent limitation, is \$20,278,900. The difference of \$82,032,240 represents the amount of additional voted and unvoted nonexempt debt, which the City may issue without exceeding the ten and one-half percent limitation.

The City's general obligation bond rating is Baa2 from Moody's and was assigned this rating in April 2007.

See Notes 10, 11 and 12 of the Notes to the Basic Financial Statements for additional information on the City's outstanding debt obligations.

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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Economic Factors and Next Year's Budgets and Rates

The City is ideally situated on the shores of Lake Erie, approximately 30 miles west of Cleveland and 90 miles east of Toledo. The City is gradually moving from an industrial town to a City with a diversified local economy with less reliance on the large employers. In the face of the deteriorating general economy, the City remains committed to capitalizing on its location on Lake Erie, and the Black River, with development projects aimed at enhancing its downtown and waterfront areas. The HarborWalk condominium development and the Black River Landing festival area are the foundations of this goal to revitalize the downtown and waterfront. Development of the pellet terminal site purchased in 2002 by the City, located on the Black River, is still in the preliminary stages.

On a cash basis, the City's income tax collections account for approximately fifty-four percent (54 percent) of the General Fund revenues. Because of this, budgets are forecasted relying mainly on employment conditions. The following table demonstrates the changes in employment of those major employers as of December 31, 2008.

Table 7
Top Ten Employers

Employer	Nature of Business	2003	2004	2005	2006	2007	2008
Community Health Partners	Health Care	1,803	1,803	1,865	1,853	2,174	1,656
Lorain City School District	Education	1,493	1,222	1,150	1,206	866	901
Industrias CH, S.A. de C.V. (REP) *	Steel Manufacturing	1,073	1,147	1,100	1,100	1,100	670
Lorain Tubular	Steel Manufacturing	410	428	485	518	519	616
City of Lorain	Government	539	530	545	545	531	552
Cleveland Clinic - Lorain	Health Care	0	273	277	297	280	461
Grace Management Services	Retirement Center	0	0	0	0	0	313
The Nord Center	Health Care	230	244	240	243	288	260
K-Mart	Retail	0	0	0	0	260	260
Emerson Network Power	Telecommunications	537	396	308	292	282	244

* Formerly Republic Engineered Products (REP)

The December 2008 unemployment rate for the City was 9.3 percent while the unemployment rate for Lorain County was 7.9 percent and the State of Ohio was 7.4 percent (based on the Ohio Job & Family Services, Office of Workforce Development).

The following highlights ongoing projects that will create new jobs and housing for the residents of the City:

Lighthouse Village - a 65 acre retail development of an approximately 500,000 square feet anchored by Kohl's Department Store and Home Depot. This project is expected to generate approximately \$40 million in private investment and \$100 million in annual sales. Lighthouse Village is expected to create 950 new jobs with an annual payroll of approximately \$17 million. Kohl's Department Store opened in 2006, and Home Depot and Applebee's Restaurant opened in 2007. Wal-Mart has committed to opening an approximately 180,000 square foot supercenter with construction to begin in the fall of 2009. The Wal-Mart Supercenter is expected to create up to 400 new jobs for the City.

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The City has received and adopted the **Lorain West Urban Renewal Plan**. The Urban Renewal Plan will allow the City to work aggressively with the private market to bring this land back into active use. This plan area includes the Amherst Development Co. LLC (aka Heritage Development) with their 200 plus housing subdivision and retail center of approximately 250,000 square feet, of which half would be in the City of Lorain. The retail center saw the completion and opening of a Lowe's home improvement store in October 2008 and construction began on a Key Bank branch office with expected completion in the fall of 2009. Building also began on a 14,000 square foot retail building that will house a sandwich shop, hair salon, bedding store, and a beauty supply store with the opening anticipated to be in the second quarter of 2009. Construction began in 2008 for the housing development portion of this project.

The Plan Area also includes the Ford Assembly Plant which was closed in December 2005. Ford sold the facility in December 2006 to Industrial Realty Group (IRG), a California developer that specializes in transforming old industrial sites. The plan provides for new zoning classifications that can be readily adopted, and puts in place a Tax Increment Financing (TIF) district to allow the City to work with the developer to make the necessary public improvements to allow the 225 plus acres to be subdivided and marketed quickly. IRG began attracting new businesses and jobs to this site in 2007.

Below are companies that have either moved into this facility or have committed to doing so as of the end of 2008:

Jiffy Products, a supplier of plant propagation, seed, forestry, plants and trees, moved into the site in March of 2008. Jiffy has 50 full time employees and hires up to 50 seasonal (October through February) with an estimated annual payroll of \$1.5 million. Jiffy imports and distributes items to retailers, mostly in the United States, but also in 22 other countries.

Vermilion Indoor Storage moved into the site in April 2008. They are leasing 100,000 square feet of space for storage of boats, recreational vehicles, classic cars and trailers and the facility is heated in the winter. Plans call for leasing of some outdoor storage space as the need arises.

IRG continues working with various companies to relocate to the site.

Riverbend Commerce Park (formerly named Colorado Industrial Park): A current tenant of the commerce park completed a 40,000 square foot addition which will create an estimated 45 additional jobs. Construction that began in 2007 on the 30,000 square foot "spec" building being built on the site continued in 2008. This project will allow for approximately 75 acres of light industrial and commercial development within the City.

The City ended 2008 with an \$826,904 cash deficit in the general fund and the budget for 2009 was passed with the intent of maintaining services at their current level and not increasing this deficit.

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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Request for Information

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and show the City's accountability for all money it receives, spends or invests. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Ronald L. Mantini, Auditor
Ron_Mantini@cityoflorain.org

or

Anita J. Harper, Chief Deputy Auditor
Anita_Harper@cityoflorain.org

City of Lorain
200 W. Erie Ave. – 6th Floor
Lorain, OH 44052-1647

Basic Financial Statements

City of Lorain, Ohio
Statement of Net Assets
December 31, 2008

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$8,670,025	\$4,022,451	\$12,692,476
Cash and Cash Equivalents:			
In Segregated Accounts	59,267	0	59,267
With Trustee	0	2,743,834	2,743,834
With Fiscal Agents	268,343	0	268,343
Accounts Receivable	47,407	3,125,309	3,172,716
Inventory Held for Resale	1,570,295	0	1,570,295
Materials and Supplies Inventory	980,106	641,177	1,621,283
Internal Balances	(105,251)	105,251	0
Intergovernmental Receivable	7,687,421	515,286	8,202,707
Prepaid Items	87,884	40,775	128,659
Municipal Income Taxes Receivable	2,353,748	0	2,353,748
Property Taxes Receivable	4,623,763	0	4,623,763
Special Assessments Receivable	533,049	0	533,049
Loans Receivable	13,309,849	444,616	13,754,465
Deferred Charges	866,838	140,324	1,007,162
Capital Assets, Non-Depreciable	19,489,797	28,997,745	48,487,542
Capital Assets, Depreciable, Net	109,501,455	73,372,408	182,873,863
<i>Total Assets</i>	<u>169,943,996</u>	<u>114,149,176</u>	<u>284,093,172</u>
Liabilities			
Accounts Payable	692,140	359,484	1,051,624
Contracts Payable	98,270	711,928	810,198
Accrued Wages and Benefits	641,121	174,003	815,124
Matured Compensated Absences Payable	28,941	0	28,941
Vacation Benefits Payable	74,598	14,135	88,733
Intergovernmental Payable	1,941,907	467,126	2,409,033
Deferred Revenue	4,002,370	0	4,002,370
Retainage Payable		224,483	224,483
Accrued Interest Payable	392,916	108,569	501,485
Notes Payable	2,019,000	0	2,019,000
Claims Payable	374,162	0	374,162
Pollution Remediation Payable	821,774	0	821,774
Long-Term Liabilities:			
Due Within One Year	4,429,821	4,115,266	8,545,087
Due In More Than One Year	49,397,841	53,504,148	102,901,989
<i>Total Liabilities</i>	<u>64,914,861</u>	<u>59,679,142</u>	<u>124,594,003</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	85,270,139	46,112,138	131,382,277
Restricted for:			
Capital Projects	2,184,529	0	2,184,529
Debt Service	929,267	2,647,896	3,577,163
Community Development	18,492,807	0	18,492,807
Law Enforcement	920,481	0	920,481
Replacement and Improvement	0	300,000	300,000
Utility Reserve	0	1,394,584	1,394,584
Other Purposes	234,737	0	234,737
Unrestricted (Deficit)	(3,002,825)	4,015,416	1,012,591
<i>Total Net Assets</i>	<u>\$105,029,135</u>	<u>\$54,470,034</u>	<u>\$159,499,169</u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Activities
For the Year Ended December 31, 2008

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$12,788,107	\$1,833,887	\$182,823	\$0
Security of Persons and Property	22,346,039	468,592	332,873	0
Transportation	13,855,345	37,877	2,527,797	1,478,968
Public Health	2,021,791	1,456,947	387,009	0
Community Environment	636,040	610,078	235,190	0
Economic Development	4,623,187	22,507	2,196,557	0
Leisure Time Activities	1,582,512	84,057	0	0
Interest and Fiscal Charges	2,114,164	0	0	0
<i>Total Governmental Activities</i>	<u>59,967,185</u>	<u>4,513,945</u>	<u>5,862,249</u>	<u>1,478,968</u>
Business-Type Activities				
Water Works	7,594,813	8,250,437	0	0
Water Pollution Control	9,167,502	11,223,392	0	700,813
<i>Total Business-Type Activities</i>	<u>16,762,315</u>	<u>19,473,829</u>	<u>0</u>	<u>700,813</u>
<i>Total</i>	<u>\$76,729,500</u>	<u>\$23,987,774</u>	<u>\$5,862,249</u>	<u>\$2,179,781</u>

General Revenues

Property Taxes Levied for:

- General Purposes
- Police Pension
- Fire Pension
- Debt Service

Municipal Income Taxes Levied for

- General Purposes
- Police Levy

Grants and Entitlements not Restricted
to Specific Programs

- Investment Earnings
- Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year - Restated (Note 3)

Net Assets End of Year

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activity	Total
(\$10,771,397)	\$0	(\$10,771,397)
(21,544,574)	0	(21,544,574)
(9,810,703)	0	(9,810,703)
(177,835)	0	(177,835)
209,228	0	209,228
(2,404,123)	0	(2,404,123)
(1,498,455)	0	(1,498,455)
(2,114,164)	0	(2,114,164)
(48,112,023)	0	(48,112,023)
0	655,624	655,624
0	2,756,703	2,756,703
0	3,412,327	3,412,327
(48,112,023)	3,412,327	(44,699,696)
3,464,435	0	3,464,435
257,898	0	257,898
257,898	0	257,898
1,522,940	0	1,522,940
15,938,664	0	15,938,664
2,234,626	0	2,234,626
7,371,329	0	7,371,329
377,061	39,053	416,114
460,595	21,555	482,150
31,885,446	60,608	31,946,054
(16,226,577)	3,472,935	(12,753,642)
121,255,712	50,997,099	172,252,811
<u>\$105,029,135</u>	<u>\$54,470,034</u>	<u>\$159,499,169</u>

City of Lorain, Ohio
Balance Sheet
Governmental Funds
December 31, 2008

	General	Community Development	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$0	\$3,884,896	\$330,439	\$915,868	\$3,262,141	\$8,393,344
Cash and Cash Equivalents						
In Segregated Accounts	59,267	0	0	0	0	59,267
With Fiscal Agents	0	268,343	0	0	0	268,343
Accounts Receivable	0	0	0	0	47,407	47,407
Inventory Held for Resale	0	1,570,295	0	0	0	1,570,295
Materials and Supplies Inventory	132,571	6,871	0	0	159,630	299,072
Interfund Receivable	1,573	0	0	980,453	35,323	1,017,349
Intergovernmental Receivable	3,695,306	1,417,693	79,150	1,450,000	1,045,272	7,687,421
Prepaid Items	75,008	5,192	0	0	5,304	85,504
Municipal Income Taxes Receivable	2,055,179	0	0	0	298,569	2,353,748
Property Taxes Receivable	3,038,958	0	1,337,179	0	247,626	4,623,763
Special Assessments Receivable	167,036	0	0	0	366,013	533,049
Loans Receivable	0	13,110,798	199,051	0	0	13,309,849
Total Assets	\$9,224,898	\$20,264,088	\$1,945,819	\$3,346,321	\$5,467,285	\$40,248,411
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$277,184	\$109,925	\$19	\$44,812	\$219,376	\$651,316
Contracts Payable	0	45,961	0	52,309	0	98,270
Accrued Wages and Benefits	493,793	36,657	0	0	97,134	627,584
Matured Compensated Absences Payable	28,941	0	0	0	0	28,941
Vacation Benefits Payable	51,427	16,848	0	0	6,323	74,598
Intergovernmental Payable	1,554,678	92,287	0	0	257,206	1,904,171
Interfund Payable	867,202	901	0	0	153,549	1,021,652
Claims Payable	19,724	0	0	0	0	19,724
Accrued Interest Payable	3,121	0	0	21,435	14,676	39,232
Notes Payable	0	0	0	2,019,000	0	2,019,000
Deferred Revenue	5,459,286	1,417,693	1,615,380	1,450,000	1,336,810	11,279,169
Total Liabilities	8,755,356	1,720,272	1,615,399	3,587,556	2,085,074	17,763,657
Fund Balances						
Reserved for Encumbrances	246,789	390,168	0	394,804	74,466	1,106,227
Reserved for Loans	0	12,347,125	0	0	0	12,347,125
Reserved for Inventory Held for Resale	0	1,559,947	0	0	0	1,559,947
Reserved for Debt Service	0	268,343	0	0	0	268,343
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	222,753	0	0	0	0	222,753
Special Revenue Funds	0	3,978,233	0	0	2,429,549	6,407,782
Debt Service Funds	0	0	330,420	0	(106)	330,314
Capital Projects Funds	0	0	0	(636,039)	878,302	242,263
Total Fund Balances (Deficit)	469,542	18,543,816	330,420	(241,235)	3,382,211	22,484,754
Total Liabilities and Fund Balances	\$9,224,898	\$20,264,088	\$1,945,819	\$3,346,321	\$5,467,285	\$40,248,411

See accompanying notes to the basic financial statements

City of Lorain, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2008*

Total Governmental Fund Balances		\$22,484,754
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		128,991,252
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Special Assessments	\$533,049	
Delinquent Property Taxes	671,011	
Intergovernmental	5,726,966	
Municipal Income Taxes	<u>345,773</u>	
Total		7,276,799
Bond issuance costs will be amortized over the life of the bonds on the statement of net assets		866,838
Two internal service funds are used by management to charge the costs of insurance and garage repairs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
Net Assets	472,134	
Capital Assets	(193,081)	
Bonds Payable	151,531	
Compensated Absences	92,190	
Internal Balances	<u>(110,162)</u>	
Total		412,612
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due		(353,684)
Long-term liabilities, including bonds and compensated absences, are not due and payable in the current period therefore are not reported in the funds:		
General Obligation Bonds	(31,950,211)	
Special Assessment Bonds	(467,691)	
HUD Section 108 Loans	(5,005,000)	
OPWC Loans	(2,818,314)	
Other Loans	(3,945,259)	
Compensated Absences	(7,491,132)	
Capital Leases	(2,385,686)	
Pollution Remediation	(821,774)	
Bond Premium	(19,314)	
Refunding	<u>254,945</u>	
Total		<u>(54,649,436)</u>
 <i>Net Assets of Governmental Activities</i>		 <u><u>\$105,029,135</u></u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Community Development	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$3,419,325	\$0	\$1,455,605	\$0	\$558,580	\$5,433,510
Municipal Income Taxes	15,927,196	0	0	0	2,234,307	18,161,503
Charges for Services	555,664	0	0	0	978,292	1,533,956
Licenses and Permits	701,046	14,779	0	0	300,018	1,015,843
Fines and Forfeitures	1,220,471	0	0	0	593,207	1,813,678
Intergovernmental	7,389,849	2,303,407	182,173	748,144	3,305,520	13,929,093
Special Assessments	0	0	0	0	71,717	71,717
Interest	230,876	78,716	55,983	0	11,486	377,061
Miscellaneous	145,900	47,668	241,002	532	14,881	449,983
<i>Total Revenues</i>	<u>29,590,327</u>	<u>2,444,570</u>	<u>1,934,763</u>	<u>748,676</u>	<u>8,068,008</u>	<u>42,786,344</u>
Expenditures						
Current:						
General Government	9,547,246	0	4,091	0	200,146	9,751,483
Security of Persons and Property	16,647,178	0	0	0	4,376,989	21,024,167
Transportation	0	0	0	0	3,431,181	3,431,181
Public Health	307,100	0	0	0	1,743,737	2,050,837
Community Environment	590,301	0	0	0	48,906	639,207
Economic Development	0	3,830,250	0	0	0	3,830,250
Leisure Time Activities	1,266,039	0	0	0	3,799	1,269,838
Capital Outlay	0	0	0	3,693,940	244,613	3,938,553
Debt Service:						
Principal Retirement	350,315	453,057	1,569,204	0	606,557	2,979,133
Interest and Fiscal Charges	105,437	356,200	1,054,048	153,460	301,222	1,970,367
Bond Issuance Costs	0	38,922	0	97,742	0	136,664
<i>Total Expenditures</i>	<u>28,813,616</u>	<u>4,678,429</u>	<u>2,627,343</u>	<u>3,945,142</u>	<u>10,957,150</u>	<u>51,021,680</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>776,711</u>	<u>(2,233,859)</u>	<u>(692,580)</u>	<u>(3,196,466)</u>	<u>(2,889,142)</u>	<u>(8,235,336)</u>
Other Financing Sources (Uses)						
Capital Lease Proceeds	23,995	0	0	0	0	23,995
Bonds Issued	0	1,547,163	0	3,892,837	0	5,440,000
Loans Received	0	1,059,959	0	1,640,724	0	2,700,683
Discount on Debt Issuance	0	(20,886)	0	(52,450)	0	(73,336)
Transfers In	0	0	803,238	75,000	1,310,308	2,188,546
Transfers Out	(1,631,833)	0	0	(10,956)	(545,757)	(2,188,546)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,607,838)</u>	<u>2,586,236</u>	<u>803,238</u>	<u>5,545,155</u>	<u>764,551</u>	<u>8,091,342</u>
<i>Net Change in Fund Balances</i>	(831,127)	352,377	110,658	2,348,689	(2,124,591)	(143,994)
<i>Fund Balances (Deficit) Beginning of Year - Restated (Note 3)</i>	<u>1,300,669</u>	<u>18,191,439</u>	<u>219,762</u>	<u>(2,589,924)</u>	<u>5,506,802</u>	<u>22,628,748</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$469,542</u>	<u>\$18,543,816</u>	<u>\$330,420</u>	<u>(\$241,235)</u>	<u>\$3,382,211</u>	<u>\$22,484,754</u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2008*

Net Change in Fund Balances - Total Governmental Funds (S143,994)

*Amounts reported for governmental activities in the
statement of activities are different because*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital Asset Additions	\$5,697,008	
Current Year Depreciation	<u>(15,435,105)</u>	
Total		(9,738,097)

In the statement of activities, a gain or loss is reported for each disposal of capital assets (246,737)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	69,661	
Intergovernmental	783,453	
Municipal Income Taxes	11,787	
Special Assessments	<u>(137,770)</u>	
Total		727,131

Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues in the statement of activities:

Bonds Issued	(5,440,000)	
Bond Discount	73,336	
Loans Received	(2,700,683)	
Inception of Capital Lease	<u>(23,995)</u>	
Total		(8,091,342)

Repayment of long term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets

Bonds, Notes and Loans Principal	2,508,263	
Capital Lease Principal	<u>470,870</u>	
Total		2,979,133

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due

Accrued Interest	(82,830)	
Amortization of Bond Premium	1,245	
Amortization of Bond Discount	(3,418)	
Amortization of Loss on Refunding	(12,773)	
Amortization of Bond Issuance Costs	<u>(46,021)</u>	
Total		(143,797)

Bond issuance costs are recognized as deferred charges and will be amortized over the life of the bonds on the statement of activities 136,664

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated Absences	(1,111,134)	
Pollution Remediation	<u>(821,774)</u>	
Total		(1,932,908)

The internal service fund used by management to charge the costs of insurance to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities:

Change in Net Assets	292,768	
Capital Assets, Net	4,720	
Compensated Absences	(13,453)	
Interest Expense	7,375	
Internal Balance	<u>(64,040)</u>	
Total		227,370

Change in Net Assets of Governmental Activities (S16,226,577)

See accompanying notes to the basic financial statements

City of Lorain, Ohio
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$3,175,512	\$3,175,512	\$3,412,986	\$237,474
Municipal Income Taxes	16,803,624	16,803,624	15,829,317	(974,307)
Charges for Services	491,392	490,867	555,664	64,797
Licenses and Permits	816,324	816,324	718,832	(97,492)
Fines and Forfeitures	1,160,000	1,207,037	1,198,046	(8,991)
Intergovernmental	6,550,417	7,720,669	7,049,829	(670,840)
Interest	300,500	300,500	263,236	(37,264)
Miscellaneous	105,278	113,674	130,709	17,035
<i>Total Revenues</i>	<u>29,403,047</u>	<u>30,628,207</u>	<u>29,158,619</u>	<u>(1,469,588)</u>
Expenditures:				
Current:				
General Government	8,202,170	9,293,079	9,465,713	(172,634)
Security of Persons and Property	16,079,687	16,314,138	16,256,790	57,348
Public Health Services	311,903	312,189	304,072	8,117
Community Environment	548,974	595,394	584,901	10,493
Leisure Time Activities	1,263,561	1,279,051	1,274,487	4,564
Debt Service:				
Principal Retirement	361,990	361,990	350,315	11,675
Interest and Fiscal Charges	105,957	105,957	105,957	0
<i>Total Expenditures</i>	<u>26,874,242</u>	<u>28,261,798</u>	<u>28,342,235</u>	<u>(80,437)</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,528,805</u>	<u>2,366,409</u>	<u>816,384</u>	<u>(1,550,025)</u>
Other Financing Sources (Uses):				
Advances In	0	2,000,000	425,000	(1,575,000)
Advances Out	(116,000)	(2,106,307)	(542,573)	1,563,734
Transfers Out	(1,784,536)	(1,631,833)	(1,631,833)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,900,536)</u>	<u>(1,738,140)</u>	<u>(1,749,406)</u>	<u>(11,266)</u>
<i>Net Change in Fund Balance</i>	628,269	628,269	(933,022)	(1,561,291)
<i>Fund Balance (Deficit) Beginning of Year</i>	(1,235,640)	(1,235,640)	(1,235,640)	0
Prior Year Encumbrances Appropriated	698,706	698,706	698,706	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$91,335</u>	<u>\$91,335</u>	<u>(\$1,469,956)</u>	<u>(\$1,561,291)</u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Community Development Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental	\$6,423,033	\$6,767,224	\$3,504,763	(\$3,262,461)
Licenses and Permits	201,000	201,000	14,779	(186,221)
Interest	105,225	113,225	86,482	(26,743)
Loan Repayments	0	0	0	0
Miscellaneous	23,452	23,452	47,668	24,216
<i>Total Revenues</i>	<u>6,752,710</u>	<u>7,104,901</u>	<u>3,653,692</u>	<u>(3,451,209)</u>
Expenditures:				
Current:				
Economic Development	8,027,582	9,182,308	4,416,514	4,765,794
Debt Service:				
Principal Retirement	902,256	1,869,694	1,477,057	392,637
Interest and Fiscal Charges	324,457	367,811	367,811	0
Bond Issuance Costs	1,246	40,168	38,922	1,246
<i>Total Expenditures</i>	<u>9,255,541</u>	<u>11,459,981</u>	<u>6,300,304</u>	<u>5,159,677</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,502,831)</u>	<u>(4,355,080)</u>	<u>(2,646,612)</u>	<u>1,708,468</u>
Other Financing Sources (Uses):				
Loans Received	1,059,959	1,059,959	1,059,959	0
Bonds Issued	0	1,547,163	1,547,163	0
Discount on Bonds Issued	0	(20,887)	(20,886)	1
<i>Total Other Financing Sources (Uses)</i>	<u>1,059,959</u>	<u>2,586,235</u>	<u>2,586,236</u>	<u>1</u>
<i>Net Change in Fund Balance</i>	<u>(1,442,872)</u>	<u>(1,768,845)</u>	<u>(60,376)</u>	<u>1,708,469</u>
<i>Fund Balance Beginning of Year</i>	3,293,344	3,293,344	3,293,344	0
Prior Year Encumbrances Appropriated	416,698	416,698	416,698	0
<i>Fund Balance End of Year</i>	<u>\$2,267,170</u>	<u>\$1,941,197</u>	<u>\$3,649,666</u>	<u>\$1,708,469</u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2008

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Water Pollution Control	Total	Internal Service Funds
Assets				
<i>Current Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$1,257,130	\$1,070,737	\$2,327,867	\$276,681
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	522,569	1,172,015	1,694,584	0
Accounts Receivable	1,231,684	1,893,625	3,125,309	0
Materials and Supplies Inventory	458,585	182,592	641,177	681,034
Interfund Receivable	29	2,209	2,238	10,787
Intergovernmental Receivable	0	515,286	515,286	0
Prepaid Items	33,658	7,117	40,775	2,380
Loans Receivable	0	444,616	444,616	0
<i>Total Current Assets</i>	<u>3,503,655</u>	<u>5,288,197</u>	<u>8,791,852</u>	<u>970,882</u>
<i>Noncurrent Assets</i>				
Restricted Assets:				
Cash and Cash Equivalents With Trustee	1,250,107	1,493,727	2,743,834	0
Unamortized Bond Issuance Costs	101,870	38,454	140,324	0
Non-Depreciable Capital Assets	1,684,162	27,313,583	28,997,745	0
Depreciable Capital Assets, Net	<u>23,367,622</u>	<u>50,004,786</u>	<u>73,372,408</u>	<u>193,081</u>
<i>Total Noncurrent Assets</i>	<u>26,403,761</u>	<u>78,850,550</u>	<u>105,254,311</u>	<u>193,081</u>
<i>Total Assets</i>	<u>29,907,416</u>	<u>84,138,747</u>	<u>114,046,163</u>	<u>1,163,963</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	154,147	205,337	359,484	40,824
Contracts Payable	59,970	651,958	711,928	0
Accrued Wages and Benefits	77,219	96,784	174,003	13,537
Vacation Benefits Payable	1,466	12,669	14,135	0
Intergovernmental Payable	209,038	258,088	467,126	37,736
Accrued Interest Payable	71,727	36,842	108,569	0
Retainage Payable	29,425	195,058	224,483	0
Interfund Payable	4,651	2,498	7,149	1,573
Claims Payable	0	0	0	354,438
Capital Leases Payable	0	51,007	51,007	0
Compensated Absences Payable	61,740	133,450	195,190	25,771
Bonds Payable - Current	691,986	671,480	1,363,466	19,076
OWDA Loans - Current	<u>445,598</u>	<u>2,060,005</u>	<u>2,505,603</u>	<u>0</u>
<i>Total Current Liabilities</i>	<u>1,806,967</u>	<u>4,375,176</u>	<u>6,182,143</u>	<u>492,955</u>
<i>Long-Term Liabilities (Net of Current Portion)</i>				
Capital Leases Payable	0	157,357	157,357	0
Compensated Absences Payable	444,741	581,144	1,025,885	66,419
Bonds Payable	5,333,153	1,418,537	6,751,690	132,455
OWDA Loans	<u>9,107,114</u>	<u>36,462,102</u>	<u>45,569,216</u>	<u>0</u>
<i>Total Long-Term Liabilities</i>	<u>14,885,008</u>	<u>38,619,140</u>	<u>53,504,148</u>	<u>198,874</u>
<i>Total Liabilities</i>	<u>16,691,975</u>	<u>42,994,316</u>	<u>59,686,291</u>	<u>691,829</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	9,575,803	36,536,335	46,112,138	23,554
Restricted For:				
Debt Service	1,182,374	1,465,522	2,647,896	0
Replacement and Improvement	150,000	150,000	300,000	0
Utility Reserve	372,569	1,022,015	1,394,584	0
Unrestricted	<u>1,934,695</u>	<u>1,970,559</u>	<u>3,905,254</u>	<u>448,580</u>
<i>Total Net Assets</i>	<u>\$13,215,441</u>	<u>\$41,144,431</u>	<u>54,359,872</u>	<u>\$472,134</u>

Some amounts reported for business-type activities in the statement of net assets are different because internal service fund assets are included with business-type activities

110,162

Net assets business-type activities

\$54,470,034

See accompanying notes to the basic financial statements

City of Lorain, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2008*

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Water Works</u>	<u>Water Pollution Control</u>	<u>Total</u>	<u>Internal Service Funds</u>
Operating Revenues				
Charges for Services	\$8,250,437	\$11,223,392	\$19,473,829	\$6,947,851
Miscellaneous	21,555	0	21,555	13,490
<i>Total Operating Revenues</i>	<u>8,271,992</u>	<u>11,223,392</u>	<u>19,495,384</u>	<u>6,961,341</u>
Operating Expenses				
Personal Services	3,606,070	4,106,751	7,712,821	614,257
Materials and Supplies	874,870	577,365	1,452,235	1,144,700
Contractual Services	729,120	321,689	1,050,809	0
Claims	0	0	0	4,895,435
Basic Utilities	687,042	799,962	1,487,004	0
Other Operating Expenses	168,144	268,541	436,685	2,086
Depreciation	725,432	1,774,052	2,499,484	4,720
<i>Total Operating Expenses</i>	<u>6,790,678</u>	<u>7,848,360</u>	<u>14,639,038</u>	<u>6,661,198</u>
<i>Operating Income</i>	<u>1,481,314</u>	<u>3,375,032</u>	<u>4,856,346</u>	<u>300,143</u>
Non-Operating Revenues (Expenses)				
Intergovernmental	0	700,813	700,813	0
Interest	16,930	22,123	39,053	0
Interest and Fiscal Charges	(835,305)	(1,352,012)	(2,187,317)	(7,375)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(818,375)</u>	<u>(629,076)</u>	<u>(1,447,451)</u>	<u>(7,375)</u>
<i>Change in Net Assets</i>	662,939	2,745,956	3,408,895	292,768
<i>Net Assets Beginning of Year</i>	<u>12,552,502</u>	<u>38,398,475</u>		<u>179,366</u>
<i>Net Assets End of Year</i>	<u>\$13,215,441</u>	<u>\$41,144,431</u>		<u>\$472,134</u>

Some amounts reported for business-type activities in the statement of activities are different because internal service fund assets are included with business-type activities 64,040

Change in net assets business-type activities \$3,472,935

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

	Business-Type Activities			Governmental Activities
	Water Works	Water Pollution Control	Total	Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$8,265,592	\$11,289,153	\$19,554,745	\$0
Cash Received from Transactions with Other Funds	0	0	0	6,938,504
Cash Payments for Goods and Services	(2,343,238)	(2,402,669)	(4,745,907)	(1,240,372)
Cash Payments for Employee Services and Benefits	(3,665,775)	(4,030,896)	(7,696,671)	(622,841)
Cash Payments for Claims	0	0	0	(5,186,033)
Other Operating Revenues	21,555	251,832	273,387	13,490
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>2,278,134</u>	<u>5,107,420</u>	<u>7,385,554</u>	<u>(97,252)</u>
Cash Flows from Noncapital Financing Activities				
Advances In	328,500	212,500	541,000	1,573
Advances Out	(212,500)	(212,500)	(425,000)	0
Intergovernmental	0	700,813	700,813	0
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>116,000</u>	<u>700,813</u>	<u>816,813</u>	<u>1,573</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(707,400)	(8,770,078)	(9,477,478)	0
OWDA Loans Received	33,022	6,440,276	6,473,298	0
Principal Paid on Bonds	(146,591)	(20,264)	(166,855)	(17,996)
Interest Paid on Bonds	(56,238)	(8,304)	(64,542)	(7,375)
Principal Paid on Revenue Bonds	(510,000)	(620,000)	(1,130,000)	0
Interest Paid on Revenue Bonds	(283,810)	(129,250)	(413,060)	0
Principal Paid on OWDA Loans	(424,661)	(1,595,247)	(2,019,908)	0
Interest Paid on OWDA Loans	(480,599)	(1,136,529)	(1,617,128)	0
Principal Paid on Capital Leases	0	(48,602)	(48,602)	0
Interest Paid on Capital Leases	0	(12,720)	(12,720)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(2,576,277)</u>	<u>(5,900,718)</u>	<u>(8,476,995)</u>	<u>(25,371)</u>
Cash Flows from Investing Activities				
Interest	16,930	22,123	39,053	0
Net Decrease in Cash and Cash Equivalents	(165,213)	(70,362)	(235,575)	(121,050)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>3,195,019</u>	<u>3,806,841</u>	<u>7,001,860</u>	<u>397,731</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$3,029,806</u>	<u>\$3,736,479</u>	<u>\$6,766,285</u>	<u>\$276,681</u>

(continued)

City of Lorain, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2008

	Business-Type Activities			Governmental Activities
	Water Works	Water Pollution Control	Total	Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$1,481,314	\$3,375,032	\$4,856,346	\$300,143
<i>Adjustments:</i>				
Depreciation	725,432	1,774,052	2,499,484	4,720
(Increase) Decrease in Assets:				
Accounts Receivable	15,159	23,306	38,465	0
Interfund Receivable	(4)	254	250	(9,347)
Intergovernmental Receivable	0	(444,332)	(444,332)	0
Materials and Supplies Inventory	75,820	20,516	96,336	(82,621)
Prepaid Items	(6,978)	(2,337)	(9,315)	(2,380)
Loans Receivable	0	48,736	48,736	0
Increase (Decrease) in Liabilities:				
Accounts Payable	(17,525)	(313,811)	(331,336)	(8,668)
Contracts Payable	59,970	582,678	642,648	0
Accrued Wages and Benefits	9,048	26,113	35,161	3,212
Claims Payable	0	0	0	(290,598)
Vacation Benefits Payable	1,466	12,669	14,135	0
Compensated Absences Payable	(60,057)	21,442	(38,615)	(13,453)
Interfund Payable	4,651	2,498	7,149	0
Intergovernmental Payable	(10,162)	15,631	5,469	1,740
Retainage Payable	0	(35,027)	(35,027)	0
<i>Total Adjustments</i>	<u>796,820</u>	<u>1,732,388</u>	<u>2,529,208</u>	<u>(397,395)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$2,278,134</u>	<u>\$5,107,420</u>	<u>\$7,385,554</u>	<u>(\$97,252)</u>

Noncash Transactions:

During 2008, the Water Pollution Control fund had \$1,661,766 of capital asset additions which related to the reclassification of a pump station from the sewer lines category to the buildings and improvements category.

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2008

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$299,672</u></u>
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Liabilities

Deposits Held and Due to Others	<u><u>\$299,672</u></u>
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See accompanying notes to the basic financial statements

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Note 1 – Description of City and Reporting Entity

The City of Lorain is a statutory municipal corporation established and operated under the laws of the State of Ohio. The City began as an unincorporated village under the name of Charleston in 1834. It was incorporated as a village under the name of Lorain in 1874 and became a City in 1896. The City operates under a council-mayor form of government. Elected officials include eleven council members, a council president, and a mayor.

On October 17, 2002, the Auditor of State's office declared the City of Lorain to be in a state of "Fiscal Watch" in accordance with Section 118.022 of the Ohio Revised Code. This declaration was a result of a forecasted deficit in excess of 1/12 of the preceding year's general fund revenue. In response to this declaration, the City of Lorain contracted the Auditor of State's office to perform a performance audit to identify improvements that could be made in the City's operations. From this performance audit the City has implemented many of the suggestions to improve operations and cut costs. The Auditor of State's Local Government Services Division provides monthly monitoring of cash balances. The City is working to avoid the state of fiscal emergency. If the City's adjusted aggregate deficit fund balance reaches 1/6 of the General Fund budget and the receipts of those deficit funds, the Auditor of State has the authority to declare the City in a state of fiscal emergency, at which time a Financial Planning and Supervision Commission to oversee the operation of the City would be required to be established.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading.

The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. The primary government includes the City departments and agencies that provide various services including planning, zoning, street construction, maintenance and repair, water and sewer services, municipal court services, and general administrative services.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and: (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; or the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or (3) the City is obligated for the debt of the organization. Component units also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

The City participates in the Northeast Ohio Areawide Coordinating Agency, a jointly governed organization, the Lorain Port Authority, a related organization, and the Public Entity Risk Consortium (PERC), a shared risk pool. These organizations are presented in Notes 17, 18, and 19 respectively.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City of Lorain have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and its proprietary funds unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The more significant of the City's accounting policies are described below.

A. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service funds are presented on the face of the proprietary fund statements. Fiduciary funds are reported by type.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund The general fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Community Development Special Revenue Fund This fund accounts for State and Federal grants designated for the acquisition of real property, administrative costs, public facilities, and the rehabilitation of real property.

General Obligation Bond Retirement Fund This fund accounts for the accumulation of resources to pay principal and interest on general obligation debt.

Capital Improvements Capital Projects Fund This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water Works Fund This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Water Pollution Control Fund This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Internal Service Funds The internal service funds account for the financing of services provided by one department to other departments of the City on a cost reimbursement basis. The City's internal

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

service funds account for the hospital/medical, prescription drug, vision, and dental benefits for City employees on a self-insured basis and accounts for maintenance costs for equipment and vehicles under a single purchasing unit to keep costs low.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary funds are agency funds, which are used to collect and distribute deposits, inspection fees and bonds for developers, state fees and fines for entities outside the City and flexible benefits deposits.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are presented using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

City of Lorain, Ohio
Notes to The Basic Financial Statements
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Revenues - Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), interest, grants, fees and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2009 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Data

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriation resolution is the Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by Council. The legal level of budgetary control is at the object level within each department for all funds. Any budgetary modifications at this level may only be made by resolution of the City Council.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect when the final appropriations were passed by City Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations can not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

F. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

The capital improvements fund made an advance to the general fund to cover a deficit cash balance. The general fund has an interfund payable for the amount received from the capital improvements fund and the capital improvements fund has an interfund receivable for the same amount on the balance sheet.

The City has segregated bank accounts for monies held separate from the City's bank accounts. These interest-bearing deposit accounts are presented on the statement of net assets and balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City's treasury. The cash of the Municipal Court is included in this line item. The balance presented on the statement of net assets and balance sheet as "cash and cash equivalents with fiscal agents" represents deposits for future debt service payments on Community Development urban redevelopment loans. The City entered into a trust agreement with a commercial bank to meet the requirements of the revenue bonds indenture agreements to service bonded debt as principal and interest come due and to meet reserve requirements. The balances of these accounts are presented on the statement of net assets and balance sheet as "cash and cash equivalents with trustees" and represent deposits or short-term investments in a mutual fund. The balance presented on the statement of net assets and balance sheet as "cash and cash equivalents with escrow agents" represents deposits in escrow for the purchase of capital assets through a lease/purchase agreement.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents. Investments with an original maturity of more than three months, not purchased from the pool, are reported as investments.

City of Lorain, Ohio
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For The Year Ended December 31, 2008

During 2008, investments were limited to repurchase agreements, mutual funds and STAROhio. Investments are reported at fair value, which is based on quoted market prices, with the exception of repurchase agreements, which are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2008 amounted to \$230,876 which was assigned from other City funds.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies and homes purchased, repaired, and resold under the Community Development in-fill housing project.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

I. Bond Premiums/ Issuance Costs

On the government-wide statements and in the enterprise funds, bond issuance costs are deferred and amortized over the term of the bonds using the straight line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable whereas issuance costs are recorded as deferred charges on the statement of net assets. On the governmental fund statements bond premiums are received in the year the bonds are issued and bond issuance costs are expended when incurred.

J. Gain/Loss on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, which ever is shorter.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

K. Bond Discounts

Bond discounts are deferred and amortized over the term of the bonds using the straight-line method. Bond discounts are presented as a decrease of the face amount of the bonds payable.

L. Contributions of Capital

Contributions of capital in the proprietary fund financial statements arise from the transfer of capital assets from the governmental activities resulting from construction of infrastructure (water and sewer lines) on urban renewal capital projects within the City. There were no contributions of capital in the current year.

M. Restricted Assets

Amounts held in trust by the City and trustees that are legally restricted for use in paying current and future debt service on the water and sewer revenue bonds, and amounts held for operation, maintenance and replacement contingencies per the applicable bond covenants are reported as restricted assets.

N. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds. Capital assets used by the internal service funds are reported in the governmental activities column of the statement of net assets and in the internal service column on the statement of fund net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars for capital assets other than infrastructure and one hundred thousand dollars for infrastructure capital assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

City of Lorain, Ohio
Notes to The Basic Financial Statements
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<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements (including water and water pollution control facilities)	50 to 75 years
Machinery and Equipment	5 to 25 years
Vehicles	10 to 15 years
Infrastructure	30 to 60 years

The City's infrastructure consists of streets, sidewalks, storm sewers, bridges, water and sewer lines and includes infrastructure acquired prior to December 31, 1980.

O. Interfund Balances

On fund financial statements, outstanding interfund loans are reported as "interfund receivables/payables." Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

P. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund(s) from which the employees who have resigned or retired will be paid.

Q. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary funds financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability on the governmental fund financial statements when due.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

R. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore, are not available for appropriation or expenditure. Reserves have been established for encumbrances, loans receivable which represent revolving loan fund monies (community development block grant) loaned to local businesses, inventory held for resale, amounts held in reserve for future debt service requirements on the Community Development urban redevelopment loans, and unspent capital lease proceeds.

S. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The government-wide statement of net assets reports \$27,104,301 of restricted net assets, of which \$504,591 is restricted by enabling legislation.

Net assets restricted for other purposes include resources for law enforcement programs, street maintenance, health services, recreation, municipal court activities and police and fire pension payments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

T. Internal Activity

Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

U. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for wastewater treatment, water services and self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or service that are the primary activity of the fund. All revenues and expenditures not meeting these definitions are reported as non-operating.

V. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

W. Pollution Remediation

In an effort to revitalize its downtown area, in 2002 the City purchased the old pellet terminal site, a total of 19 acres, on the Black River for future development. This site was previously used for storing, loading and unloading iron ore pellets onto ships and by rail for use in northeast Ohio steel production since the 1890's and was also the location of the former Brush Beryllium Plant until 1948. The City voluntarily determined that due to the nature of the previous land use an environmental assessment on the property was warranted before any development could commence. The City contracted with a certified consultant in 2006 to assess the property. It was determined by the consultant that environmental remediation was necessary due to unacceptable concentrations of beryllium, lead, and other miscellaneous chemicals and to comply with the Ohio Environmental Protection Agency's voluntary action plan standards for environmental contamination cleanup. The cost of the remediation estimated by the consultants is \$821,774 as of 2008 with the potential for additional costs in the future due to price increases. The City expects no recoveries to reduce the liability for the remediation.

Note 3 – Change in Accounting Principles and Restatement of Prior Year's Fund Balance

A. Change in Accounting Principles

For 2008, the City has implemented Governmental Accounting Standards Board (GASB) Statement 49, "Accounting and Financial Reporting for Pollution Remediation Obligations". GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanup. On the statement of net assets a liability is reflected to account for the pollution remediation payable.

The City has implemented Governmental Accounting Standards Board (GASB) Statement 52, "Land and Other Real Estate Held as Investments by Endowments". GASB Statement No. 52 established consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the City's financial statements.

B. Restatement of Fund Balance/Net Assets – Governmental Activities

In 2007 loans receivable in the Community Development special revenue fund was overstated by \$2,390,552 due to the incorrect accrual of leases that were not loans. This correction had the following effect on fund balance at December 31, 2007:

	Community Development	All Other Funds	Total
Fund Balances, December 31, 2007	\$20,581,991	\$4,437,309	\$25,019,300
Restatement:			
Overstatement of Loans Receivable	(2,390,552)	-0-	(2,390,552)
Restated Fund Balances, December 31, 2007	<u>\$18,191,439</u>	<u>\$4,437,309</u>	<u>\$22,628,748</u>

In addition to the above mentioned overstatement of loans receivable, in 2007 an incorrect amount was accrued in intergovernmental receivable and intergovernmental revenue in the Community Development full accrual trial in the amount of \$2,996,165 for a Clean Ohio Revitalization Grant the City was awarded in 2007. The full amount of the grant was listed as a receivable. As this is a reimbursable grant and there were no funds expended in 2007 the receivable amount should have been \$0. This correction had no effect on the modified trial as the amount was listed as both a receivable and a deferred liability.

These corrections had the following effect on the governmental activities net assets as of December 31, 2007:

Governmental Activities Net Assets, December 31, 2007	\$126,642,429
Restatement:	
Overstatement of Intergovernmental Receivable	(2,996,165)
Overstatement of Loans Receivable	(2,390,552)
Restated Governmental Activities Net Assets, December 31, 2007	<u>\$121,255,712</u>

Note 4 – Fund Deficits and Legal Compliance

A. Fund Deficits

Fund balances at December 31, 2008 included the following individual fund balance deficits:

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Major Fund:	Deficit
Capital Improvements	\$241,235
Nonmajor Funds:	
Special Revenue Funds:	
Health Services	62,442
Fire Pension	153,549
Debt Service Fund:	
Special Assessment Bond Retirement	106
Internal Service Fund:	
Hospitalization	100,377

The deficit in the capital improvements fund is a result of the issuance of short term notes. The deficit will be eliminated once bonds are issued and the notes are paid. The deficit in the health services and fire pension special revenue, the special assessment bond retirement debt service and hospitalization internal service funds are due to accrued liabilities. The general fund is liable for any deficit and provides operating transfers when cash is required, rather than when accruals occur.

B. Legal Compliance

Contrary to Section 5705.41B, Ohio Revised Code, the following accounts had expenditures plus encumbrances in excess of appropriations:

Major Funds:	Final Appropriations	Expenditures Plus Encumbrances	Excess
General Fund:			
Electrical			
Contractual Services	\$34,800	\$35,956	(\$1,156)
Safety/Service			
Contractual Services	1,426,570	1,742,263	(315,693)
Engineering			
Wages and Benefits	808,968	809,657	(689)
Police Department			
Wages and Benefits	8,412,242	8,474,890	(62,648)
Fire Department			
Contractual Services	108,760	112,843	(4,083)
Building Inspection			
Wages and Benefits	542,908	543,065	(157)
Parks Department			
Wages and Benefits	914,563	915,049	(486)
Nonmajor Funds:			
Streets:			
Wages and Benefits	1,685,701	1,693,700	(7,999)
Garage:			
Wages and Benefits	601,351	602,522	(1,171)

City of Lorain, Ohio
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Management has indicated that appropriations will be closely monitored to ensure no future violations occur. The City now requires as part of the revised written policy that the amount of each purchase order be compared to available appropriations prior to its release to the vendor.

The City had a negative cash balance in the following funds indicating that revenues from other sources were used to pay obligations of these funds contrary to Ohio Revised Code Section 5705.10:

<u>Major Fund:</u>	<u>Amount</u>
General	\$826,904
Nonmajor Fund:	
Special Revenue Fund:	
Fire Pension	153,549

Note 5 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances -Budget (Non-GAAP Basis) and Actual presented for the general fund and community development special revenue major fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the community development major special revenue fund.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Net Change in Fund Balance

	<u>General</u>	<u>Community Development</u>
GAAP Basis	(\$831,127)	\$352,377
Net Adjustment for Revenue Accruals	(431,708)	81,890
Loan Repayments	0	1,127,232
Advances Out	(542,573)	0
Advances In	425,000	0
Net Adjustment for Expenditure Accruals	803,820	268,888
Inception of Capital Lease	(23,995)	0
Loans Issued	0	(360,544)
Debt Principal Retirement	0	(1,024,000)
Debt Interest and Fiscal Charges	(520)	(11,611)
Encumbrances	<u>(331,919)</u>	<u>(494,608)</u>
Budget Basis	<u>(\$933,022)</u>	<u>(\$60,376)</u>

Note 6 - Deposits and Investments

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

City of Lorain, Ohio
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3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons;
3. Obligations of the City.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the City has not purchased these types of investments or issued these types of notes. Investments may only be made through specified dealers and institutions.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year-end, \$6,094,198 of the City's bank balance of \$7,094,198 was uninsured and uncollateralized. Although the securities were held by the pledging institution's trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of the State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

City of Lorain, Ohio
Notes to The Basic Financial Statements
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Investments

The City's investments are categorized below to give an indication of the level of risk assumed by the City at calendar year end.

<u>Description</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than 1 Year</u>	<u>Credit Rating</u>
Repurchase Agreements	\$1,400,000	\$1,400,000	N/A
Money Market Funds	4,170,701	4,170,701	AAAm
STAROhio	3,041,034	3,041,034	AAAm
Total Investments	<u>\$8,611,735</u>	<u>\$8,611,735</u>	

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within one year from the date of purchase and that the City's investment portfolio be structured so that the securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, on the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's repurchase agreements are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Credit Risk The City's repurchase agreements are with Lorain National Bank. Lorain National Bank does not issue debt and therefore is not rated by any of the major credit rating agencies. The money market funds are invested with Blackrock US Treasury obligations and carries a rating of AAAM by Standard and Poor's. STAROhio also carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk The City's investment policy allows investments in Repurchase Agreements, Money Market Mutual Funds and STAROhio and allowable investments as defined by the Ohio Revised Code. The City does not limit the amount that can be invested in each type. The City has invested 8 percent of its investments in Repurchase Agreements, 44 percent in Money Market Mutual Funds, and 48 percent in STAROhio.

City of Lorain, Ohio
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For The Year Ended December 31, 2008

Note 7 - Receivables

Receivables at December 31, 2008 consist primarily of municipal income taxes, property and other taxes, accounts (billings for utility services), special assessments, accrued interest on investments, community development and utilities department loans to businesses and property owners, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All of these receivables, with the exception of the community development and utilities department loans, are deemed collectible in full. Special assessments due in more than one year are \$445,035 and delinquent special assessments outstanding are \$274,261.

The City's community development loans receivable from businesses and property owners contain certain amounts for which the repayment, due to bankruptcies and/or defaults, has been estimated. The loans receivable balance of \$13,110,798 on the basic financial statements is stated net of estimated uncollectibles of \$472,644 with \$763,673 collectible in one year.

In April of 2002, the City entered into an installment loan agreement with Horizon Activities Center Inc. for the sale of real estate owned by the City, deemed no longer needed for public use, in the amount of \$250,000. The loan has a term of 20 years at 5.75 percent interest with monthly payments of \$1,755. Per the Ohio Revised Code, Section 5705.10, the proceeds from this sale are deposited in the general obligation bond retirement fund. At December 31, 2008 the fund has recorded a loan receivable balance of \$199,051 as a result of this transaction, with \$9,875 collectible in one year.

The City's sewer department issued zero percent interest emergency loans to property owners in 2007 to provide some immediate relief to replace property damaged due to a major sewer line collapse. At December 31, 2008 the fund has recorded a loan receivable balance of \$444,616 as a result of these transactions, with \$31,434 collectible in one year.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2008 for real and public utility property taxes represents collections of 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008 taxes.

2008 real property taxes are levied after October 1, 2008 on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, state statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes which become a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2008 with real property taxes.

City of Lorain, Ohio
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For The Year Ended December 31, 2008

2008 tangible personal property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are being phased out. The assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all City operations for the year ended December 31, 2008, was \$4.96 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$910,664,600
Public Utility Property	59,834,380
Tangible Personal Property	<u>3,281,400</u>
Total Valuation	<u>\$973,780,380</u>

The Lorain County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Lorain. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies, which are measurable as of December 31, 2008 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2008 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified basis the revenue is deferred.

B. Income Taxes

The City levies a municipal income tax of two percent on substantially all salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. One and three-quarter percent (1.75 percent) is levied for general purposes and one quarter percent (0.25 percent) is restricted for the police levy fund. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Residents that work outside the City are credited with 100 percent of the taxes paid to another City up to a maximum of 2 percent (the City's current tax rate) of gross wages.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

C. Intergovernmental Receivables

A summary of the governmental and business-type activities principal items of intergovernmental receivables follows:

	Amount
<u>Governmental Activities:</u>	
Grants	\$3,377,838
Local Government	2,442,026
Gasoline Tax	917,073
Estate Tax	585,742
Homestead and Rollback	294,150
Motor Vehicle Tax	33,464
Permissive Tax	22,704
Liquor and Beer Tax	14,385
Other Taxes	<u>39</u>
Total Governmental Activities	7,687,421
<u>Business-Type Activities:</u>	
Grants	465,504
Utility Charges	<u>49,782</u>
Total Business-Type Activities	515,286
Total	<u><u>\$8,202,707</u></u>

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Note 8 - Capital Assets

Capital asset activity for the year ended December 31, 2008 was as follows:

	Balance 12/31/07	Additions	Deletions	Balance 12/31/08
Governmental Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$9,479,638	\$11,261	(\$76,540)	\$9,414,359
Construction in Progress	7,195,763	3,658,699	(779,024)	10,075,438
<i>Total Capital Assets, Not Being Depreciated</i>	<u>16,675,401</u>	<u>3,669,960</u>	<u>(855,564)</u>	<u>19,489,797</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	21,074,946	139,827	(487,700)	20,727,073
Machinery and Equipment	16,090,222	1,798,700	(665,670)	17,223,252
Furniture and Fixtures	103,833	0	0	103,833
Infrastructure:				
Streets and Sidewalks	1,002,562,443	1,209,576	0	1,003,772,019
<i>Total Capital Assets, Being Depreciated</i>	<u>1,039,831,444</u>	<u>3,148,103</u>	<u>(1,153,370)</u>	<u>1,041,826,177</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(6,485,587)	(379,436)	284,027	(6,580,996)
Machinery and Equipment	(6,518,767)	(820,442)	357,115	(6,982,094)
Furniture and Fixtures	(49,944)	(5,193)	0	(55,137)
Infrastructure:				
Streets and Sidewalks	(904,476,461)	(14,230,034)	0	(918,706,495)
<i>Total Accumulated Depreciation</i>	<u>(917,530,759)</u>	<u>(15,435,105) *</u>	<u>641,142</u>	<u>(932,324,722)</u>
Total Capital Assets, Being Depreciated, Net	<u>122,300,685</u>	<u>(12,287,002)</u>	<u>(512,228)</u>	<u>109,501,455</u>
Governmental Activities Capital Assets, Net	<u>\$138,976,086</u>	<u>(\$8,617,042)</u>	<u>(\$1,367,792)</u>	<u>\$128,991,252</u>

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

	Balance 12/31/07	Additions	Deletions	Balance 12/31/08
Business-type Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$617,876	\$0	\$0	\$617,876
Construction in Progress	20,677,155	8,361,614	(658,900)	28,379,869
<i>Total Capital Assets, Not Being Depreciated</i>	<u>21,295,031</u>	<u>8,361,614</u>	<u>(658,900)</u>	<u>28,997,745</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	50,469,115	1,943,125	0	52,412,240
Machinery and Equipment	20,587,349	593,613	(25,000)	21,155,962
Infrastructure:				
Water Lines	26,689,393	0	0	26,689,393
Sewer Lines	57,648,422	899,792	(1,807,049)	56,741,165
<i>Total Capital Assets, Being Depreciated</i>	<u>155,394,279</u>	<u>3,436,530</u>	<u>(1,832,049)</u>	<u>156,998,760</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(24,844,996)	(894,379)	0	(25,739,375)
Machinery and Equipment	(17,086,806)	(240,902)	25,000	(17,302,708)
Infrastructure:				
Water Lines	(10,831,779)	(439,815)	0	(11,271,594)
Sewer Lines	(28,533,570)	(924,388)	145,283	(29,312,675)
<i>Total Accumulated Depreciation</i>	<u>(81,297,151)</u>	<u>(2,499,484)</u>	<u>170,283</u>	<u>(83,626,352)</u>
Total Capital Assets, Being Depreciated, Net	<u>74,097,128</u>	<u>937,046</u>	<u>(1,661,766)</u>	<u>73,372,408</u>
Business-type Activities Capital Assets, Net	<u>\$95,392,159</u>	<u>\$9,298,660</u>	<u>(\$2,320,666)</u>	<u>\$102,370,153</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$3,752,088
Security of Persons and Property	458,497
Transportation	10,864,928
Public Health	31,353
Community Environment	2,770
Economic Development	64,190
Leisure Time Activities	261,279
Total Depreciation Expense	<u>\$15,435,105</u>

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Note 9 - Risk Management

A. Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participated in the Public Entity Risk Consortium (PERC), a shared risk pool (note 19) for all City real and personal property, comprehensive general liability including law enforcement liability, blanket crime coverage and public official's liability insurance. Arthur J. Gallagher & Company is the administrator. PERC is a shared risk joint self-insurance pool restricted to mid-size public entities. Lexington Insurance Company covers up to \$250,000,000 per occurrence for real and personal property subject to a \$100,000 self-insured retention with the exception of a \$5,000 retention in respect to automobile physical damage. The Underwriters at Lloyd's, London provides \$2,000,000 per occurrence limit each for General Liability, Law Enforcement Liability and Public Official's Liability. These liability policies each have a \$50,000 self-insured retention. A \$8,000,000 Excess Liability policy is provided over all liability policies by Illinois Union Insurance Company. The City also carries a comprehensive Boiler and Machinery policy by the Travelers Property Casualty Company of America on all City buildings with the property damage limits of \$50,000,000 subject to a \$1,000 deductible. Gallagher Bassett Services, Inc. is the administrator for the City. A summary of coverage and limits provided through the pool is as follows:

<u>Type of Coverage</u>	<u>Limits of Coverage</u>
Property including Auto Physical Damage	\$155,658,000
Liability:	10,000,000
General Liability	
Law Enforcement Liability	
Automobile Liability	
Public Officials Errors & Omissions	
Crime:	
Employee Dishonesty	500,000
Depositors Forgery	50,000
Money & Securities	50,000
Boiler & Machinery	50,000,000

Claims have not exceeded coverage in any of the last three years and there were no significant reductions in commercial coverage in any of the past three years.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

B. Workers' Compensation

The City pays the Ohio Bureau of Workers' Compensation a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

C. Health Insurance Benefits

The City manages the hospital/medical, prescription drug, vision, and dental benefits for its employees on a self-insured basis through the hospitalization self insurance internal service fund. Payments to the fund are made from the fund from which each employee is paid. Rates for 2008 were \$840 per month for single and \$820 per month for family coverage. Employees covered under separate ordinances for non-bargaining, management, United Steelworkers Local 6621, Police, Dispatchers, Corrections Officers and elected officials paid \$40 for family coverage and \$20 for single coverage per month. The Fire bargaining unit employees are required to pay \$50 for family coverage and \$25 for single coverage per month for health insurance coverage. The Plan Administrator for the City determines these rates. Medical Mutual of Ohio, the third party administrator, processes and pays the claims. An excess coverage insurance (stop loss) policy covers claims in excess of \$100,000 per employee and an aggregate of \$3,929,056 per year. The \$100,000 specific threshold was exceeded by \$397,886. The City received an invoice credit for the excess. The aggregate was not exceeded.

The claims liability of \$354,438 reported in the fund at December 31, 2008 was estimated by the third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expense and does not include other allocated claim adjustment expenses. Changes in the fund's claims liability amount for 2007 and 2008 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2007	\$519,412	\$4,819,299	\$4,693,675	\$645,036
2008	645,036	4,895,438	5,186,036	354,438

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Note 10 – Note Debt

A summary of note transactions for the year ended December 31, 2008 follows:

GOVERNMENTAL FUNDS	Balance 12/31/07	Additions	Deletions	Balance 12/31/08
2007, 4.625% Real Estate Acquisition and Street Improvement	\$4,835,000	\$0	\$4,835,000	\$0
2007, 4.25% Jaeger Road Improvement	550,000	0	550,000	0
2008, 4.20% Street Improvements	0	2,019,000	0	2,019,000
Total Governmental Funds	\$5,385,000	\$2,019,000	\$5,385,000	\$2,019,000

The notes are backed by the full faith and credit of the City of Lorain and mature within one year. The maturity date for the outstanding note is October 1, 2009. The note liability is reflected in the Capital Improvements fund, which received the proceeds. All note proceeds have been fully expended with the exception of \$472,155. The street improvements note will be paid from the capital improvements fund as it is reissued and then from bonds upon the completion of the projects.

By Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. There are limitations on the number of times a note can be renewed. All notes outstanding at year-end are bond anticipation notes. The notes will be refinanced until the projects are complete and the City determines it to be advantageous to issue bonds.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Note 11 – Long-Term Obligations

The original issue date, interest rate, original issue amount and date of maturity of each of the City's bonds, notes and loans follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i>General Obligation Bonds:</i>			
1988 Street Improvement (G.O. Portion)	7.50 %	\$255,563	December 1, 2008
1989 Various Purpose Improvements	6.50-7.875	2,000,000	December 1, 2009
1995 Various Purposes - (G.O. Portion)	3.90-5.65	3,259,890	December 1, 2015
1998 Capital Purposes	3.80-5.00	3,680,000	December 1, 2018
1999 Accrued Pension Fund Liability	3.50-5.375	2,070,000	December 1, 2024
2000 Riverfront Urban Renewal Phase I	4.55-5.70	4,850,000	December 1, 2028
2002 Safety/Service Action Plan	3.00-5.50	8,905,000	December 1, 2026
2003 Riverfront Urban Renewal Phase II & III	2.40-4.75	4,470,000	December 1, 2032
2003 Park and Street Improvements (G.O. Portion)	2.00-5.00	1,200,500	December 1, 2023
2005 Energy Conservation	4.35	2,499,223	December 1, 2015
2006 Lighthouse Urban Renewal Phase I	4.10-5.00	1,510,000	December 1, 2026
2007 Riverfront Urban Renewal Refunding	4.00-4.30	4,970,000	December 1, 2028
2007A Colorado Avenue	4.00-4.125	505,000	December 1, 2027
2007A US Route 6	4.00-4.125	775,000	December 1, 2022
2007B Heritage Urban Renewal	4.00-4.20	1,315,000	December 1, 2028
2008 Pellet Terminal Improvement	6.00-6.75	5,440,000	December 1, 2028
<i>Special Assessment Bonds with Government Commitment:</i>			
1988 Street Improvement	7.50	1,469,437	December 1, 2008
2003 Park and Street Improvements	2.00-5.00	574,500	December 1, 2023
<i>HUD Section 108 Loans:</i>			
Community Development - Series 2002-A			
(B-92-MC-39-0016)	4.64-7.90	100,000	August 1, 2012
Head Start - Series 2002-A (B-92-MC-39-0016-A)	4.64-7.90	1,100,000	August 1, 2012
Head Start - Series 2000-A (B-99-MC-0016)	7.50-8.00	2,375,000	August 1, 2019
Colorado Industrial Park - Series 2002-A (B-99-MC-0016)	4.40-6.00	2,000,000	August 1, 2021
Land Aquisition - Series 2004-A (B-03-MC-39-0016)	3.50-6.00	2,200,000	August 1, 2024
<i>Ohio Department of Development Urban Redevelopment Loans:</i>			
Riverbend Commerce Park	0.00-3.00	2,300,000	August 1, 2021
<i>Ohio Public Works Commission Loans:</i>			
1997 Local Roadway Rehab (#CI04A)	0.00	18,040	January 1, 2014
1999 Local Roadway Rehab (#CI13C)	0.00	17,409	July 1, 2011
Oak Point Road Improvements (#CI002)	0.00	405,776	January 1, 2021
Longbrook Bridge Replacement (#CI01D)	0.00	250,000	July 1, 2021
California Avenue (#CI31D)	0.00	483,645	January 1, 2022
Jaeger Road (#CI40E)	0.00	259,191	January 1, 2013
2002 Local Roadway Rehab (#CI22F)	0.00	236,844	July 1, 2014
Fulmer/Meister Road Improvements (#CI48G)	0.00	412,449	January 1, 2015

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i>Ohio Public Works Commission Loans (Continued):</i>			
2003 Local Roadway Rehab (#CI22G)	0.00 %	\$102,000	January 1, 2015
2004 Local Roadway Rehab (#CI33H)	0.00	123,575	January 1, 2016
E. 36th Street Rehab Phase I (#CI29I)	0.00	463,749	January 1, 2017
2005 Local Roadway Rehab (#CI19I)	0.00	144,591	January 1, 2018
E. 36th Street Rehab Phase II (#CI44J)	0.00	242,147	July 1, 2018
2006 Local Roadway Rehab (#CI09J)	0.00	225,000	January 1, 2019
2007 Local Roadway Rehab (#CI13K)	0.00	133,224	January 1, 2019
2008 Local Roadway Rehab (#CI33L)	0.00	375,356	January 1, 2020
<i>Ohio Department of Transportation State Infrastructure Bank Loans:</i>			
E. 36th Street Rehab Phase I (#SB0504)	3.00	144,137	July 20, 2011
State Route 57 Reconstruction (#SB0505)	3.00	842,492	July 18, 2010
E. 36th Street Rehab Phase II (#SB060011)	3.00	438,482	July 18, 2014
2007 Local Roadway Rehab (#SB080001)	3.00	302,000	July 18, 2017
<i>Installment Loans:</i>			
Campana Park Baseball Field Construction	0.00	200,000	February 15, 2011
Fire Station Improvements	4.20	50,000	November 30, 2014
<i>Enterprise General Obligation Bonds:</i>			
1995 Various Purpose - (Water Fund portion)	3.90-5.65	2,405,110	December 1, 2013
Energy Conservation Bond-Water	4.35	73,816	December 1, 2015
Energy Conservation Bond-WPC	4.35	226,961	December 1, 2015
<i>Enterprise Revenue Bonds:</i>			
1995 Water System Revenue	3.95-5.25	10,000,000	December 1, 2016
1995 Sewer System Refunding Revenue	3.80-5.60	8,035,000	December 1, 2011
<i>Ohio Water Development Authority Loans:</i>			
1978 SE Sewer Intercept (#1001)	6.25	2,856,352	July 1, 2011
2000 East Erie Waterlines (#2037)	5.50	2,211,916	January 1, 2020
2000 E. 28th St./Pearl Ave. Relief Sewer, Pump Station (#2321)	2.91	1,137,701	July 1, 2020
2001 Colorado Ave./Root Rd. Waterline Replacement (#3188)	6.12	449,287	January 1, 2021
2001 Colorado/Root/E. Erie Waterline Replacement (#3253)	4.38	2,712,348	January 1, 2021
2001 Westside Waterline Replacement (#3284)	4.64	2,425,073	July 1, 2021
2001 Tacoma Avenue Relief Sewer (#2322)	2.81	4,860,364	January 1, 2021
2001 Idaho Avenue SSO Elimination (#3268)	3.66	9,744,494	July 1, 2021
2003 4W Waterline Replacement (Various locations) (#3814)	4.90	3,585,574	July 1, 2034
2004 Kay Drive Retention Basin (#4150)	3.81	2,295,633	January 1, 2023
2004 Amherst Township Relief Sewer (#4151)	3.81	898,208	January 1, 2022
2004 Pearl Road & Tacoma Pump Station (#4156)	3.81	1,282,116	July 1, 2023
2006 East Central Relief Sewer (#4548)	4.59	3,377,743	July 1, 2025
2006 Westside Relief Sewer (#4586)	3.24	20,796,072	January 1, 2028
2007 Brownell Avenue Waterline (#4775)	4.47	770,575	January 1, 2028

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Changes in bonds and other long-term obligations of the City during 2008 were as follows:

	Principal Outstanding 12/31/07	Additions	Deletions	Principal Outstanding 12/31/08	Due Within One Year
Governmental Activities					
<i>General Obligation Bonds:</i>					
Street Improvement	\$13,334	\$0	\$13,334	\$0	\$0
Various Purpose Improvements	200,000	0	100,000	100,000	100,000
Various Purposes	1,310,000	0	180,000	1,130,000	195,000
Capital Purposes	880,000	0	330,000	550,000	90,000
Accrued Pension Fund Liability	1,625,000	0	60,000	1,565,000	65,000
Safety/Service Action Plan	7,370,000	0	335,000	7,035,000	345,000
Riverfront Urban Renewal Phase II & III	4,470,000	0	0	4,470,000	120,000
Park and Street Improvements	1,024,652	0	47,343	977,309	47,344
Energy Conservation	2,102,025	0	223,145	1,878,880	236,534
Lighthouse Urban Renewal Phase I	1,510,000	0	0	1,510,000	0
2007 Riverfront Urban Renewal Refunding	4,930,000	0	60,000	4,870,000	75,000
Unamortized Discount	(45,507)	0	(2,236)	(43,271)	0
Deferred Loss on Refunding	(267,718)	0	(12,773)	(254,945)	0
2007A Colorado Avenue	505,000	0	15,000	490,000	20,000
2007A US Route 6	775,000	0	35,000	740,000	40,000
2007B Heritage Urban Renewal	1,315,000	0	0	1,315,000	5,000
Unamortized Discount	(5,553)	0	(268)	(5,285)	0
2008 Pellet Terminal Improvement	0	5,440,000	0	5,440,000	90,000
Unamortized Discount	0	(73,336)	(914)	(72,422)	0
Unamortized Premium	20,559	0	1,245	19,314	0
Total General Obligation Bonds	27,731,792	5,366,664	1,383,876	31,714,580	1,428,878
<i>Special Assessment Bonds with Government Commitment:</i>					
Street Improvement	76,666	0	76,666	0	0
Park and Street Improvements	490,348	0	22,657	467,691	22,656
Total Special Assessment Bonds	567,014	0	99,323	467,691	22,656
<i>HUD Section 108 Loans</i>					
Community Development	1,375,000	0	125,000	1,250,000	125,000
Head Start	50,000	0	10,000	40,000	10,000
Head Start	550,000	0	110,000	440,000	110,000
Colorado Industrial Park	1,500,000	0	125,000	1,375,000	125,000
Land Acquisition	1,980,000	0	80,000	1,900,000	85,000
Total HUD Section 108 Loans	5,455,000	0	450,000	5,005,000	455,000
<i>Other Obligations</i>					
ODOD Urban Redevelopment Loans	1,240,041	1,059,959	3,057	2,296,943	0
OPWC Loans	2,088,849	975,727	246,262	2,818,314	294,192
ODOT State Infrastructure Bank Loans	1,062,114	664,997	272,511	1,454,600	327,370
Installment Loans	250,000	0	56,284	193,716	56,550
Capital Leases	2,832,561	23,995	470,870	2,385,686	495,619
Compensated Absences	6,379,998	1,143,395	32,261	7,491,132	1,349,556
Total Governmental Activities	\$47,607,369	\$9,234,737	\$3,014,444	\$53,827,662	\$4,429,821

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

	Principal Outstanding 12/31/07	Additions	Deletions	Principal Outstanding 12/31/08	Due Within One Year
Business-Type Activities					
<i>General Obligation Bonds:</i>					
Various Purpose - Water	\$955,000	\$0	\$140,000	\$815,000	\$145,000
Energy Conservation - Water	62,085	0	6,591	55,494	6,986
Energy Conservation - Sewer	190,890	0	20,264	170,626	21,480
Total General Obligation Bonds	1,207,975	0	166,855	1,041,120	173,466
<i>Revenue Bonds:</i>					
Water System Revenue	5,720,000	0	510,000	5,210,000	540,000
Unamortized Discount	(63,008)	0	(7,653)	(55,355)	0
Sewer System Refunding Revenue	2,670,000	0	620,000	2,050,000	650,000
Unamortized Discount	(8,354)	0	(2,577)	(5,777)	0
Deferred Loss on Refunding	(180,479)	0	(55,647)	(124,832)	0
Total Revenue Bonds	8,138,159	0	1,064,123	7,074,036	1,190,000
<i>Ohio Water Development</i>					
<i>Authority Loans:</i>					
SE Sewer Intercept	600,509	0	158,319	442,190	168,214
East Erie Waterlines	1,595,215	0	97,355	1,497,860	102,709
E. 28th St./Pearl Ave. Relief Sewer	785,763	0	52,953	732,810	54,506
Colorado Ave./Root Rd. Waterline	348,524	0	18,194	330,330	19,326
Colorado/Root/E. Erie Waterline	2,015,299	0	117,979	1,897,320	123,203
Westside Waterline Replacement	1,864,460	0	102,067	1,762,393	106,858
Tacoma Avenue Relief Sewer	3,457,442	0	223,736	3,233,706	230,066
Idaho Avenue SSO Elimination	7,313,157	0	427,581	6,885,576	443,374
4W Waterline Replacement	3,383,299	0	64,372	3,318,927	67,565
Kay Drive Retention Basin	1,963,904	0	103,111	1,860,793	107,077
Amherst Township Relief Sewer	762,095	0	42,308	719,787	43,935
Pearl Road & Tacoma Pump Station	1,124,913	0	56,483	1,068,430	58,655
East Central Relief Sewer	3,116,972	196,527	132,944	3,180,555	139,116
Westside Relief Sewer	14,552,323	6,243,749	397,812	20,398,260	815,062
Brownell Avenue Waterline	737,554	33,022	24,694	745,882	25,937
Total Ohio Water Development	43,621,429	6,473,298	2,019,908	48,074,819	2,505,603
<i>Authority Loans</i>					
Capital Leases	256,966	0	48,602	208,364	51,007
Compensated Absences	1,259,690	87,022	125,637	1,221,075	195,190
Total Business-Type Activities	\$54,484,219	\$6,560,320	\$3,425,125	\$57,619,414	\$4,115,266

General obligation bonds will be paid from the general bond retirement debt service fund, and the police levy, police pension, and fire pension special revenue funds. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The HUD Section 108 and Ohio Department of Development loans for economic development projects are paid from the community development special revenue fund from loan repayment revenues.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Refunding Bonds

On May 24, 2007, the City issued \$4,970,000 in general obligation refunding bonds at interest rates varying from 4.0 percent to 4.3 percent. The bond issue included serial and term bonds. Proceeds were used to refund \$4,440,000 of the outstanding 2000 Riverfront Urban Renewal Phase I bonds.

The bonds were sold at a discount of \$46,857. Proceeds of \$4,715,431 (after underwriting fees and other insurance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2000 Riverfront Urban Renewal Phase I bonds. As a result, \$4,440,000 of these bonds were considered defeased and the liability for the refunded bonds has been removed from the basic financial statements. On December 31, 2008, \$4,210,000 of the defeased bonds are outstanding.

The refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt of \$275,431. This difference, reported as a deduction from bonds payable, is being charged to interest through fiscal year 2028. The City completed the refunding to reduce its total debt service payments over the next 22 years by \$70,219 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$216,651.

The serial bonds for the general obligation refunding bonds were issued for a 22 year period with a final maturity at December 1, 2028. The bonds are being retired from the general obligation bond retirement fund.

Optional Redemption The serial bonds maturing on and after December 1, 2017 are subject to prior redemption, by and at the sole option of the City, either in whole on any date or in part (in any order of maturity) on any interest payment date on or after June 1, 2017, in integral multiples of \$5,000, at the redemption price of 100 percent of the principal amount redeemed plus, in each case, accrued interest to the redemption date.

Mandatory Sinking Fund Redemption The term bonds maturing on December 1, 2026 are subject to mandatory redemption, pursuant to mandatory sinking fund requirements, at a redemption price of 100 percent of the principal amount redeemed plus interest accrued to the redemption date, on December 1 in the year and in the principal amount set forth below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2025	\$320,000

If retired only by such mandatory redemption prior to their stated maturity, there would remain \$335,000 in principal amount of the bonds maturing on December 1, 2026 to be paid at maturity.

The term bonds maturing on December 1, 2028 are subject to mandatory redemption, pursuant to mandatory sinking fund requirements, at a redemption price of 100 percent of the principal amount redeemed plus interest accrued to the redemption date, on December 1 in the year and in the principal amount set forth below:

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Year	Principal Amount to be Redeemed
2027	\$350,000

If retired only by such mandatory redemption prior to their stated maturity, there would remain \$360,000 in principal amount of the bonds maturing on December 1, 2028 to be paid at maturity.

Selection of Bonds to be Redeemed If fewer than all of the outstanding bonds are called for redemption at one time, they may be called in any order of their maturities, and, if fewer than all of the bonds of a single maturity are to be redeemed, the selection of such bonds to be redeemed, or portions thereof in the amounts of \$5,000 or any integral multiple thereof, will be made by the bond registrar by lot in such manner as the bond registrar may determine.

OPWC and ODOT State Infrastructure Bank loans will be paid from the general obligation bond retirement debt service fund.

The City has pledged a portion of future motor vehicle gas tax revenues to repay \$1,454,600 in ODOT State infrastructure bank loans issued from 2006 to 2008, to finance the reconstruction and repair of local roadways.

These loans are payable solely from the motor vehicle gas tax revenue and were projected to use approximately 23 percent of the available gas tax revenue over the life of the loans. Total principal and interest remaining on the loans is \$1,560,714, payable through 2017. Principal and interest payments for the current year were \$295,757 and total gas tax revenues were \$1,282,853.

Installment loans will be paid from the general fund.

Capital leases will be paid from the general fund, the street construction special revenue fund, the general bond retirement debt service fund, and the general sewer capital improvements fund.

Compensated absences will be paid from the general fund, the community development, streets, health services, police levy, municipal court computer and municipal court probation special revenue funds, and the water works and water pollution control enterprise funds, the fund from which the employees' salaries are paid.

The revenue and general obligation bonds for water improvements and the OWDA water facility loans will be paid from water user charges. The revenue refunding and general obligation bonds for sewer improvements, OWDA sewer facility loans and the capital lease for sewer cleaning equipment will be paid from sewer user charges.

The seventeen-year sewer system revenue refunding bonds, Series 1995, were issued for \$8,035,000 on October 1, 1995 at an average interest rate of 4.5 percent for the purpose of advance refunding \$9,420,000 of outstanding sewer system mortgage revenue refunding bonds, Series 1988. These bonds were issued at a discount of \$39,679. As of December 31, 2008, \$2,845,000 of the defeased debt was outstanding.

The sewer system revenue refunding, Series 1995, bonds mature annually on April 1. The Series 1995 bonds maturing on or after April 1, 2006 are subject to prior redemption, by and at the sole option of the City, either in whole on any date or in part on any interest payment date on or after April 1, 2005, in integral multiples of

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

\$5,000, at the following redemption prices (expressed as percentages of the principal amount redeemed), plus accrued interest to the redemption date shown below:

Redemption Dates (Dates Inclusive)	Redemption Prices
April 1, 2005 through March 31, 2006	102 %
April 1, 2006 through March 31, 2007	101
April 1, 2007 and thereafter	100

In conjunction with the issuance of the sewer system revenue refunding bonds and the requirements of the indenture agreement, the City entered into a trust agreement with a commercial bank. The trust agreement requires that the City establish various funds for the construction, replacement, and repayment of debt relating to the advance refunding of the City's outstanding sewer system mortgage revenue refunding bonds, Series 1995. The restricted assets balance in the water pollution fund segregates funds held by the trustees in accordance with the trust agreement. Restricted assets relating to the refunding bonds consisted of the following at December 31, 2008:

Restricted assets held by the Trustee	
Revenue Bond Current Debt Service	\$1,493,727
Restricted assets held by the City	
Utility Reserve Fund	1,022,015
Replacement and Improvement Fund	150,000

The sewer system refunding bonds, Series 1995 had a balance at December 31, 2008 of \$2,044,223 net of the unamortized discount. The refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt of \$856,910. This difference, reported as a deduction from bonds payable, is being charged to interest through fiscal year 2011.

The City has pledged future revenues to repay revenue bonds and OWDA loans in the sewer fund. The debt is payable solely from net revenues and is payable through 2028. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the bonds are expected to require less than 68 percent of net revenues and less than 31 percent of total revenues. The total principal and interest remaining to be paid on the bonds and loans is \$55,076,724. Principal and interest payments for the current year were \$3,481,026, net revenues were \$5,149,084, and total revenues were \$11,223,392.

The water system revenue bonds, Series 1995, bonds maturing on or after April 1, 2006 are subject to prior redemption, by and at the sole option of the City, either in whole on any date or in part on any interest payment date on or after April 1, 2005, in integral multiples of \$5,000, at the following redemption prices (expressed as percentages of the principal amount redeemed), plus accrued interest to the redemption date shown below:

Redemption Dates (Dates Inclusive)	Redemption Prices
April 1, 2005 through March 31, 2006	102 %
April 1, 2006 through March 31, 2007	101
April 1, 2007 and thereafter	100

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

In conjunction with the issuance of the water revenue bonds and the requirements of the indenture agreement, the City entered into a trust agreement with a commercial bank. The trust agreement requires that the City establish various funds for the construction, replacement, and repayment of debt relating to the construction and improvement of the water system. The restricted assets balance in the water fund segregates funds held by the trustees in accordance with the trust agreement. Restricted assets relating to the revenue bonds consisted of the following at December 31, 2008:

Restricted assets held by the Trustee	
Revenue Bond Current Debt Service	\$1,250,107
Restricted assets held by the City	
Utility Reserve Fund	372,569
Replacement and Improvement Fund	150,000

The water revenue bonds, Series 1995, had a balance at December 31, 2008 of \$5,154,645 net of the unamortized discount.

The City has pledged future revenues to repay revenue bonds and OWDA loans in the water fund. The debt is payable solely from net revenues and is payable through 2034. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the bonds are expected to require less than 78 percent of net revenues and less than 21 percent of total revenues. The total principal and interest remaining to be paid on the bonds and loans is \$20,636,523. Principal and interest payments for the current year were \$1,699,070, net revenues were \$2,206,746, and total revenues were \$8,271,992.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

The City's overall legal debt margin was \$81,968,040 at December 31, 2008. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2008 are as follows:

Governmental Activities:

Years	General Obligation Bonds		Special Assessment Bonds		HUD Section 108 Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$1,428,878	\$1,617,598	\$22,656	\$21,592	\$455,000	\$299,857
2010	1,481,184	1,492,702	24,275	20,845	455,000	276,334
2011	1,535,111	1,426,248	24,275	19,959	460,000	251,698
2012	1,721,881	1,357,395	25,893	18,988	465,000	226,132
2013	1,810,270	1,279,875	25,893	17,926	306,000	199,635
2014-2018	8,001,444	5,185,609	152,121	70,414	1,590,000	703,258
2019-2023	7,837,421	3,312,025	192,578	29,857	1,104,000	225,695
2024-2028	7,170,000	1,295,482	0	0	170,000	10,217
2029-2033	1,085,000	124,650	0	0	0	0
2034-2038	0	0	0	0	0	0
Total	<u>\$32,071,189</u>	<u>\$17,091,584</u>	<u>\$467,691</u>	<u>\$199,581</u>	<u>\$5,005,000</u>	<u>\$2,192,826</u>

Years	ODOD Urban Redevelopment Loan		OPWC Loans	ODOT State Infrastructure Bank Loans		Installment Loans		Total Governmental Activities	
	Principal	Interest	Principal	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$0	\$5,742	\$294,192	\$327,370	\$18,987	\$56,550	\$1,768	\$2,584,646	\$1,965,544
2010	0	5,742	331,727	453,752	30,439	56,828	1,490	2,802,766	1,827,552
2011	49,542	22,969	330,857	169,492	18,943	57,118	1,200	2,626,395	1,741,017
2012	201,913	70,595	329,986	123,636	14,199	7,420	898	2,875,729	1,688,207
2013	208,039	63,959	304,067	127,373	10,462	7,736	583	2,789,378	1,572,440
2014-2018	1,138,787	212,984	1,045,575	252,977	13,084	8,064	255	12,188,968	6,185,604
2019-2023	698,662	34,319	181,910	0	0	0	0	10,014,571	3,601,896
2024-2028	0	0	0	0	0	0	0	7,340,000	1,305,699
2029-2033	0	0	0	0	0	0	0	1,085,000	124,650
Total	<u>\$2,296,943</u>	<u>\$416,310</u>	<u>\$2,818,314</u>	<u>\$1,454,600</u>	<u>\$106,114</u>	<u>\$193,716</u>	<u>\$6,194</u>	<u>\$44,307,453</u>	<u>\$20,012,609</u>

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Business-Type Activities:

Years	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2009	\$173,466	\$55,884	\$1,190,000	\$352,298
2010	184,541	46,454	1,245,000	287,311
2011	195,615	36,411	1,320,000	218,020
2012	202,226	25,757	630,000	165,880
2013	213,837	14,749	665,000	132,210
2014-2018	71,435	4,696	2,210,000	176,280
Total	\$1,041,120	\$183,951	\$7,260,000	\$1,331,999

Years	OWDA Loans		Total Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$1,525,488	\$977,417	\$2,888,954	\$1,385,599
2010	1,589,224	913,682	3,018,765	1,247,447
2011	1,561,143	843,838	3,076,758	1,098,269
2012	1,523,559	783,496	2,355,785	975,133
2013	1,583,588	723,467	2,462,425	870,426
2014-2018	8,908,447	2,626,828	11,189,882	2,807,804
2019-2023	5,193,329	926,331	5,193,329	926,331
2024-2028	771,113	375,763	771,113	375,763
2029-2033	982,285	164,590	982,285	164,590
2034-2038	111,946	2,742	111,946	2,742
Total	\$23,750,122	\$8,338,154	\$32,051,242	\$9,854,104

The City has entered into contractual agreements for construction loans from the Ohio Water Development Authority (OWDA). Under the terms of these agreements, the OWDA will reimburse, advance or directly pay the construction costs of approved projects. The OWDA will capitalize administrative costs and construction interest and then add them to the total amount of the final loan. These loans will not have an accurate repayment schedule until the loans are finalized and, therefore, are not included in the schedule of future annual debt service requirements. The balance of these loans are as follows:

Enterprise Funds	
Water Works	\$745,882
Water Pollution Control	<u>23,578,815</u>
Total	<u>\$24,324,697</u>

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Note 12 - Capital Leases

During 2008, the City entered into a lease for the acquisition of an eServer i5 for the MIS Department. In prior years, the City entered into leases for the acquisition of Street and Fire equipment, an IP phone system and software, a high pressure jet truck and TV truck for the Water Pollution Control Department, police cruisers and a sewer cleaner. The City's lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards Board No. 13, "Accounting for Leases". Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by leases have been capitalized and depreciated as follows:

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>
<i>Capital Assets, Being Depreciated:</i>		
Machinery and Equipment	\$3,707,153	\$494,660
 <i>Less Accumulated Depreciation:</i>		
Machinery and Equipment	(694,976)	(74,026)
 <i>Capital Assets, Net</i>	 \$3,012,177	 \$420,634

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of minimum lease payments as of December 31, 2008:

Year Ending December 31,	Governmental Activities	Business-type Activities
2009	\$590,953	\$61,321
2010	590,952	61,322
2011	587,376	61,321
2012	582,369	61,322
2013	149,378	0
2014	149,379	0
Total Minimum Lease Payments	2,650,407	245,286
Less: Amount Representing Interest	(264,721)	(36,922)
Present Value of Minimum Lease Payments	\$2,385,686	\$208,364

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Note 13 - Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and state laws. Employees earn ten to twenty-five days of vacation per year, depending upon length of service. The maximum amount of vacation time that can be accrued is the total that can be earned in three years. Earned vacation time is paid upon termination of employment. Employees earn sick leave at different rates depending upon length of service and type of employment. Sick leave accrual is continuous, without limit. Upon retirement or death, an employee can be paid a maximum of 960 hours of accumulated, unused sick leave.

Note 14 - Defined Benefit Pension Plans

A. Ohio Public Employee Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10 percent of covered payroll, public safety members contributed 10.1 percent, and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2008 was 14 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.40 percent of covered payroll. For 2008, a portion of the City's contribution equal to 7 percent of covered payroll was allocated to fund the post-employment health care plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$2,108,838, \$2,165,428 and \$2,021,456 respectively; 91.55 percent has been contributed for 2008, 81.33 percent for 2007 and 100 percent for 2006. Contributions to the member-directed plan for 2008 were \$11,981 made by the City and \$8,558 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2008, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's pension contributions to OP&F for police and firefighters were \$1,216,307 and \$1,133,283 for the year ended December 31, 2008, \$1,083,052 and \$1,115,934 for the year ended December 31, 2007 and \$1,086,605 and \$1,076,474 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 77.32 percent has been contributed for police and 76.28 percent has been contributed for firefighters for 2008.

Note 15 - Post Employment Benefits

A. Ohio Public Employees Retirement System (OPERS)

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

City of Lorain, Ohio
Notes to The Basic Financial Statements
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Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.00 percent of covered payroll (17.40 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 7.00 percent of covered payroll for the year ended December 31, 2008.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The number of active contributing participants in the traditional and combined plans was 363,503. The number of active contributing participants for both plans used in the December 31, 2007 actuarial valuation was 364,076. The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$1,119,561, \$864,916 and \$593,045 respectively; 91.55 percent has been contributed for 2008, 81.33 percent for 2007 and 100 percent for 2006. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17.0 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Police and Firemen's Disability and Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post -employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&B Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F’s post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2008, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees’ primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OP&F Plan.

The City’s contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$420,964 and \$318,793 for the year ended December 31, 2008, \$374,844 and \$313,912 for the year ended December 31, 2007, and \$431,817 and \$347,593 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 77.32 percent has been contributed for police and 73.28 percent has been contributed for firefighters for 2008. The OP&F’s total health care expenses for the year ended December 31, 2007, (the latest information available) were \$93,205,319, which was net of member contributions of \$56,031,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2007, the date of the last actuarial valuation available was 14,295 for police and 10,583 for firefighters.

Note 16 – Contractual Commitments

As of December 31, 2008, the open construction contracts for the water pollution control department were \$809,718.

For relief sewer and retention basin construction there are open construction contracts with Digioia Suburban Excavating for \$276,948, Underground Utilities for \$27,616, Mosser Construction for \$238,533 and CT Consultants for \$266,572.

The City also had an open construction contracts with Fabrizi Trucking and Paving Company Inc. for the Riverbend Commerce Park project in the amount of \$201,263. The total open construction contracts for the project totaled \$209,133 at the end of 2008.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Note 17 – Jointly Governed Organization

Northeast Ohio Areawide Coordinating Agency

The Northeast Ohio Areawide Coordinating Agency (NOACA) was created by the County Commissioners of Cuyahoga, Geauga, Lake, Lorain and Medina Counties and is responsible for transportation and environmental planning in the five county region. NOACA is controlled by a 38 member board that includes the Mayor of the City of Lorain. The board exercises total control over the operation of the corporation including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the board. During 2008, the City contributed \$17,525 to the agency.

Note 18 - Related Organization

Lorain Port Authority

The Lorain Port Authority was formed to promote waterborne commerce, provide economic opportunities and to enhance public access to waterways within the City of Lorain. The Mayor of the City appoints the nine Port Authority Board Members. The Port Authority hires and fires its own staff and does not rely on the City to finance deficits. The City is not financially accountable for the Port Authority nor is the Port Authority financially dependent on the City. The Port Authority serves as its own budgeting, taxing, and debt issuance authority.

Note 19 – Shared Risk Pool

Public Entity Risk Consortium (PERC)

The City participates in PERC, a shared risk joint self-insurance pool restricted to mid-size public entities including pools. PERC was formed as an Ohio not-for-profit corporation as authorized by Ohio Revised Code Section 2744.081 and operates a property, crime, and liability insurance program. The Public Entity Risk Consortium (PERC) is a shared risk pool comprised of Tuscarawas County, Wayne County, the City of Lorain and the member participants of four pools: the Buckeye Ohio Risk Management Association, Inc. (BORMA); the Midwest Pool Risk Management Agency, Inc. (MPRMA); the Ohio Housing Authority Property and Casualty, Inc. (OHAPCI); and the State Housing Authority Risk Pool Association, Inc. (SHARP). Each member appoints one person to represent the City on the Board of Trustees. The Board of Directors consists of five trustees as determined by Board of Trustee vote. The Board of Directors governs and administers PERC. Each member's control over the budgeting and financing of PERC is limited to its voting authority and any representation it may have on the Board of Directors. Participation in PERC is by written application subject to approval of the Board of Directors and the payment of premiums. Members are required to remain members of PERC until the end of the PERC fiscal year (November 30). Any member may withdraw from PERC at the end of the PERC fiscal year upon providing at least three months prior written notice. After withdrawal, the former member continues to be fully obligated for its portion of any claim against the assets of the joint self-insurance pool that was created during the term of its membership. In addition, any distribution of surplus PERC funds allocable to the withdrawing member are forfeited by the withdrawing member and is distributed to the then remaining members in proportion to their interest in the surplus funds or other equitable manner as determined by the Board of Directors. In 2008, the City made payments in the amount of \$403,285 to PERC.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

Financial information may be obtained from Arthur J. Gallagher Risk Management Services, Inc., MK Ferguson Plaza, 1500 West Third Street, Suite 405, Cleveland, OH 44113.

Note 20 - Interfund Transfers and Balances

A. Transfers

Transfers are primarily from the general fund to various funds within the City. The general fund transferred funds to help finance the various programs accounted for in other funds.

The capital improvements fund transferred excess funds from various bond and note issuances to bond retirement.

Transfers are also made to cover the various debt obligations of the City from the general fund and the streets fund to the general obligation bond retirement fund and the special assessment bond retirement fund.

The general sewer fund transferred monies to the capital improvements fund and the street fund to cover the City's portion of the capital project costs.

Transfers made during the year ended December 31, 2008 were as follows:

	<u>Transfer From</u>			<u>Totals</u>
	<u>Governmental Activities</u>			
<u>Transfer To</u>	<u>General</u>	<u>Capital Improvements</u>	<u>Nonmajor</u>	
<u>Governmental Activities</u>				
G.O. Bond Retirement	\$496,525	\$10,956	\$295,757	\$803,238
Capital Improvements	0	0	75,000	75,000
Nonmajor Funds	1,135,308	0	175,000	1,310,308
Total	\$1,631,833	\$10,956	\$545,757	\$2,188,546

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

B. Balances

The interfund balances as of December 31, 2008 represent eliminating negative cash, unallocated municipal court fines, utility and petroleum costs.

Interfund Payable	Interfund Receivable						Totals
	Governmental Activities			Business-Type Activities		Governmental Activities-Internal Service	
	General	Capital Improvements	Nonmajor	Water Works	Water Pollution Control	Garage	
Governmental Activities							
General	\$0	\$826,904	\$35,323	\$0	\$2,153	\$2,822	\$867,202
Community Development							
Block Grant	0	0	0	29	56	816	901
Nonmajor	0	153,549	0	0	0	0	153,549
<i>Total Governmental Activities</i>	<u>0</u>	<u>980,453</u>	<u>35,323</u>	<u>29</u>	<u>2,209</u>	<u>3,638</u>	<u>1,021,652</u>
Business-Type Activities							
Water Works	0	0	0	0	0	4,651	4,651
Water Pollution Control	0	0	0	0	0	2,498	2,498
<i>Total Business-Type Activities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,149</u>	<u>7,149</u>
Internal Service							
Garage	1,573	0	0	0	0	0	1,573
<i>Total</i>	<u>\$1,573</u>	<u>\$980,453</u>	<u>\$35,323</u>	<u>\$29</u>	<u>\$2,209</u>	<u>\$10,787</u>	<u>\$1,030,374</u>

Note 21 - Litigation

The City is a defendant in various lawsuits seeking damages. City management cannot presently determine the outcome of such litigation or predict the likelihood or amount of liability, if any, the City may incur as a result of these matters.

Note 22 - Subsequent Events

On March 18, 2009 the City financed \$491,098 in short term notes for the purpose of providing funding for an escrow account required by the Ohio Department of Transportation for the City's share of the State Route 58 road paving project. The note has an interest rate of 6.00 percent and matures on September 18, 2009.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2008

In April 2009, the City placed a renewal of the temporary additional $\frac{1}{4}$ percent income tax levy for a five-year period on the May 5th primary-special election ballot. The tax levy renewal was approved by the electorate by a vote of 3,992 in favor of the levy to 1,150 against. The additional tax levy generates approximately \$2.2 million in revenue per year.

The economic downturn that began in 2008 and carried over into 2009 has affected the City but has not specifically impacted any particular department or function of the City.



**Combining Statements
and Individual Fund Schedules**

Fund Descriptions - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

Streets Fund

This fund accounts for that portion of State gasoline tax and motor vehicle registration fees used for the maintenance and repair of dedicated streets within the City. Included in this fund as a subfund for State highway for that portion of the State gasoline tax, motor vehicle registration fees designated for State highways and street maintenance within the City.

Permissive License Fund

This fund accounts for revenues levied by the City designated for street maintenance within the City.

Health Services Fund

This fund accounts for revenues received from local health permits, nursing fees, clinic fees and grants used to operate the public health services of the City.

Litter Control Fund

This fund accounts for grants from the Lorain County Solid Waste Management District used for recycling and composting activities in the City.

Police Levy Fund

This fund accounts for municipal income tax revenues used to pay a portion of salaries and equipment of the City's police force.

Mandatory Drug Fund

This fund accounts for proceeds received from the sale of property confiscated during drug related arrests.

Police Pension Fund

This fund accounts for property taxes collected to pay for a portion of the employer's share of police pension benefits.

Fire Pension Fund

This fund accounts for property taxes collected to pay for a portion of the employer's share of fire pension benefits.

Indigent Drivers Fund

This fund accounts for fees collected by the municipal court from persons whose driver's license or permit was suspended for driving under the influence of alcohol. By order of the court, this fund will provide for the cost of rehabilitation for those deemed to be indigent.

Park Land Fund

This fund accounts for revenues received from contractors who establish new developments in the City and is used in the development of land for parks.

Cemetery Fund

This fund accounts for the portion of burial permit fees that are set aside to maintain the cemetery.

(continued)

Fund Descriptions - Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

Law Enforcement Fund

This fund accounts for the monies used by the police department in their enforcement of drug related laws.

Municipal Court Computer Fund

This fund accounts for court fees collected by the municipal court to be used for equipment, computers and improvements for the court.

Legal Research Fund

This fund accounts for court fees collected by the municipal court designated to maintain and keep the City's law library material current.

Municipal Court Security Fund

This fund accounts for court fees collected by the municipal court designated for the hiring of security bailiffs for the Lorain Municipal Court.

Municipal Court Probation Fund

This fund accounts for court fees collected by the municipal court designated for the hiring of probation officers for the Lorain Municipal Court.

Nonmajor Debt Service Fund

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term and special assessment principal, interest, and related costs.

Special Assessment Bond Retirement Fund

This fund accounts for the collection of special assessments levied against benefited properties for the payment of special assessment bonds and related interest.

Nonmajor Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the construction or acquisition of major capital facilities (other than those financed by proprietary funds.)

General Sewer Fund

This fund accounts for fees from new homes and new users of the storm sewer system used for capital expenditures for the existing storm sewer system.

Lighthouse Urban Renewal Fund

This fund accounts for monies received from the sale of bonds to be used for urban renewal activities associated with the Lighthouse Village retail development area.

Riverfront Urban Renewal Fund

This fund accounts for monies received from the sale of bonds to be used for urban renewal activities to remove blight from the riverfront.

Municipal Court Improvements Fund

This fund accounts for fees collected by the municipal court to be used for capital improvements for the court.

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$2,325,252	\$0	\$936,889	\$3,262,141
Accounts Receivable	0	0	47,407	47,407
Materials and Supplies Inventory	159,630	0	0	159,630
Interfund Receivable	20,245	0	15,078	35,323
Intergovernmental Receivable	1,045,272	0	0	1,045,272
Prepaid Items	5,250	0	54	5,304
Municipal Income Taxes Receivable	298,569	0	0	298,569
Property Taxes Receivable	247,626	0	0	247,626
Special Assessment Receivable	0	366,013	0	366,013
<i>Total Assets</i>	<u>\$4,101,844</u>	<u>\$366,013</u>	<u>\$999,428</u>	<u>\$5,467,285</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$106,371	\$106	\$112,899	\$219,376
Contracts Payable	0	0	0	0
Accrued Wages and Benefits	97,134	0	0	97,134
Intergovernmental Payable	257,206	0	0	257,206
Interfund Payable	153,549	0	0	153,549
Vacation Benefits Payable	6,323	0	0	6,323
Accrued Interest Payable	12,356	0	2,320	14,676
Deferred Revenue	970,797	366,013	0	1,336,810
<i>Total Liabilities</i>	<u>1,603,736</u>	<u>366,119</u>	<u>115,219</u>	<u>2,085,074</u>
Fund Balances				
Reserved for Encumbrances	68,559	0	5,907	74,466
Unreserved, Undesignated				
Special Revenue Funds	2,429,549	0	0	2,429,549
Debt Service Funds	0	(106)	0	(106)
Capital Projects Funds	0	0	878,302	878,302
<i>Total Fund Balances</i>	<u>2,498,108</u>	<u>(106)</u>	<u>884,209</u>	<u>3,382,211</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,101,844</u>	<u>\$366,013</u>	<u>\$999,428</u>	<u>\$5,467,285</u>

City of Lorain, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$558,580	\$0	\$0	\$558,580
Municipal Income Taxes	2,234,307	0	0	2,234,307
Charges for Services	470,954	0	507,338	978,292
Licenses and Permits	300,018	0	0	300,018
Fines and Forfeitures	431,826	0	161,381	593,207
Intergovernmental	3,305,520	0	0	3,305,520
Special Assessments	0	71,717	0	71,717
Interest	5,287	0	6,199	11,486
Miscellaneous	14,881	0	0	14,881
<i>Total Revenues</i>	<u>7,321,373</u>	<u>71,717</u>	<u>674,918</u>	<u>8,068,008</u>
Expenditures				
Current:				
General Government	199,615	531	0	200,146
Security of Persons and Property	4,376,989	0	0	4,376,989
Transportation	3,431,181	0	0	3,431,181
Public Health	1,743,737	0	0	1,743,737
Community Environment	48,906	0	0	48,906
Leisure Time Activities	3,799	0	0	3,799
Capital Outlay	0	0	244,613	244,613
Debt Service:				
Principal Retirement	458,368	99,323	48,866	606,557
Interest and Fiscal Charges	265,513	28,022	7,687	301,222
<i>Total Expenditures</i>	<u>10,528,108</u>	<u>127,876</u>	<u>301,166</u>	<u>10,957,150</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(3,206,735)</u>	<u>(56,159)</u>	<u>373,752</u>	<u>(2,889,142)</u>
Other Financing Sources (Uses)				
Transfers In	1,254,255	56,053	0	1,310,308
Transfers Out	(295,757)	0	(250,000)	(545,757)
<i>Total Other Financing Sources (Uses)</i>	<u>958,498</u>	<u>56,053</u>	<u>(250,000)</u>	<u>764,551</u>
<i>Net Change in Fund Balances</i>	(2,248,237)	(106)	123,752	(2,124,591)
<i>Fund Balances Beginning of Year</i>	<u>4,746,345</u>	<u>0</u>	<u>760,457</u>	<u>5,506,802</u>
<i>Fund Balances End of Year</i>	<u>\$2,498,108</u>	<u>(\$106)</u>	<u>\$884,209</u>	<u>\$3,382,211</u>

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008

	Streets	Permissive License	Health Services	Litter Control	Police Levy
Assets					
Equity in Pooled Cash and Cash Equivalents	\$7,127	\$48,358	\$39,741	\$187,544	\$476,169
Materials and Supplies Inventory	106,199	0	8,901	0	44,530
Interfund Receivable	0	0	0	0	0
Intergovernmental Receivable	950,537	22,704	37,031	0	0
Prepaid Items	849	0	3,473	0	753
Municipal Income Taxes Receivable	0	0	0	0	298,569
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$1,064,712</u>	<u>\$71,062</u>	<u>\$89,146</u>	<u>\$187,544</u>	<u>\$820,021</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$3,163	\$73	\$7,923	\$500	\$82,222
Accrued Wages and Benefits	39,390	0	27,616	0	25,009
Intergovernmental Payable	88,288	0	79,018	0	78,816
Interfund Payable	0	0	0	0	0
Vacation Benefits Payable	4,011	0	0	0	0
Accrued Interest Payable	12,356	0	0	0	0
Deferred Revenue	604,068	0	37,031	0	47,072
<i>Total Liabilities</i>	<u>751,276</u>	<u>73</u>	<u>151,588</u>	<u>500</u>	<u>233,119</u>
Fund Balances					
Reserved for Encumbrances	1,060	14,207	8,968	6,867	24,449
Unreserved, Undesignated (Deficit)	312,376	56,782	(71,410)	180,177	562,453
<i>Total Fund Balances (Deficit)</i>	<u>313,436</u>	<u>70,989</u>	<u>(62,442)</u>	<u>187,044</u>	<u>586,902</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,064,712</u>	<u>\$71,062</u>	<u>\$89,146</u>	<u>\$187,544</u>	<u>\$820,021</u>

<u>Mandatory Drug</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Indigent Drivers</u>	<u>Park Land</u>	<u>Cemetery</u>	<u>Law Enforcement</u>
\$12,267	\$11,796	\$0	\$141,034	\$20,474	\$2,558	\$922,394
0	0	0	0	0	0	0
0	0	0	336	0	0	0
0	17,500	17,500	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	123,813	123,813	0	0	0	0
<u>\$12,267</u>	<u>\$153,109</u>	<u>\$141,313</u>	<u>\$141,370</u>	<u>\$20,474</u>	<u>\$2,558</u>	<u>\$922,394</u>
\$0	\$0	\$0	\$12,490	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	1,913
0	0	153,549	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	141,313	141,313	0	0	0	0
<u>0</u>	<u>141,313</u>	<u>294,862</u>	<u>12,490</u>	<u>0</u>	<u>0</u>	<u>1,913</u>
0	0	0	0	0	0	0
12,267	11,796	(153,549)	128,880	20,474	2,558	920,481
<u>12,267</u>	<u>11,796</u>	<u>(153,549)</u>	<u>128,880</u>	<u>20,474</u>	<u>2,558</u>	<u>920,481</u>
<u>\$12,267</u>	<u>\$153,109</u>	<u>\$141,313</u>	<u>\$141,370</u>	<u>\$20,474</u>	<u>\$2,558</u>	<u>\$922,394</u>

(continued)

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2008

	Municipal Court Computer	Legal Research	Municipal Court Security	Municipal Court Probation	Total Nonmajor Special Revenue Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$289,145	\$103,406	\$1,536	\$61,703	\$2,325,252
Materials and Supplies Inventory	0	0	0	0	159,630
Interfund Receivable	5,704	3,314	4,079	6,812	20,245
Intergovernmental Receivable	0	0	0	0	1,045,272
Prepaid Items	175	0	0	0	5,250
Municipal Income Taxes Receivable	0	0	0	0	298,569
Property Taxes Receivable	0	0	0	0	247,626
<i>Total Assets</i>	<u>\$295,024</u>	<u>\$106,720</u>	<u>\$5,615</u>	<u>\$68,515</u>	<u>\$4,101,844</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$106,371
Accrued Wages and Benefits	1,453	0	2,370	1,296	97,134
Intergovernmental Payable	3,660	0	2,183	3,328	257,206
Interfund Payable	0	0	0	0	153,549
Vacation Benefits Payable	0	0	0	2,312	6,323
Accrued Interest Payable	0	0	0	0	12,356
Deferred Revenue	0	0	0	0	970,797
<i>Total Liabilities</i>	<u>5,113</u>	<u>0</u>	<u>4,553</u>	<u>6,936</u>	<u>1,603,736</u>
Fund Balances					
Reserved for Encumbrances	13,008	0	0	0	68,559
Unreserved, Undesignated (Deficit)	276,903	106,720	1,062	61,579	2,429,549
<i>Total Fund Balances (Deficit)</i>	<u>289,911</u>	<u>106,720</u>	<u>1,062</u>	<u>61,579</u>	<u>2,498,108</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$295,024</u>	<u>\$106,720</u>	<u>\$5,615</u>	<u>\$68,515</u>	<u>\$4,101,844</u>

City of Lorain, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Streets	Permissive License	Health Services	Litter Control	Police Levy
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0	2,234,307
Charges for Services	0	0	470,954	0	0
Licenses and Permits	0	0	300,018	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	2,296,339	272,313	390,759	235,190	24,631
Interest	5,287	0	0	0	0
Miscellaneous	146	0	0	0	4,921
<i>Total Revenues</i>	<u>2,301,772</u>	<u>272,313</u>	<u>1,161,731</u>	<u>235,190</u>	<u>2,263,859</u>
Expenditures					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	0	2,722,075
Transportation	3,196,918	234,263	0	0	0
Public Health	0	0	1,741,335	0	0
Community Environment	0	0	0	48,906	0
Leisure Time Activities	0	0	0	0	0
Debt Service:					
Principal Retirement	235,116	0	3,252	0	160,000
Interest and Fiscal Charges	54,245	0	1,332	0	124,075
<i>Total Expenditures</i>	<u>3,486,279</u>	<u>234,263</u>	<u>1,745,919</u>	<u>48,906</u>	<u>3,006,150</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,184,507)</u>	<u>38,050</u>	<u>(584,188)</u>	<u>186,284</u>	<u>(742,291)</u>
Other Financing Sources (Uses)					
Transfers In	710,811	0	543,444	0	0
Transfers Out	(295,757)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>415,054</u>	<u>0</u>	<u>543,444</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(769,453)</u>	<u>38,050</u>	<u>(40,744)</u>	<u>186,284</u>	<u>(742,291)</u>
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>1,082,889</u>	<u>32,939</u>	<u>(21,698)</u>	<u>760</u>	<u>1,329,193</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$313,436</u>	<u>\$70,989</u>	<u>(\$62,442)</u>	<u>\$187,044</u>	<u>\$586,902</u>

(continued)

City of Lorain, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2008

	Mandatory Drug	Police Pension	Fire Pension	Indigent Drivers	Park Land
Revenues					
Property Taxes	\$0	\$279,290	\$279,290	\$0	\$0
Municipal Income Taxes	0	0	0	0	0
Charges for Services	0	0	0	0	0
Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	10,354	0	0	15,818	0
Intergovernmental	0	43,144	43,144	0	0
Interest	0	0	0	0	0
Miscellaneous	0	114	0	0	9,700
<i>Total Revenues</i>	<u>10,354</u>	<u>322,548</u>	<u>322,434</u>	<u>15,818</u>	<u>9,700</u>
Expenditures					
Current:					
General Government	0	0	0	34,639	0
Security of Persons and Property	9,405	762,988	728,571	0	0
Transportation	0	0	0	0	0
Public Health	0	0	0	0	0
Community Environment	0	0	0	0	0
Leisure Time Activities	0	0	0	0	3,799
Debt Service:					
Principal Retirement	0	21,000	39,000	0	0
Interest and Fiscal Charges	0	30,051	55,810	0	0
<i>Total Expenditures</i>	<u>9,405</u>	<u>814,039</u>	<u>823,381</u>	<u>34,639</u>	<u>3,799</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>949</u>	<u>(491,491)</u>	<u>(500,947)</u>	<u>(18,821)</u>	<u>5,901</u>
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	949	(491,491)	(500,947)	(18,821)	5,901
Fund Balances (Deficit)					
<i>Beginning of Year</i>	<u>11,318</u>	<u>503,287</u>	<u>347,398</u>	<u>147,701</u>	<u>14,573</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$12,267</u>	<u>\$11,796</u>	<u>(\$153,549)</u>	<u>\$128,880</u>	<u>\$20,474</u>

Cemetery	Law Enforcement	Municipal Court Computer	Legal Research	Municipal Court Security	Municipal Court Probation	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$558,580
0	0	0	0	0	0	2,234,307
0	0	0	0	0	0	470,954
0	0	0	0	0	0	300,018
0	157,680	76,351	39,468	45,059	87,096	431,826
0	0	0	0	0	0	3,305,520
0	0	0	0	0	0	5,287
0	0	0	0	0	0	14,881
<u>0</u>	<u>157,680</u>	<u>76,351</u>	<u>39,468</u>	<u>45,059</u>	<u>87,096</u>	<u>7,321,373</u>
0	0	96,070	0	68,906	0	199,615
0	89,293	0	0	0	64,657	4,376,989
0	0	0	0	0	0	3,431,181
2,402	0	0	0	0	0	1,743,737
0	0	0	0	0	0	48,906
0	0	0	0	0	0	3,799
0	0	0	0	0	0	458,368
0	0	0	0	0	0	265,513
<u>2,402</u>	<u>89,293</u>	<u>96,070</u>	<u>0</u>	<u>68,906</u>	<u>64,657</u>	<u>10,528,108</u>
<u>(2,402)</u>	<u>68,387</u>	<u>(19,719)</u>	<u>39,468</u>	<u>(23,847)</u>	<u>22,439</u>	<u>(3,206,735)</u>
0	0	0	0	0	0	1,254,255
0	0	0	0	0	0	(295,757)
0	0	0	0	0	0	958,498
<u>(2,402)</u>	<u>68,387</u>	<u>(19,719)</u>	<u>39,468</u>	<u>(23,847)</u>	<u>22,439</u>	<u>(2,248,237)</u>
<u>4,960</u>	<u>852,094</u>	<u>309,630</u>	<u>67,252</u>	<u>24,909</u>	<u>39,140</u>	<u>4,746,345</u>
<u>\$2,558</u>	<u>\$920,481</u>	<u>\$289,911</u>	<u>\$106,720</u>	<u>\$1,062</u>	<u>\$61,579</u>	<u>\$2,498,108</u>

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2008

	General Sewer	Lighthouse Urban Renewal	Riverfront Urban Renewal	Municipal Court Improvements	Total Nonmajor Capital Projects Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$262,270	\$32,526	\$294,208	\$347,885	\$936,889
Accounts Receivable	47,407	0	0	0	47,407
Interfund Receivable	0	0	0	15,078	15,078
Prepaid Items	0	0	0	54	54
<i>Total Assets</i>	<u>\$309,677</u>	<u>\$32,526</u>	<u>\$294,208</u>	<u>\$363,017</u>	<u>\$999,428</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$0	\$0	\$110,241	\$2,658	\$112,899
Accrued Interest Payable	2,320	0	0	0	2,320
<i>Total Liabilities</i>	<u>2,320</u>	<u>0</u>	<u>110,241</u>	<u>2,658</u>	<u>115,219</u>
Fund Balances					
Reserved for Encumbrances	200	0	0	5,707	5,907
Unreserved, Undesignated	307,157	32,526	183,967	354,652	878,302
<i>Total Fund Balances</i>	<u>307,357</u>	<u>32,526</u>	<u>183,967</u>	<u>360,359</u>	<u>884,209</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$309,677</u>	<u>\$32,526</u>	<u>\$294,208</u>	<u>\$363,017</u>	<u>\$999,428</u>

City of Lorain, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008

	General Sewer	Lighthouse Urban Renewal	Riverfront Urban Renewal	Municipal Court Improvements	Total Nonmajor Capital Projects Funds
Revenues					
Charges for Services	\$507,338	\$0	\$0	\$0	\$507,338
Fines and Forfeitures	0	0	0	161,381	161,381
Interest	0	1,502	4,624	73	6,199
<i>Total Revenues</i>	<u>507,338</u>	<u>1,502</u>	<u>4,624</u>	<u>161,454</u>	<u>674,918</u>
Expenditures					
Capital Outlay	51,371	68,805	111,149	13,288	244,613
Debt Service:					
Principal Retirement	48,866	0	0	0	48,866
Interest and Fiscal Charges	7,687	0	0	0	7,687
<i>Total Expenditures</i>	<u>107,924</u>	<u>68,805</u>	<u>111,149</u>	<u>13,288</u>	<u>301,166</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	399,414	(67,303)	(106,525)	148,166	373,752
Other Financing Uses					
Transfers Out	(250,000)	0	0	0	(250,000)
<i>Net Change in Fund Balances</i>	149,414	(67,303)	(106,525)	148,166	123,752
<i>Fund Balances Beginning of Year</i>	<u>157,943</u>	<u>99,829</u>	<u>290,492</u>	<u>212,193</u>	<u>760,457</u>
<i>Fund Balances End of Year</i>	<u><u>\$307,357</u></u>	<u><u>\$32,526</u></u>	<u><u>\$183,967</u></u>	<u><u>\$360,359</u></u>	<u><u>\$884,209</u></u>

Fund Descriptions – Internal Service Funds

Internal Service Funds

Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

Garage Fund

This fund accounts for charges to various departments of the City for maintenance on vehicles and equipment and other related costs used to defray the operating costs and purchases of the garage.

Hospitalization Fund

This fund accounts for the hospital/medical, prescription drug, vision, and dental benefits for its employees on a self-insured basis.

City of Lorain, Ohio
Combining Statement of Fund Net Assets
Internal Service Funds
December 31, 2008

	<u>Garage</u>	<u>Hospitalization</u>	<u>Totals</u>
Assets			
<i>Current Assets</i>			
Equity in Pooled Cash and Cash Equivalents	\$14,063	\$262,618	\$276,681
Materials and Supplies Inventory	681,034	0	681,034
Interfund Receivable	10,787	0	10,787
Prepaid Items	2,380	0	2,380
<i>Total Current Assets</i>	<u>708,264</u>	<u>262,618</u>	<u>970,882</u>
<i>Noncurrent Assets</i>			
Depreciable Capital Assets, Net	193,081	0	193,081
<i>Total Assets</i>	<u>901,345</u>	<u>262,618</u>	<u>1,163,963</u>
Liabilities			
<i>Current Liabilities</i>			
Accounts Payable	40,824	0	40,824
Accrued Wages and Benefits	13,043	494	13,537
Intergovernmental Payable	36,498	1,238	37,736
Interfund Payable	1,573	0	1,573
Claims Payable	0	354,438	354,438
Compensated Absences Payable	25,771	0	25,771
Bonds Payable	19,076	0	19,076
<i>Total Current Liabilities</i>	<u>136,785</u>	<u>356,170</u>	<u>492,955</u>
<i>Long-Term Liabilities (Net of Current Portion)</i>			
Compensated Absences Payable	59,594	6,825	66,419
Bonds Payable	132,455	0	132,455
<i>Total Long-Term Liabilities</i>	<u>192,049</u>	<u>6,825</u>	<u>198,874</u>
<i>Total Liabilities</i>	<u>328,834</u>	<u>362,995</u>	<u>691,829</u>
Net Assets			
Invested in capital assets, net of related debt	23,554	0	23,554
Unrestricted (Deficit)	548,957	(100,377)	448,580
<i>Total Net Assets (Deficit)</i>	<u>\$572,511</u>	<u>(\$100,377)</u>	<u>\$472,134</u>

City of Lorain, Ohio
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2008

	<u>Garage</u>	<u>Hospitalization</u>	<u>Totals</u>
Operating Revenues			
Charges for Services	\$1,874,240	\$5,073,611	\$6,947,851
Miscellaneous	0	13,490	13,490
<i>Total Operating Revenues</i>	<u>1,874,240</u>	<u>5,087,101</u>	<u>6,961,341</u>
Operating Expenses			
Personal Services	591,907	22,350	614,257
Materials and Supplies	1,144,700	0	1,144,700
Claims	0	4,895,435	4,895,435
Other Operating Expenses	2,086	0	2,086
Depreciation	4,720	0	4,720
<i>Total Operating Expenses</i>	<u>1,743,413</u>	<u>4,917,785</u>	<u>6,661,198</u>
<i>Operating Income</i>	130,827	169,316	300,143
Non-Operating Expenses			
Interest Expense	<u>(7,375)</u>	<u>0</u>	<u>(7,375)</u>
<i>Change in Net Assets</i>	123,452	169,316	292,768
<i>Net Assets (Deficit) Beginning of Year</i>	<u>449,059</u>	<u>(269,693)</u>	<u>179,366</u>
<i>Net Assets (Deficit) End of Year</i>	<u><u>\$572,511</u></u>	<u><u>(\$100,377)</u></u>	<u><u>\$472,134</u></u>

City of Lorain, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2008

	<u>Garage</u>	<u>Hospitalization</u>	<u>Totals</u>
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Transactions with Other Funds	\$1,864,893	\$5,073,611	\$6,938,504
Cash Payments for Goods and Services	(1,240,372)	0	(1,240,372)
Cash Payments for Employee Services and Benefits	(601,043)	(21,798)	(622,841)
Cash Payments for Claims	0	(5,186,033)	(5,186,033)
Other Operating Revenues	0	13,490	13,490
<i>Net Cash Provided By (Used for) Operating Activities</i>	<u>23,478</u>	<u>(120,730)</u>	<u>(97,252)</u>
Cash Flows from Noncapital Financing Activities			
Advances In	<u>1,573</u>	<u>0</u>	<u>1,573</u>
Cash Flows from Capital and Related Financing Activities			
Principal Paid on Bonds	(17,996)	0	(17,996)
Interest Paid on Bonds	<u>(7,375)</u>	<u>0</u>	<u>(7,375)</u>
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(25,371)</u>	<u>0</u>	<u>(25,371)</u>
Net Decrease in Cash and Cash Equivalents	(320)	(120,730)	(121,050)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>14,383</u>	<u>383,348</u>	<u>397,731</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$14,063</u>	<u>\$262,618</u>	<u>\$276,681</u>

(continued)

City of Lorain, Ohio
Combining Statement of Cash Flows
Internal Service Funds (continued)
For the Year Ended December 31, 2008

	<u>Garage</u>	<u>Hospitalization</u>	<u>Totals</u>
Reconciliation of Operating Income to			
Net Cash Provided by (Used for) Operating Activities			
Operating Income	<u>\$130,827</u>	<u>\$169,316</u>	<u>\$300,143</u>
<i>Adjustments:</i>			
Depreciation	4,720	0	4,720
<i>(Increase) Decrease in Assets:</i>			
Interfund Receivable	(9,347)	0	(9,347)
Materials and Supplies Inventory	(82,621)	0	(82,621)
Prepaid Items	(2,380)	0	(2,380)
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	(8,668)	0	(8,668)
Accrued Wages and Benefits	3,086	126	3,212
Claims Payable	0	(290,598)	(290,598)
Compensated Absences Payable	(13,872)	419	(13,453)
Intergovernmental Payable	<u>1,733</u>	<u>7</u>	<u>1,740</u>
<i>Total Adjustments</i>	<u>(107,349)</u>	<u>(290,046)</u>	<u>(397,395)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$23,478</u>	<u>(\$120,730)</u>	<u>(\$97,252)</u>

Fund Descriptions - Agency Funds

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are purely custodial (assets equals liabilities) and thus do not involve measurement of results of operations.

Agency Funds

Street Excavation Fund

This fund was established to account for deposits made by private contractors who excavate streets during construction to ensure that repairs are properly completed.

Allotment Improvement Fund

This fund was established to account for inspection fees charged to developers for engineering, surveying and inspection costs.

Deposits Held Fund

This fund was established to account for deposits held by the City to ensure compliance with various City ordinances. Upon satisfactory completion of projects, the deposits are returned.

Contracts Trust Fund

This fund was established to account for charges to contractors to cover the costs of bid proposals, prepared and distributed by the director of public service/safety.

Vital Statistics Fund

This fund was established to account for the portion of fees collected for birth and death certificates that are sent to the State.

Flexible Spending Fund

This fund was established to account for deposits made by employees who participate in a flexible benefits plan for unreimbursed medical and/or dependent day care.

County User Fee Fund

This fund was established to account for sewer charges collected by the City and then remitted to the cities of Avon and Avon Lake.

State Highway Patrol Fund

This fund was established to account for the portion of the State Highway Patrol fines that are dedicated to the county Law Library.

City of Lorain, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2008

	Beginning Balance 12/31/07	Additions	Deductions	Ending Balance 12/31/08
<i>Street Excavation</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$11,810	\$0	\$0	\$11,810
Liabilities				
Deposits Held and Due to Others	\$11,810	\$0	\$0	\$11,810
 <i>Allotment Improvement</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$154,581	\$19,748	\$109,974	\$64,355
Liabilities				
Deposits Held and Due to Others	\$154,581	\$19,748	\$109,974	\$64,355
 <i>Deposits Held</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$173,013	\$188,516	\$203,779	\$157,750
Liabilities				
Deposits Held and Due to Others	\$173,013	\$188,516	\$203,779	\$157,750
 <i>Contracts Trust</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$9,515	\$1,310	\$2,258	\$8,567
Liabilities				
Deposits Held and Due to Others	\$9,515	\$1,310	\$2,258	\$8,567
 <i>Vital Statistics</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$21,170	\$88,945	\$88,875	\$21,240
Liabilities				
Deposits Held and Due to Others	\$21,170	\$88,945	\$88,875	\$21,240

City of Lorain, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds (continued)
For the Year Ended December 31, 2008

	Beginning Balance 12/31/07	Additions	Deductions	Ending Balance 12/31/08
<i>Flexible Spending</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$36,237	\$116,971	\$117,353	\$35,855
Liabilities				
Deposits Held and Due to Others	\$36,237	\$116,971	\$117,353	\$35,855
<i>County User Fee</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$45,295	\$45,200	\$95
Liabilities				
Deposits Held and Due to Others	\$0	\$45,295	\$45,200	\$95
<i>State Highway Patrol</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$16,849	\$16,849	\$0
Liabilities				
Deposits Held and Due to Others	\$0	\$16,849	\$16,849	\$0
<i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$406,326	\$477,634	\$584,288	\$299,672
Liabilities				
Deposits Held and Due to Others	\$406,326	\$477,634	\$584,288	\$299,672

**Individual Fund Schedules of Revenues, Expenditures/Expenses
And Changes in Fund Balances/Fund Equity –
Budget (Non-GAAP Basis) and Actual**

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$3,175,512	\$3,175,512	\$3,412,986	\$237,474
Municipal Income Taxes	16,803,624	16,803,624	15,829,317	(974,307)
Charges for Services	491,392	490,867	555,664	64,797
Licenses and Permits	816,324	816,324	718,832	(97,492)
Fines and Forfeitures	1,160,000	1,207,037	1,198,046	(8,991)
Intergovernmental	6,550,417	7,720,669	7,049,829	(670,840)
Interest	300,500	300,500	263,236	(37,264)
Miscellaneous	105,278	113,674	130,709	17,035
<i>Total Revenues</i>	<u>29,403,047</u>	<u>30,628,207</u>	<u>29,158,619</u>	<u>(1,469,588)</u>
Expenditures:				
Current:				
General Government				
Civil Service:				
Wages and Benefits	89,414	90,786	90,213	573
Contractual Services	6,000	4,500	4,478	22
Materials and Supplies	350	1,850	1,641	209
Other	5,500	5,500	5,001	499
<i>Total Civil Service</i>	<u>101,264</u>	<u>102,636</u>	<u>101,333</u>	<u>1,303</u>
Council:				
Wages and Benefits	338,829	341,616	336,284	5,332
Contractual Services	9,164	8,964	6,976	1,988
Materials and Supplies	500	450	318	132
Capital Outlay	649	649	433	216
Other	8,033	8,333	6,902	1,431
<i>Total Council</i>	<u>357,175</u>	<u>360,012</u>	<u>350,913</u>	<u>9,099</u>
Mayor:				
Wages and Benefits	178,936	176,193	174,766	1,427
Materials and Supplies	2,500	2,750	2,667	83
Capital Outlay	25,000	2,500	2,189	311
<i>Total Mayor</i>	<u>206,436</u>	<u>181,443</u>	<u>179,622</u>	<u>1,821</u>
Auditor:				
Wages and Benefits	539,482	489,809	482,485	7,324
Contractual Services	72,257	72,257	69,623	2,634
Materials and Supplies	42,879	48,879	48,820	59
Other	2,330	2,330	1,974	356
<i>Total Auditor</i>	<u>\$656,948</u>	<u>\$613,275</u>	<u>\$602,902</u>	<u>\$10,373</u>

(continued)

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
General Fund (continued)
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Treasurer:				
Wages and Benefits	\$514,166	\$518,766	\$509,435	\$9,331
Contractual Services	13,161	13,161	8,932	4,229
Materials and Supplies	10,258	5,258	3,384	1,874
Other	3,974	12,474	11,039	1,435
<i>Total Treasurer</i>	<u>541,559</u>	<u>549,659</u>	<u>532,790</u>	<u>16,869</u>
Law Director:				
Wages and Benefits	766,838	775,449	773,862	1,587
Contractual Services	3,831	4,031	3,756	275
Materials and Supplies	20,899	28,899	27,405	1,494
Capital Outlay	8,407	8,407	7,073	1,334
Other	7,500	5,000	4,395	605
<i>Total Law Director</i>	<u>807,475</u>	<u>821,786</u>	<u>816,491</u>	<u>5,295</u>
Judges:				
Wages and Benefits	747,832	735,591	730,713	4,878
Contractual Services	16,750	20,450	17,763	2,687
Materials and Supplies	10,600	14,100	12,797	1,303
Other	14,285	11,285	8,267	3,018
<i>Total Judges</i>	<u>789,467</u>	<u>781,426</u>	<u>769,540</u>	<u>11,886</u>
Clerk of Courts:				
Wages and Benefits	862,962	863,171	858,877	4,294
Contractual Services	22,235	17,735	17,260	475
Materials and Supplies	71,620	74,620	72,843	1,777
Other	6,000	7,500	5,676	1,824
<i>Total Clerk of Courts</i>	<u>962,817</u>	<u>963,026</u>	<u>954,656</u>	<u>8,370</u>
Electrical:				
Wages and Benefits	530,806	530,185	527,176	3,009
Contractual Services	34,100	34,800	35,956	(1,156)
Materials and Supplies	32,504	40,304	40,017	287
Other	1,200	1,200	1,041	159
<i>Total Electrical</i>	<u>\$598,610</u>	<u>\$606,489</u>	<u>\$604,190</u>	<u>\$2,299</u>

(continued)

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
General Fund (continued)
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Safety/Service:				
Wages and Benefits	\$499,138	\$461,587	\$458,068	\$3,519
Contractual Services	457,570	1,426,570	1,742,263	(315,693)
Materials and Supplies	74,500	69,000	49,105	19,895
Capital Outlay	3,500	26,500	24,273	2,227
Other	71,818	284,081	262,344	21,737
<i>Total Safety/Service</i>	<u>1,106,526</u>	<u>2,267,738</u>	<u>2,536,053</u>	<u>(268,315)</u>
Engineering:				
Wages and Benefits	818,401	808,968	809,657	(689)
Contractual Services	15,688	15,688	11,740	3,948
Materials and Supplies	23,515	24,215	17,364	6,851
Capital Outlay	11,065	8,065	5,065	3,000
Other	9,100	9,100	6,540	2,560
<i>Total Engineering</i>	<u>877,769</u>	<u>866,036</u>	<u>850,366</u>	<u>15,670</u>
Data Processing:				
Wages and Benefits	227,701	211,130	207,279	3,851
Contractual Services	209,492	182,565	178,728	3,837
Materials and Supplies	25,719	25,719	20,834	4,885
Capital Outlay	721,512	748,439	748,392	47
Other	11,700	11,700	11,624	76
<i>Total Data Processing</i>	<u>1,196,124</u>	<u>1,179,553</u>	<u>1,166,857</u>	<u>12,696</u>
<i>Total General Government</i>	<u>8,202,170</u>	<u>9,293,079</u>	<u>9,465,713</u>	<u>(172,634)</u>
Security of Persons and Property				
Police Department:				
Wages and Benefits	8,121,230	8,412,242	8,474,890	(62,648)
Contractual Services	279,696	299,727	266,591	33,136
Materials and Supplies	566,254	568,102	532,902	35,200
Capital Outlay	35,408	35,408	35,408	0
Other	1,000	1,010	778	232
<i>Total Police Department</i>	<u>9,003,588</u>	<u>9,316,489</u>	<u>9,310,569</u>	<u>5,920</u>
Fire Department				
Wages and Benefits	6,703,409	6,558,646	6,520,049	38,597
Contractual Services	106,380	108,760	112,843	(4,083)
Materials and Supplies	175,390	223,901	212,574	11,327
Capital Outlay	65,220	77,220	77,123	97
Other	25,700	29,122	23,632	5,490
<i>Total Fire Department</i>	<u>7,076,099</u>	<u>6,997,649</u>	<u>6,946,221</u>	<u>51,428</u>
<i>Total Security of Persons and Property</i>	<u>\$16,079,687</u>	<u>\$16,314,138</u>	<u>\$16,256,790</u>	<u>\$57,348</u>

(continued)

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
General Fund (continued)
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Health Services				
Cemetery:				
Wages and Benefits	\$211,464	\$205,379	\$203,331	\$2,048
Contractual Services	3,200	4,500	3,514	986
Materials and Supplies	28,292	28,172	25,526	2,646
<i>Total Cemetery</i>	<u>242,956</u>	<u>238,051</u>	<u>232,371</u>	<u>5,680</u>
Dog Warden:				
Wages and Benefits	57,287	60,978	60,552	426
Materials and Supplies	11,160	13,160	11,149	2,011
Other	500	0	0	0
<i>Total Dog Warden</i>	<u>68,947</u>	<u>74,138</u>	<u>71,701</u>	<u>2,437</u>
<i>Total Public Health Services</i>	<u>311,903</u>	<u>312,189</u>	<u>304,072</u>	<u>8,117</u>
Community Environment				
Building Inspection:				
Wages and Benefits	480,988	542,908	543,065	(157)
Contractual Services	33,085	23,085	15,000	8,085
Materials and Supplies	19,130	17,630	16,250	1,380
Other	15,771	11,771	10,586	1,185
<i>Total Community Environment</i>	<u>548,974</u>	<u>595,394</u>	<u>584,901</u>	<u>10,493</u>
Leisure Time Activities				
Parks Department:				
Wages and Benefits	927,098	914,563	915,049	(486)
Contractual Services	130,634	137,126	135,701	1,425
Materials and Supplies	191,579	212,837	210,126	2,711
Capital Outlay	6,000	6,000	6,000	0
Other	8,250	8,525	7,611	914
<i>Total Leisure Time Activities</i>	<u>1,263,561</u>	<u>1,279,051</u>	<u>1,274,487</u>	<u>4,564</u>
Debt Service:				
Principal Retirement	361,990	361,990	350,315	11,675
Interest and Fiscal Charges	105,957	105,957	105,957	0
<i>Total Debt Service</i>	<u>467,947</u>	<u>467,947</u>	<u>456,272</u>	<u>11,675</u>
<i>Total Expenditures</i>	<u>\$26,874,242</u>	<u>\$28,261,798</u>	<u>\$28,342,235</u>	<u>(\$80,437)</u>

(continued)

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
General Fund (continued)
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Excess of Revenues Over Expenditures</i>	\$2,528,805	\$2,366,409	\$816,384	(\$1,550,025)
Other Financing Sources (Uses):				
Advances In	0	2,000,000	425,000	(1,575,000)
Advances Out	(116,000)	(2,106,307)	(542,573)	1,563,734
Transfers Out	(1,784,536)	(1,631,833)	(1,631,833)	0
<i>Total Other Financing Sources (Uses)</i>	(1,900,536)	(1,738,140)	(1,749,406)	(11,266)
<i>Net Change in Fund Balance</i>	628,269	628,269	(933,022)	(1,561,291)
<i>Fund Balance (Deficit) Beginning of Year</i>	(1,235,640)	(1,235,640)	(1,235,640)	0
Prior Year Encumbrances Appropriated	698,706	698,706	698,706	0
<i>Fund Balance (Deficit) End of Year</i>	\$91,335	\$91,335	(\$1,469,956)	(\$1,561,291)

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Community Development Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$6,423,033	\$6,767,224	\$3,504,763	(\$3,262,461)
Licenses and Permits	201,000	201,000	14,779	(186,221)
Interest	105,225	113,225	86,482	(26,743)
Miscellaneous	23,452	23,452	47,668	24,216
<i>Total Revenues</i>	<u>6,752,710</u>	<u>7,104,901</u>	<u>3,653,692</u>	<u>(3,451,209)</u>
Expenditures:				
Current:				
Economic Development				
Wages and Benefits	1,561,221	1,845,171	1,426,399	418,772
Contractual Services	3,139,219	3,640,822	1,818,858	1,821,964
Materials and Supplies	109,962	109,962	36,673	73,289
Capital Outlay	875,296	795,469	96,507	698,962
Other	2,341,884	2,790,884	1,038,077	1,752,807
<i>Total Economic Development</i>	<u>8,027,582</u>	<u>9,182,308</u>	<u>4,416,514</u>	<u>4,765,794</u>
Debt Service:				
Principal Retirement	902,256	1,869,694	1,477,057	392,637
Interest and Fiscal Charges	324,457	367,811	367,811	0
Bond Issuance Costs	1,246	40,168	38,922	1,246
<i>Total Debt Service</i>	<u>1,227,959</u>	<u>2,277,673</u>	<u>1,883,790</u>	<u>393,883</u>
<i>Total Expenditures</i>	<u>9,255,541</u>	<u>11,459,981</u>	<u>6,300,304</u>	<u>5,159,677</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,502,831)</u>	<u>(4,355,080)</u>	<u>(2,646,612)</u>	<u>1,708,468</u>
Other Financing Sources (Uses):				
Loans Received	1,059,959	1,059,959	1,059,959	0
Bonds Issued	0	1,547,163	1,547,163	0
Discount on Bonds Issued	0	(20,887)	(20,886)	1
<i>Total Other Financing Sources (Uses)</i>	<u>1,059,959</u>	<u>2,586,235</u>	<u>2,586,236</u>	<u>1</u>
<i>Net Change in Fund Balance</i>	<u>(1,442,872)</u>	<u>(1,768,845)</u>	<u>(60,376)</u>	<u>1,708,469</u>
<i>Fund Balance Beginning of Year</i>	<u>3,293,344</u>	<u>3,293,344</u>	<u>3,293,344</u>	<u>0</u>
Prior Year Encumbrances Appropriated	416,698	416,698	416,698	0
<i>Fund Balance End of Year</i>	<u>\$2,267,170</u>	<u>\$1,941,197</u>	<u>\$3,649,666</u>	<u>\$1,708,469</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Property Taxes	\$1,197,261	\$1,197,261	\$1,455,605	\$258,344
Intergovernmental	177,024	177,024	182,173	5,149
Interest	30,000	48,917	57,459	8,542
Miscellaneous	276,691	276,691	239,526	(37,165)
<i>Total Revenues</i>	<u>1,680,976</u>	<u>1,699,893</u>	<u>1,934,763</u>	<u>234,870</u>
Expenditures:				
Current:				
General Government				
Other	2,500	4,073	4,072	1
Debt Service:				
Principal Retirement	1,573,076	1,569,205	1,569,204	1
Interest and Fiscal Charges	1,022,058	1,054,229	1,054,226	3
<i>Total Debt Service</i>	<u>2,595,134</u>	<u>2,623,434</u>	<u>2,623,430</u>	<u>4</u>
<i>Total Expenditures</i>	<u>2,597,634</u>	<u>2,627,507</u>	<u>2,627,502</u>	<u>5</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(916,658)</u>	<u>(927,614)</u>	<u>(692,739)</u>	<u>234,875</u>
Other Financing Sources (Uses):				
Transfers In	784,939	795,895	803,238	7,343
<i>Net Change in Fund Balance</i>	(131,719)	(131,719)	110,499	242,218
<i>Fund Balance Beginning of Year</i>	<u>219,940</u>	<u>219,940</u>	<u>219,940</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$88,221</u></u>	<u><u>\$88,221</u></u>	<u><u>\$330,439</u></u>	<u><u>\$242,218</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Capital Improvements Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$52,482	\$668,621	\$886,009	\$217,388
Miscellaneous	0	0	532	532
<i>Total Revenues</i>	<u>52,482</u>	<u>668,621</u>	<u>886,541</u>	<u>217,920</u>
Expenditures:				
Current:				
Capital Outlay				
Contractual Services	2,613,646	4,465,769	3,999,495	466,274
Capital Outlay	1,245,148	1,245,148	226,419	1,018,729
<i>Total Capital Outlay</i>	<u>3,858,794</u>	<u>5,710,917</u>	<u>4,225,914</u>	<u>1,485,003</u>
Debt Service:				
Principal Retirement	0	4,361,000	4,361,000	0
Interest and Fiscal Charges	0	175,704	175,704	0
Bond Issuance Costs	0	97,743	97,742	1
<i>Total Debt Service</i>	<u>0</u>	<u>4,634,447</u>	<u>4,634,446</u>	<u>1</u>
<i>Total Expenditures</i>	<u>3,858,794</u>	<u>10,345,364</u>	<u>8,860,360</u>	<u>1,485,004</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(3,806,312)</u>	<u>(9,676,743)</u>	<u>(7,973,819)</u>	<u>1,702,924</u>
Other Financing Sources (Uses):				
Bonds Issued	0	3,892,837	3,892,837	0
Notes Issued	0	2,019,000	2,019,000	0
Discount on Bonds Issued	0	(52,450)	(52,450)	0
ODOT-SIB Loans Received	664,997	664,997	664,997	0
OPWC Loans Received	975,727	975,727	975,727	0
Transfers In	512,457	534,457	75,000	(459,457)
Transfers Out	0	(10,956)	(10,956)	0
<i>Total Other Financing Sources (Uses)</i>	<u>2,153,181</u>	<u>8,023,612</u>	<u>7,564,155</u>	<u>(459,457)</u>
<i>Net Change in Fund Balance</i>	<u>(1,653,131)</u>	<u>(1,653,131)</u>	<u>(409,664)</u>	<u>1,243,467</u>
<i>Fund Balance Beginning of Year</i>	1,082,002	1,082,002	1,082,002	0
<i>Prior Year Encumbrances Appropriated</i>	<u>776,870</u>	<u>776,870</u>	<u>776,870</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$205,741</u>	<u>\$205,741</u>	<u>\$1,449,208</u>	<u>\$1,243,467</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget and Actual (Non - GAAP Basis)*
Water Works Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$8,161,136	\$8,161,136	\$8,217,463	\$56,327
OWDA Loans Received	2,213,739	2,213,739	33,022	(2,180,717)
Interest	36,125	36,125	16,930	(19,195)
Miscellaneous	38,005	38,005	23,165	(14,840)
<i>Total Revenues</i>	<u>10,449,005</u>	<u>10,449,005</u>	<u>8,290,580</u>	<u>(2,158,425)</u>
Expenses:				
Personal Services	3,521,058	3,689,133	3,666,244	22,889
Contractual Services	1,459,587	1,324,027	771,013	553,014
Materials and Supplies	885,816	1,012,416	831,718	180,698
Basic Utilities	660,000	700,405	676,692	23,713
Capital Outlay	2,906,764	2,848,819	798,011	2,050,808
Other Expense	236,085	258,710	172,873	85,837
Debt Service:				
Principal Retirement	1,081,252	1,081,252	1,081,252	0
Interest and Fiscal Charges	820,649	820,649	820,647	2
<i>Total Expenses</i>	<u>11,571,211</u>	<u>11,735,411</u>	<u>8,818,450</u>	<u>2,916,961</u>
<i>Excess of Revenues Under Expenses</i>	(1,122,206)	(1,286,406)	(527,870)	758,536
Advances In	116,000	1,116,000	328,500	(787,500)
Advances Out	0	(1,000,000)	(212,500)	787,500
<i>Excess of Revenues Under Expenses and Advances</i>	(1,006,206)	(1,170,406)	(411,870)	758,536
<i>Fund Equity Beginning of Year</i>	2,668,173	2,668,173	2,668,173	0
Prior Year Encumbrances Appropriated	471,454	471,454	471,454	0
<i>Fund Equity End of Year</i>	<u>\$2,133,421</u>	<u>\$1,969,221</u>	<u>\$2,727,757</u>	<u>\$758,536</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget and Actual (Non - GAAP Basis)*
Water Pollution Control Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$10,903,500	\$11,016,500	\$11,195,025	\$178,525
OWDA Loans Received	7,641,775	7,641,775	6,440,276	(1,201,499)
Intergovernmental	250,000	250,000	214,280	(35,720)
Interest	41,650	41,650	22,123	(19,527)
Miscellaneous	96,968	96,968	39,161	(57,807)
<i>Total Revenues</i>	<u>18,933,893</u>	<u>19,046,893</u>	<u>17,910,865</u>	<u>(1,136,028)</u>
Expenses:				
Personal Services	4,612,559	4,351,674	4,033,710	317,964
Contractual Services	897,062	1,118,656	849,210	269,446
Materials and Supplies	601,137	676,137	638,222	37,915
Basic Utilities	735,000	838,000	790,619	47,381
Capital Outlay	9,204,157	9,272,967	8,782,853	490,114
Other Operating Expense	155,823	272,097	261,848	10,249
Debt Service:				
Principal Retirement	2,271,184	2,284,114	2,284,113	1
Interest and Fiscal Charges	1,275,144	1,286,809	1,286,803	6
<i>Total Expenses</i>	<u>19,752,066</u>	<u>20,100,454</u>	<u>18,927,378</u>	<u>1,173,076</u>
<i>Excess of Revenues Under Expenses</i>	(818,173)	(1,053,561)	(1,016,513)	37,048
Advances In	0	1,000,000	212,500	(787,500)
Advances Out	0	(1,000,000)	(212,500)	787,500
<i>Excess of Revenues Under Expenses and Advances</i>	(818,173)	(1,053,561)	(1,016,513)	37,048
<i>Fund Equity Beginning of Year</i>	3,320,507	3,320,507	3,320,507	0
Prior Year Encumbrances Appropriated	406,409	406,409	406,409	0
<i>Fund Equity End of Year</i>	<u>\$2,908,743</u>	<u>\$2,673,355</u>	<u>\$2,710,403</u>	<u>\$37,048</u>

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)
Streets Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$2,405,000	\$2,405,000	\$2,312,250	(\$92,750)
Interest	8,912	8,912	5,287	(3,625)
Other	500	500	146	(354)
<i>Total Revenues</i>	<u>2,414,412</u>	<u>2,414,412</u>	<u>2,317,683</u>	<u>(96,729)</u>
Expenditures:				
Current:				
Transportation				
Wages and Benefits	1,643,145	1,685,701	1,693,700	(7,999)
Contractual Services	40,454	41,054	39,036	2,018
Materials and Supplies	942,755	1,001,556	1,001,556	0
Capital Outlay	474,453	474,453	474,193	260
Other	25,179	25,679	23,966	1,713
<i>Total Transportation</i>	<u>3,125,986</u>	<u>3,228,443</u>	<u>3,232,451</u>	<u>(4,008)</u>
Debt Service:				
Principal Retirement	235,116	235,116	235,116	0
Interest and Fiscal Charges	62,932	62,932	62,931	1
<i>Total Debt Service</i>	<u>298,048</u>	<u>298,048</u>	<u>298,047</u>	<u>1</u>
<i>Total Expenditures</i>	<u>3,424,034</u>	<u>3,526,491</u>	<u>3,530,498</u>	<u>(4,007)</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,009,622)</u>	<u>(1,112,079)</u>	<u>(1,212,815)</u>	<u>(100,736)</u>
Other Financing Sources (Uses):				
Transfers In	595,373	610,373	710,811	100,438
Transfers Out	(383,215)	(295,758)	(295,757)	1
<i>Total Other Financing Sources (Uses)</i>	<u>212,158</u>	<u>314,615</u>	<u>415,054</u>	<u>100,439</u>
<i>Net Change in Fund Balance</i>	(797,464)	(797,464)	(797,761)	(297)
<i>Fund Balance Beginning of Year</i>	252,372	252,372	252,372	0
Prior Year Encumbrances Appropriated	545,389	545,389	545,389	0
<i>Fund Balance End of Year</i>	<u>\$297</u>	<u>\$297</u>	<u>\$0</u>	<u>(\$297)</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Permissive License Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$260,000	\$260,000	\$252,865	(\$7,135)
Expenditures:				
Current:				
Transportation				
Materials and Supplies	215,252	275,252	248,470	26,782
<i>Excess of Revenues Over (Under) Expenditures</i>	44,748	(15,252)	4,395	19,647
Other Financing Sources (Uses):				
Transfers In	0	60,000	0	(60,000)
Transfers Out	(50,000)	(50,000)	0	50,000
<i>Total Other Financing Sources (Uses)</i>	(50,000)	10,000	0	(10,000)
<i>Net Change in Fund Balance</i>	(5,252)	(5,252)	4,395	9,647
<i>Fund Balance Beginning of Year</i>	4,011	4,011	4,011	0
Prior Year Encumbrances Appropriated	5,252	5,252	5,252	0
<i>Fund Balance End of Year</i>	<u>\$4,011</u>	<u>\$4,011</u>	<u>\$13,658</u>	<u>\$9,647</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Health Services Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Charges for Services	\$503,830	\$503,830	\$470,696	(\$33,134)
Licenses and Permits	319,730	319,730	300,018	(19,712)
Intergovernmental	440,250	440,250	411,116	(29,134)
<i>Total Revenues</i>	<u>1,263,810</u>	<u>1,263,810</u>	<u>1,181,830</u>	<u>(81,980)</u>
Expenditures:				
Current:				
Public Health and Welfare				
Wages and Benefits	1,409,210	1,398,269	1,353,285	44,984
Contractual Services	307,887	282,387	275,732	6,655
Materials and Supplies	24,050	36,050	33,359	2,691
Capital Outlay	0	16,000	15,493	507
Other	55,430	63,871	54,572	9,299
<i>Total Public Health and Welfare</i>	<u>1,796,577</u>	<u>1,796,577</u>	<u>1,732,441</u>	<u>64,136</u>
Debt Service:				
Principal Retirement	3,252	3,252	3,252	0
Interest and Fiscal Charges	1,332	1,332	1,332	0
<i>Total Debt Service</i>	<u>4,584</u>	<u>4,584</u>	<u>4,584</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,801,161</u>	<u>1,801,161</u>	<u>1,737,025</u>	<u>64,136</u>
<i>Excess of Revenues Under Expenditures</i>	(537,351)	(537,351)	(555,195)	(17,844)
Other Financing Sources:				
Transfers In	527,112	527,112	543,444	16,332
<i>Net Change in Fund Balance</i>	(10,239)	(10,239)	(11,751)	(1,512)
<i>Fund Balance Beginning of Year</i>	1,512	1,512	1,512	0
Prior Year Encumbrances Appropriated	10,239	10,239	10,239	0
<i>Fund Balance End of Year</i>	<u>\$1,512</u>	<u>\$1,512</u>	<u>\$0</u>	<u>(\$1,512)</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Litter Control Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$226,690	\$226,690	\$235,190	\$8,500
Expenditures:				
Current:				
Community Environment				
Materials and Supplies	12,000	12,000	8,113	3,887
Capital Outlay	214,690	214,690	47,660	167,030
<i>Total Expenditures</i>	<u>226,690</u>	<u>226,690</u>	<u>55,773</u>	<u>170,917</u>
<i>Net Change in Fund Balance</i>	0	0	179,417	179,417
<i>Fund Balance Beginning of Year</i>	<u>760</u>	<u>760</u>	<u>760</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$760</u></u>	<u><u>\$760</u></u>	<u><u>\$180,177</u></u>	<u><u>\$179,417</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Police Levy Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$2,343,376	\$2,343,376	\$2,225,815	(\$117,561)
Intergovernmental	8,000	32,631	24,631	(8,000)
Miscellaneous	500	4,649	4,921	272
<i>Total Revenues</i>	<u>2,351,876</u>	<u>2,380,656</u>	<u>2,255,367</u>	<u>(125,289)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	1,687,185	1,668,136	1,568,332	99,804
Contractual Services	67,327	80,827	65,554	15,273
Materials and Supplies	277,973	305,973	268,563	37,410
Capital Outlay	869,443	862,697	731,451	131,246
Other	103,553	116,628	76,536	40,092
<i>Total Security of Persons and Property</i>	<u>3,005,481</u>	<u>3,034,261</u>	<u>2,710,436</u>	<u>323,825</u>
Debt Service:				
Principal Retirement	160,000	160,000	160,000	0
Interest and Fiscal Charges	124,076	124,076	124,075	1
<i>Total Debt Service</i>	<u>284,076</u>	<u>284,076</u>	<u>284,075</u>	<u>1</u>
<i>Total Expenditures</i>	<u>3,289,557</u>	<u>3,318,337</u>	<u>2,994,511</u>	<u>323,826</u>
<i>Net Change in Fund Balance</i>	(937,681)	(937,681)	(739,144)	198,537
<i>Fund Balance Beginning of Year</i>	986,291	986,291	986,291	0
<i>Prior Year Encumbrances Appropriated</i>	127,957	127,957	127,957	0
<i>Fund Balance End of Year</i>	<u>\$176,567</u>	<u>\$176,567</u>	<u>\$375,104</u>	<u>\$198,537</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Mandatory Drug Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$15,000	\$15,000	\$10,354	(\$4,646)
Expenditures:				
Current:				
Security of Persons and Property				
Other	8,000	13,000	9,980	3,020
<i>Net Change in Fund Balance</i>	7,000	2,000	374	(1,626)
<i>Fund Balance Beginning of Year</i>	11,893	11,893	11,893	0
<i>Fund Balance End of Year</i>	<u>\$18,893</u>	<u>\$13,893</u>	<u>\$12,267</u>	<u>(\$1,626)</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Police Pension Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$293,177	\$293,177	\$279,290	(\$13,887)
Intergovernmental	36,007	36,007	43,144	7,137
Other Local Tax	468,409	468,409	0	(468,409)
Miscellaneous	0	0	114	114
<i>Total Revenues</i>	<u>797,593</u>	<u>797,593</u>	<u>322,548</u>	<u>(475,045)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	927,299	1,020,499	1,020,465	34
Debt Service:				
Principal Retirement	21,000	21,000	21,000	0
Interest and Fiscal Charges	30,052	30,052	30,051	1
<i>Total Debt Service</i>	<u>51,052</u>	<u>51,052</u>	<u>51,051</u>	<u>1</u>
<i>Total Expenditures</i>	<u>978,351</u>	<u>1,071,551</u>	<u>1,071,516</u>	<u>35</u>
<i>Net Change in Fund Balance</i>	(180,758)	(273,958)	(748,968)	(475,010)
<i>Fund Balance Beginning of Year</i>	<u>760,764</u>	<u>760,764</u>	<u>760,764</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$580,006</u></u>	<u><u>\$486,806</u></u>	<u><u>\$11,796</u></u>	<u><u>(\$475,010)</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Fire Pension Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$293,177	\$293,177	\$279,290	(\$13,887)
Intergovernmental	36,007	36,007	43,144	7,137
Other Local Tax	336,294	336,294	0	(336,294)
<i>Total Revenues</i>	<u>665,478</u>	<u>665,478</u>	<u>322,434</u>	<u>(343,044)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	754,097	843,897	843,880	17
Debt Service:				
Principal Retirement	39,000	39,000	39,000	0
Interest and Fiscal Charges	55,810	55,810	55,810	0
<i>Total Debt Service</i>	<u>94,810</u>	<u>94,810</u>	<u>94,810</u>	<u>0</u>
<i>Total Expenditures</i>	<u>848,907</u>	<u>938,707</u>	<u>938,690</u>	<u>17</u>
<i>Net Change in Fund Balance</i>	(183,429)	(273,229)	(616,256)	(343,027)
<i>Fund Balance Beginning of Year</i>	<u>635,935</u>	<u>635,935</u>	<u>635,935</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$452,506</u></u>	<u><u>\$362,706</u></u>	<u><u>\$19,679</u></u>	<u><u>(\$343,027)</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Indigent Drivers Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$15,000	\$15,000	\$15,854	\$854
Expenditures:				
Current:				
General Government				
Contractual Services	25,000	25,000	22,149	2,851
<i>Net Change in Fund Balance</i>	(10,000)	(10,000)	(6,295)	3,705
<i>Fund Balance Beginning of Year</i>	147,329	147,329	147,329	0
<i>Fund Balance End of Year</i>	<u>\$137,329</u>	<u>\$137,329</u>	<u>\$141,034</u>	<u>\$3,705</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Park Land Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$25,000	\$25,000	\$9,700	(\$15,300)
Expenditures:				
Current:				
Leisure Time Activities				
Contractual Services	3,799	3,799	3,799	0
Capital Outlay	0	20,332	20,332	0
<i>Total Expenditures</i>	3,799	24,131	24,131	0
<i>Net Change in Fund Balance</i>	21,201	869	(14,431)	(15,300)
<i>Fund Balance Beginning of Year</i>	31,106	31,106	31,106	0
Prior Year Encumbrances Appropriated	3,799	3,799	3,799	0
<i>Fund Balance End of Year</i>	\$56,106	\$35,774	\$20,474	(\$15,300)

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Cemetery Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<i>Total Revenues</i>	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
Public Health and Welfare				
Contractual Services	<u>0</u>	<u>3,000</u>	<u>2,402</u>	<u>598</u>
<i>Net Change in Fund Balance</i>	0	(3,000)	(2,402)	598
<i>Fund Balance Beginning of Year</i>	<u>4,960</u>	<u>4,960</u>	<u>4,960</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,960</u></u>	<u><u>\$1,960</u></u>	<u><u>\$2,558</u></u>	<u><u>\$598</u></u>

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)
Law Enforcement Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and Forfeitures	\$75,000	\$75,000	\$157,680	\$82,680
Expenditures:				
Current:				
Security of Persons and Property				
Other	<u>75,000</u>	<u>125,000</u>	<u>95,134</u>	<u>29,866</u>
<i>Net Change in Fund Balance</i>	0	(50,000)	62,546	112,546
<i>Fund Balance Beginning of Year</i>	<u>859,848</u>	<u>859,848</u>	<u>859,848</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$859,848</u></u>	<u><u>\$809,848</u></u>	<u><u>\$922,394</u></u>	<u><u>\$112,546</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Municipal Court Computer Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$60,000	\$60,000	\$79,216	\$19,216
Expenditures:				
Current:				
General Government				
Wages and Benefits	64,482	66,782	66,437	345
Contractual Services	2,100	2,100	0	2,100
Materials and Supplies	3,750	3,750	3,554	196
Capital Outlay	29,290	48,200	41,036	7,164
Other	5,000	5,000	121	4,879
<i>Total Expenditures</i>	<u>104,622</u>	<u>125,832</u>	<u>111,148</u>	<u>14,684</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(44,622)</u>	<u>(65,832)</u>	<u>(31,932)</u>	<u>33,900</u>
<i>Net Change in Fund Balance</i>	(44,622)	(65,832)	(31,932)	33,900
<i>Fund Balance Beginning of Year</i>	307,647	307,647	307,647	0
Prior Year Encumbrances Appropriated	<u>190</u>	<u>190</u>	<u>190</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$263,215</u></u>	<u><u>\$242,005</u></u>	<u><u>\$275,905</u></u>	<u><u>\$33,900</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Legal Research Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$37,500	\$37,500	\$38,721	\$1,221
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	37,500	37,500	38,721	1,221
<i>Fund Balance Beginning of Year</i>	<u>64,685</u>	<u>64,685</u>	<u>64,685</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$102,185</u></u>	<u><u>\$102,185</u></u>	<u><u>\$103,406</u></u>	<u><u>\$1,221</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Municipal Court Security Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$50,000	\$50,000	\$43,741	(\$6,259)
Expenditures:				
Current:				
General Government				
Wages and Benefits	74,973	74,973	70,687	4,286
Capital Outlay	3,500	3,500	0	3,500
<i>Total Expenditures</i>	<u>78,473</u>	<u>78,473</u>	<u>70,687</u>	<u>7,786</u>
<i>Net Change in Fund Balance</i>	(28,473)	(28,473)	(26,946)	1,527
<i>Fund Balance Beginning of Year</i>	<u>28,482</u>	<u>28,482</u>	<u>28,482</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$9</u></u>	<u><u>\$9</u></u>	<u><u>\$1,536</u></u>	<u><u>\$1,527</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Municipal Court Probation Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$75,000	\$75,000	\$86,149	\$11,149
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	60,383	62,883	62,020	863
<i>Net Change in Fund Balance</i>	14,617	12,117	24,129	12,012
<i>Fund Balance Beginning of Year</i>	37,361	37,361	37,361	0
<i>Fund Balance End of Year</i>	\$51,978	\$49,478	\$61,490	\$12,012

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special Assessments	\$80,000	\$80,000	\$71,717	(\$8,283)
Expenditures:				
Current:				
General Government				
Other	525	525	425	100
Debt Service:				
Principal Retirement	99,323	99,323	99,323	0
Interest and Fiscal Charges	28,022	28,022	28,022	0
<i>Total Debt Service</i>	127,345	127,345	127,345	0
<i>Total Expenditures</i>	127,870	127,870	127,770	100
<i>Excess of Revenues Under Expenditures</i>	(47,870)	(47,870)	(56,053)	(8,183)
Other Financing Sources:				
Transfers In	47,870	47,870	56,053	8,183
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
General Sewer Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$475,000	\$475,000	\$493,921	\$18,921
Expenditures:				
Current:				
Capital Outlay				
Contractual Services	50,000	50,000	39,684	10,316
Capital Outlay	117,183	248,564	216,800	31,764
Other	5,000	5,000	0	5,000
<i>Total Capital Outlay</i>	<u>172,183</u>	<u>303,564</u>	<u>256,484</u>	<u>47,080</u>
Debt Service:				
Principal Retirement	48,867	48,867	48,866	1
Interest and Fiscal Charges	10,793	10,793	10,793	0
<i>Total Debt Service</i>	<u>59,660</u>	<u>59,660</u>	<u>59,659</u>	<u>1</u>
<i>Total Expenditures</i>	<u>231,843</u>	<u>363,224</u>	<u>316,143</u>	<u>47,081</u>
<i>Excess of Revenues Over Expenditures</i>	243,157	111,776	177,778	66,002
Other Financing Uses:				
Transfers Out	(250,000)	(250,000)	(250,000)	0
<i>Net Change in Fund Balance</i>	(6,843)	(138,224)	(72,222)	66,002
<i>Fund Balance Beginning of Year</i>	313,257	313,257	313,257	0
Prior Year Encumbrances Appropriated	17,183	17,183	17,183	0
<i>Fund Balance End of Year</i>	<u>\$323,597</u>	<u>\$192,216</u>	<u>\$258,218</u>	<u>\$66,002</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Lighthouse Urban Renewal Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$500	\$500	\$1,784	\$1,284
Expenditures:				
Current:				
Capital Outlay				
Contractual Services	92,000	92,000	68,805	23,195
<i>Net Change in Fund Balance</i>	(91,500)	(91,500)	(67,021)	24,479
<i>Fund Balance Beginning of Year</i>	99,496	99,496	99,496	0
<i>Fund Balance End of Year</i>	<u>\$7,996</u>	<u>\$7,996</u>	<u>\$32,475</u>	<u>\$24,479</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Riverfront Urban Renewal Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$2,000	\$2,000	\$4,379	\$2,379
Expenditures:				
Current:				
Capital Outlay				
Contractual Services	208,054	208,054	908	207,146
<i>Net Change in Fund Balance</i>	(206,054)	(206,054)	3,471	209,525
<i>Fund Balance Beginning of Year</i>	290,490	290,490	290,490	0
<i>Fund Balance End of Year</i>	<u>\$84,436</u>	<u>\$84,436</u>	<u>\$293,961</u>	<u>\$209,525</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non - GAAP Basis)*
Municipal Court Improvements Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$154,000	\$154,000	\$149,886	(\$4,114)
Interest	0	0	73	73
<i>Total Revenues</i>	<u>154,000</u>	<u>154,000</u>	<u>149,959</u>	<u>(4,041)</u>
Expenditures:				
Current:				
Capital Outlay				
Contractual Services	8,175	8,175	6,824	1,351
Capital Outlay	292,943	292,943	11,550	281,393
<i>Total Expenditures</i>	<u>301,118</u>	<u>301,118</u>	<u>18,374</u>	<u>282,744</u>
<i>Net Change in Fund Balance</i>	(147,118)	(147,118)	131,585	278,703
<i>Fund Balance Beginning of Year</i>	205,143	205,143	205,143	0
Prior Year Encumbrances Appropriated	4,368	4,368	4,368	0
<i>Fund Balance End of Year</i>	<u>\$62,393</u>	<u>\$62,393</u>	<u>\$341,096</u>	<u>\$278,703</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget and Actual (Non - GAAP Basis)*
Garage Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$1,675,000	\$1,875,000	\$1,864,893	(\$10,107)
Expenses:				
Current:				
Wages and Benefits	629,556	601,351	602,522	(1,171)
Contractual Services	1,800	1,080	1,022	58
Materials and Supplies	1,028,635	1,257,560	1,248,009	9,551
Other	2,100	2,100	2,086	14
Debt Service:				
Principal Retirement	17,996	17,996	17,996	0
Interest and Fiscal Charges	7,375	7,375	7,375	0
<i>Total Expenses</i>	<u>1,687,462</u>	<u>1,887,462</u>	<u>1,879,010</u>	<u>8,452</u>
<i>Excess of Revenues Under Expenses</i>	(12,462)	(12,462)	(14,117)	(1,655)
Advances In	<u>0</u>	<u>0</u>	<u>1,573</u>	<u>1,573</u>
<i>Excess of Revenues Under Expenses and Advances</i>	(12,462)	(12,462)	(12,544)	(82)
<i>Fund Equity Beginning of Year</i>	82	82	82	0
Prior Year Encumbrances Appropriated	<u>12,462</u>	<u>12,462</u>	<u>12,462</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$82</u></u>	<u><u>\$82</u></u>	<u><u>\$0</u></u>	<u><u>(\$82)</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget and Actual (Non - GAAP Basis)*
Hospitalization Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$5,150,626	\$5,150,546	\$5,073,611	(\$76,935)
Miscellaneous	10,000	10,000	13,490	3,490
<i>Total Revenues</i>	<u>5,160,626</u>	<u>5,160,546</u>	<u>5,087,101</u>	<u>(73,445)</u>
Expenses:				
Wages and Benefits	22,269	22,269	21,807	462
Claims	4,823,174	5,223,094	5,192,333	30,761
<i>Total Expenses</i>	<u>4,845,443</u>	<u>5,245,363</u>	<u>5,214,140</u>	<u>31,223</u>
Net Change in Fund Equity	315,183	(84,817)	(127,039)	(42,222)
<i>Fund Equity Beginning of Year</i>	378,106	378,106	378,106	0
Prior Year Encumbrances Appropriated	5,174	5,174	5,174	0
<i>Fund Equity End of Year</i>	<u>\$698,463</u>	<u>\$298,463</u>	<u>\$256,241</u>	<u>(\$42,222)</u>

Statistical Section

This part of the City of Lorain, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2-S9
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax, and the municipal income tax.	S10-S19
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S20-S29
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S30-S35
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S36-S41

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Lorain, Ohio

Net Assets by Components

Last Six Years

(accrual basis of accounting)

	2008	2007	2006	2005	2004	2003
Governmental Activities						
Invested in Capital Assets, Net of Related Debt	\$85,270,139	\$97,026,059	\$112,337,952	\$124,391,028	\$138,745,022	\$150,062,168
Restricted for:						
Capital Projects	2,184,529	1,235,939	1,377,196	1,414,714	4,745,648	10,820,008
Debt Service	929,267	833,898	778,135	468,373	713,569	603,071
Community Development	18,492,807	19,225,551	21,519,172	25,355,904	26,814,060	21,419,946
Police Levy	0	1,090,098	1,416,719	1,307,190	1,092,777	736,023
Streets	0	1,022,586	1,126,833	0	0	0
Law Enforcement	920,481	852,094	641,234	566,094	644,543	682,726
Municipal Court Computer	0	0	0	372,059	362,490	385,292
Capital Leases	0	991,591	0	0	0	0
Other Purposes	234,737	753,219	1,273,910	2,560,789	1,169,003	1,261,914
Unrestricted (Deficit)	<u>(3,002,825)</u>	<u>(1,775,323)</u>	<u>(2,382,357)</u>	<u>(3,124,749)</u>	<u>(5,195,260)</u>	<u>(8,307,276)</u>
<i>Total Governmental Activities Net Assets</i>	<u>105,029,135</u>	<u>121,255,712</u>	<u>138,088,794</u>	<u>153,311,402</u>	<u>169,091,852</u>	<u>177,663,872</u>
Business-Type Activities						
Invested in Capital Assets, Net of Related Debt	45,782,852	42,339,183	38,814,751	37,679,295	36,496,435	35,322,403
Restricted for:						
Debt Service	2,647,896	2,662,538	2,621,486	2,572,039	2,485,022	0
Community Development	0	0	0	0	0	0
Replacement and Improvement	300,000	300,000	300,000	300,000	300,000	300,000
Utility Reserve	1,394,584	1,305,744	334,744	1,305,744	1,468,618	1,364,750
Unrestricted	<u>4,344,702</u>	<u>4,389,634</u>	<u>5,065,097</u>	<u>3,742,237</u>	<u>2,453,020</u>	<u>5,311,253</u>
<i>Total Business-Type Activities Net Assets</i>	<u>54,470,034</u>	<u>50,997,099</u>	<u>47,136,078</u>	<u>45,599,315</u>	<u>43,203,095</u>	<u>42,298,406</u>
Primary Government						
Invested in Capital Assets, Net of Related Debt	131,382,277	139,365,242	151,152,703	171,228,705	175,241,457	185,384,571
Restricted	27,104,301	30,273,258	31,389,429	36,222,906	39,795,730	37,573,730
Unrestricted (Deficit)	<u>1,012,591</u>	<u>2,614,311</u>	<u>2,682,740</u>	<u>(8,540,894)</u>	<u>(2,742,240)</u>	<u>(2,996,023)</u>
<i>Total Primary Government Net Assets</i>	<u>\$159,499,169</u>	<u>\$172,252,811</u>	<u>\$185,224,872</u>	<u>\$198,910,717</u>	<u>\$212,294,947</u>	<u>\$219,962,278</u>

City of Lorain, Ohio
Changes in Net Assets
Last Six Years
(accrual basis of accounting)

Program Revenues	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities:						
Charges for Services:						
General Government	\$1,833,887	\$1,573,146	\$1,870,561	\$2,161,128	\$2,707,135	\$864,905
Security of Persons and Property	468,592	732,371	527,665	385,001	383,545	1,730,009
Transportation	37,877	42,063	31,289	0	0	0
Public Health	1,456,947	1,410,674	1,540,597	808,413	760,541	972,093
Community Environment	610,078	651,875	925,482	730,199	784,024	48,534
Economic Development	22,507	151,841	103,089	0	0	0
Leisure Time Activities	84,057	80,801	37,760	27,048	27,514	105,093
Subtotal Charges for Services	<u>4,513,945</u>	<u>4,642,771</u>	<u>5,036,443</u>	<u>4,111,789</u>	<u>4,662,759</u>	<u>3,720,634</u>
Operating Grants and Contributions:						
General Government	182,823	176,343	0	-25,028	27,153	25,028
Security of Persons and Property	332,873	244,034	351,582	58,354	214,611	101,702
Transportation	2,527,797	2,604,665	2,504,273	2,516,671	2,352,792	2,106,496
Public Health	387,009	489,943	404,635	492,717	442,083	473,448
Community Environment	235,190	401,690	224,690	211,784	140,000	159,999
Economic Development	2,196,557	(91,116)	2,751,887	2,908,573	6,195,473	3,736,482
Subtotal Operating Grants and Contributions	<u>5,862,249</u>	<u>3,825,559</u>	<u>6,237,067</u>	<u>6,213,127</u>	<u>9,372,112</u>	<u>6,603,155</u>
Capital Grants and Contributions:						
Transportation	1,478,968	752,315	1,741,684	935,158	1,717,034	4,035,632
Public Health	0	159,690	0	0	0	0
Economic Development	0	0	0	0	0	500,000
Subtotal Capital Grants and Contributions	<u>1,478,968</u>	<u>912,005</u>	<u>1,741,684</u>	<u>935,158</u>	<u>1,717,034</u>	<u>4,535,632</u>
Total Governmental Activities Program Revenues	<u>11,855,162</u>	<u>9,380,335</u>	<u>13,015,194</u>	<u>11,260,074</u>	<u>15,751,905</u>	<u>14,859,421</u>
Business-Type Activities:						
Charges for Services:						
Water Works	8,250,437	7,925,938	8,145,916	8,528,739	8,306,689	8,211,209
Water Pollution Control	11,223,392	10,895,096	10,210,893	9,221,532	8,287,136	7,708,227
Capital Grants and Contributions:						
Water Works	0	0	0	0	0	0
Water Pollution Control	700,813	0	225,000	0	0	0
Total Business-Type Activities Program Revenues	<u>20,174,642</u>	<u>18,821,034</u>	<u>18,581,809</u>	<u>17,750,271</u>	<u>16,593,825</u>	<u>15,919,436</u>
Total Primary Government Program Revenues	<u>32,029,804</u>	<u>28,201,369</u>	<u>31,597,003</u>	<u>29,010,345</u>	<u>32,345,730</u>	<u>30,778,857</u>

(continued)

City of Lorain, Ohio
Changes in Net Assets (continued)
Last Six Years
(accrual basis of accounting)

Expenses	2008	2007	2006	2005	2004	2003
Governmental Activities:						
General Government	\$12,788,107	\$12,812,199	\$12,267,533	\$13,003,383	\$11,596,965	\$18,594,382
Security of Persons and Property	22,346,039	19,390,489	18,573,582	19,197,977	17,624,224	20,151,907
Transportation	13,855,345	14,435,681	14,679,897	14,881,296	15,196,365	6,704,576
Public Health	2,021,791	1,995,300	2,018,981	2,030,073	1,799,704	1,985,041
Community Environment	636,040	1,104,662	696,834	964,323	671,404	770,420
Economic Development	4,623,187	2,926,740	7,417,102	3,736,841	2,538,197	825,936
Leisure Time Activities	1,582,512	501,112	1,188,751	1,266,922	1,139,638	1,311,140
Intergovernmental	0	0	0	0	0	18,420
Interest and Fiscal Charges	2,114,164	1,950,140	2,028,001	1,893,394	1,831,945	1,817,193
<i>Total Governmental Activities Expenses</i>	<u>59,967,185</u>	<u>55,116,323</u>	<u>58,870,681</u>	<u>56,974,209</u>	<u>52,398,442</u>	<u>52,179,015</u>
Business-Type Activities:						
Water Works	7,594,813	7,614,864	7,537,738	7,161,733	7,019,598	7,701,592
Water Pollution Control	9,167,502	9,149,590	9,667,949	8,294,509	8,740,898	9,694,280
<i>Total Business-Type Activities Expenses</i>	<u>16,762,315</u>	<u>16,764,454</u>	<u>17,205,687</u>	<u>15,456,242</u>	<u>15,760,496</u>	<u>17,395,872</u>
<i>Total Primary Government Expenses</i>	<u>76,729,500</u>	<u>71,880,777</u>	<u>76,076,368</u>	<u>72,430,451</u>	<u>68,158,938</u>	<u>69,574,887</u>
Net (Expense)/Revenue						
Governmental Activities	(48,112,023)	(45,735,988)	(45,855,487)	(45,714,135)	(36,646,537)	(37,319,594)
Business-Type Activities	3,412,327	2,056,580	1,376,122	2,294,029	833,329	(1,476,436)
<i>Total Primary Government Net Expense</i>	<u>(44,699,696)</u>	<u>(43,679,408)</u>	<u>(44,479,365)</u>	<u>(43,420,106)</u>	<u>(35,813,208)</u>	<u>(38,796,030)</u>
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Taxes:						
Property Taxes Levied For:						
General Purposes	3,464,435	3,379,848	2,621,152	2,858,521	2,832,304	2,831,646
Police Pension	257,898	310,780	270,002	291,931	260,833	239,884
Fire Pension	257,898	342,860	270,001	279,497	260,833	239,884
Debt Service	1,522,940	1,261,137	1,090,637	1,040,661	953,948	812,483
Municipal Income Taxes Levied For:						
General Purposes	15,938,664	16,308,518	16,809,771	17,087,103	15,163,796	14,211,737
Police Levy	2,234,626	2,296,810	2,367,849	2,484,300	2,488,604	2,346,822
Grants and Entitlements not Restricted to Specific Programs	7,371,329	6,083,171	5,719,663	5,250,113	5,549,380	5,341,015
Investment Earnings	377,061	811,699	690,650	274,833	217,102	162,478
Miscellaneous	460,595	435,314	793,154	366,726	347,717	814,192
Transfers	0	(2,327,231)	0	0	0	0
<i>Total Governmental Activities</i>	<u>\$31,885,446</u>	<u>\$28,902,906</u>	<u>\$30,632,879</u>	<u>\$29,933,685</u>	<u>\$28,074,517</u>	<u>\$27,000,141</u>

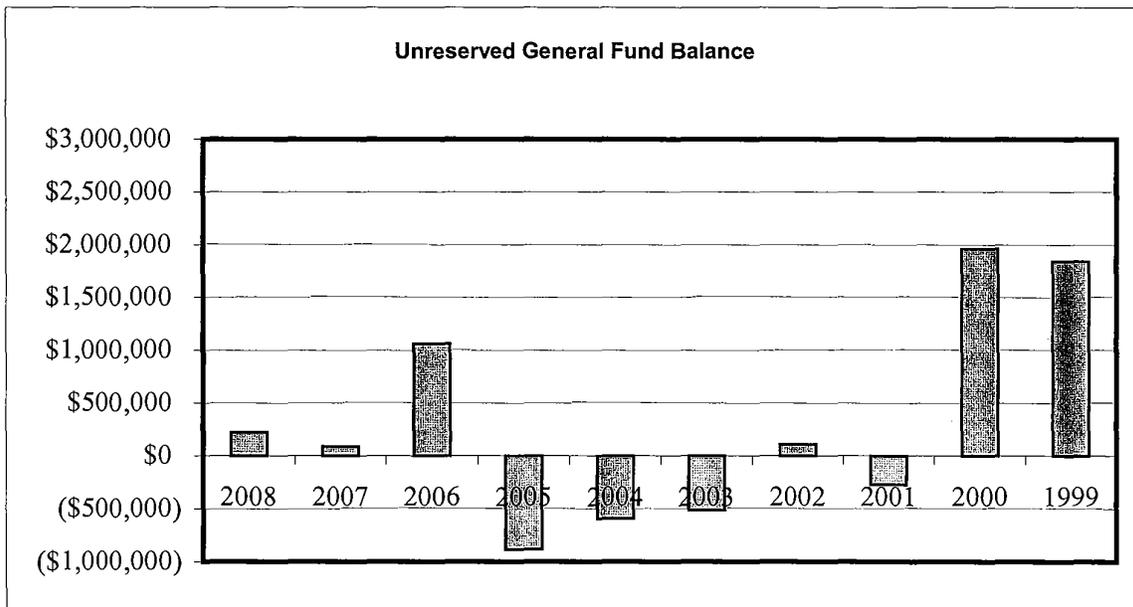
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City of Lorain, Ohio
Changes in Net Assets (continued)
Last Six Years
(accrual basis of accounting)

	2008	2007	2006	2005	2004	2003
Business-Type Activities:						
Investment Earnings	\$39,053	\$110,225	\$104,026	\$56,689	\$9,621	\$88,836
Miscellaneous	21,555	60,374	56,615	45,502	61,739	58,743
Extraordinary Items	0	(693,389)	0	0	0	0
Transfers	0	2,327,231	0	0	0	0
<i>Total Business-Type Activities</i>	<u>60,608</u>	<u>1,804,441</u>	<u>160,641</u>	<u>102,191</u>	<u>71,360</u>	<u>147,579</u>
<i>Total Primary Government</i>	<u>31,946,054</u>	<u>30,707,347</u>	<u>30,793,520</u>	<u>30,035,876</u>	<u>28,145,877</u>	<u>27,147,720</u>
Change in Net Assets						
Governmental Activities	(16,226,577)	(16,833,082)	(15,222,608)	(15,780,450)	(8,572,020)	(10,319,453)
Business-Type Activities	3,472,935	3,861,021	1,536,763	2,396,220	904,689	(1,328,857)
<i>Total Primary Government Change in Net Assets</i>	<u>(\$12,753,642)</u>	<u>(\$12,972,061)</u>	<u>(\$13,685,845)</u>	<u>(\$13,384,230)</u>	<u>(\$7,667,331)</u>	<u>(\$11,648,310)</u>

City of Lorain, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

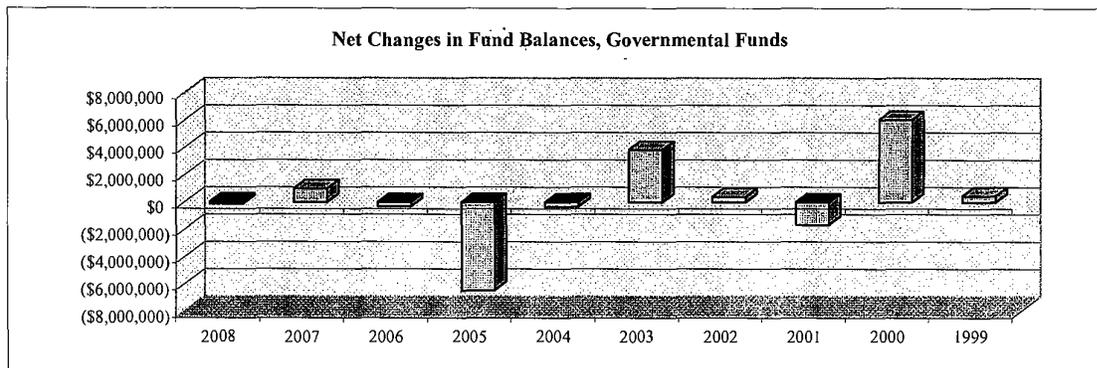
	2008	2007	2006	2005
General Fund				
Reserved	\$246,789	\$687,255	\$168,006	\$659,816
Designated for Capital Acquisitions	0	525,000	0	600,000
Unreserved	222,753	88,414	1,061,018	(884,514)
Total General Fund	469,542	1,300,669	1,229,024	375,302
All Other Governmental Funds				
Reserved	15,034,853	17,348,267	17,895,624	21,566,305
Undesignated, Reported in:				
Special Revenue funds	6,407,782	6,493,381	7,034,810	4,454,830
Debt Service funds	330,314	219,762	188,401	(4,879,317)
Capital Projects funds	242,263	(2,733,331)	(2,337,652)	2,802,085
Total All Other Governmental Funds	22,015,212	21,328,079	22,781,183	23,943,903
Total Governmental Funds	\$22,484,754	\$22,628,748	\$24,010,207	\$24,319,205



2004	2003	2002	2001	2000	1999
\$80,690	\$102,553	\$187,373	\$133,037	\$174,508	\$259,561
0	0	0	0	0	0
(591,250)	(512,337)	109,712	(270,151)	1,961,481	1,842,308
(510,560)	(409,784)	297,085	(137,114)	2,135,989	2,101,869
21,184,019	18,108,163	15,316,367	15,951,299	11,871,733	10,826,644
5,247,036	4,311,495	4,011,279	6,045,194	5,361,983	4,172,718
213,668	124,402	35,518	232,339	726,354	187,972
4,631,159	8,948,048	7,569,861	4,724,622	8,360,691	5,115,114
31,275,882	31,492,108	26,933,025	26,953,454	26,320,761	20,302,448
<u>\$30,765,322</u>	<u>\$31,082,324</u>	<u>\$27,230,110</u>	<u>\$26,816,340</u>	<u>\$28,456,750</u>	<u>\$22,404,317</u>

City of Lorain, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2008	2007	2006	2005	2004
Revenues					
Property Taxes	\$5,433,510	\$5,080,063	\$4,489,307	\$4,440,436	\$4,283,640
Municipal Income Taxes	18,161,503	18,637,946	19,181,559	19,546,306	17,680,283
Charges for Services	1,533,956	1,411,545	1,623,511	1,419,251	1,343,239
Licenses and Permits <i>(includes fines 2002 and prior)</i>	1,015,843	1,188,733	1,431,398	1,098,063	1,167,853
Fines and Forfeitures	1,813,678	1,781,036	1,627,837	1,438,755	1,619,879
Intergovernmental	13,929,093	13,432,851	15,915,009	13,260,054	16,814,124
Special Assessments	71,717	71,842	82,614	73,280	122,704
Interest	377,061	811,699	690,650	274,833	217,102
Miscellaneous	449,983	425,077	790,843	359,769	338,478
Total Revenues	42,786,344	42,840,792	45,832,728	41,910,747	43,587,302
Expenditures					
Current:					
General Government	9,751,483	8,817,909	7,783,356	10,178,686	7,472,394
Security of Persons and Property	21,024,167	19,449,378	19,158,303	18,735,767	18,334,999
Transportation	3,431,181	3,284,017	2,770,818	3,002,534	2,261,567
Public Health	2,050,837	1,992,874	2,007,742	2,058,113	1,872,129
Community Environment	639,207	1,095,395	792,667	869,283	715,893
Economic Development	3,830,250	2,882,602	7,386,562	3,606,065	2,606,100
Leisure Time Activities	1,269,838	1,178,575	1,002,442	1,037,882	1,009,957
Intergovernmental	0	0	0	0	0
Capital Outlay	3,938,553	3,227,967	5,037,231	4,918,114	8,707,726
Debt Service:					
Principal Retirement	2,979,133	2,427,744	2,297,103	11,027,373	5,672,618
Interest and Fiscal Charges	1,970,367	1,879,931	2,010,962	1,950,882	1,753,457
Bond Issuance Costs	136,664	326,044	82,219	0	0
Total Expenditures	51,021,680	46,562,436	50,329,405	57,384,699	50,406,840
Excess of Revenues Under Expenditures	(8,235,336)	(3,721,644)	(4,496,677)	(15,473,952)	(6,819,538)
Other Financing Sources (Uses)					
Capital Lease Proceeds	23,995	1,425,000	0	1,849,994	0
Sale of Fixed Assets	0	0	20,128	0	0
Payment to Police and Fire Pension	0	0	0	0	0
Bonds Issued	5,440,000	2,595,000	1,510,000	2,297,663	0
Refunding Bonds Issued	0	4,970,000	0	0	0
Notes Issued	0	0	0	4,750,000	4,150,000
Loans Received	2,700,683	507,572	2,652,923	130,178	2,352,536
Premium on Debt Issuance	0	1,072	4,628	0	0
Discount on Debt Issuance	(73,336)	(52,476)	0	0	0
Payment to Refunded Bond Escrow Agent	0	(4,715,431)	0	0	0
Transfers In	2,188,546	2,697,744	1,749,236	1,995,288	1,853,219
Transfers Out	(2,188,546)	(2,697,744)	(1,749,236)	(1,995,288)	(1,853,219)
Total Other Financing Sources (Uses)	8,091,342	4,730,737	4,187,679	9,027,835	6,502,536
Net Change in Fund Balances	(\$143,994)	\$1,009,093	(\$308,998)	(\$6,446,117)	(\$317,002)
Debt Service as a Percentage of Noncapital Expenditures	12.1%	11.4%	10.2%	32.9%	21.7%



2003	2002	2001	2000	1999
\$3,908,597	\$3,394,317	\$3,492,363	\$3,955,169	\$3,593,074
16,553,650	16,510,556	16,784,765	17,811,594	16,365,072
1,247,753	1,119,774	956,437	938,448	439,434
785,860	3,123,925	2,378,314	2,296,516	2,061,198
1,658,464	0	0	0	0
12,104,895	12,079,479	19,313,513	13,664,775	14,795,431
174,799	324,659	158,630	179,267	215,025
162,478	201,577	395,523	490,884	321,895
814,192	956,052	771,020	174,536	891,588
<u>37,410,688</u>	<u>37,710,339</u>	<u>44,250,565</u>	<u>39,511,189</u>	<u>38,682,717</u>
6,772,792	6,812,397	6,675,722	7,007,186	6,569,957
16,750,969	17,422,517	18,345,606	17,944,155	17,237,827
2,578,166	1,902,093	2,552,311	3,647,614	2,665,990
1,711,340	1,590,199	1,723,442	1,780,974	1,723,641
653,685	612,126	719,872	685,051	710,623
24,835	6,887,067	5,171,564	4,628,864	3,356,598
1,090,889	934,524	1,562,013	1,483,343	1,493,082
18,420	0	0	0	0
5,376,919	9,240,850	6,323,085	1,677,727	2,938,879
8,105,592	3,037,428	3,172,538	2,842,366	2,121,041
1,811,630	1,531,863	1,320,476	1,393,106	936,514
475,530	0	0	0	90,519
<u>45,370,767</u>	<u>49,971,064</u>	<u>47,566,629</u>	<u>43,090,386</u>	<u>39,844,671</u>
<u>(7,960,079)</u>	<u>(12,260,725)</u>	<u>(3,316,064)</u>	<u>(3,579,197)</u>	<u>(1,161,954)</u>
0	182,910	125,096	765,827	0
0	0	558	1,100	1,183
0	0	0	0	(1,925,317)
6,245,000	8,905,000	0	4,814,703	2,045,297
0	0	0	0	0
4,945,000	1,320,000	1,550,000	1,550,000	1,550,000
603,346	2,247,999	0	2,500,000	0
18,947	18,586	0	0	0
0	0	0	0	0
0	0	0	0	0
2,719,525	2,557,146	2,270,090	2,641,825	1,955,445
<u>(2,719,525)</u>	<u>(2,557,146)</u>	<u>(2,270,090)</u>	<u>(2,641,825)</u>	<u>(1,985,271)</u>
<u>11,812,293</u>	<u>12,674,495</u>	<u>1,675,654</u>	<u>9,631,630</u>	<u>1,641,337</u>
<u>\$3,852,214</u>	<u>\$413,770</u>	<u>(\$1,640,410)</u>	<u>\$6,052,433</u>	<u>\$479,383</u>
33.0%	12.6%	12.2%	11.4%	9.0%

City of Lorain, Ohio
 Assessed Valuation and Estimated True Values of Taxable Property
 Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated True Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU			Assessed Value
2008	\$ 733,306,300	\$ 177,358,300	\$ 2,601,898,857	\$ 59,834,380	\$ 67,993,614
2007	746,514,550	175,555,690	2,634,486,400	62,526,510	71,052,852
2006	738,092,310	169,800,110	2,593,978,343	70,128,370	79,691,330
2005	650,032,220	162,381,030	2,321,180,714	74,269,390	84,397,034
2004	638,438,820	166,955,950	2,301,127,914	77,299,320	87,840,136
2003	627,918,840	162,388,030	2,258,019,629	79,467,680	90,304,182
2002	567,733,170	154,998,600	2,064,947,914	83,021,680	94,342,818
2001	557,481,320	156,616,820	2,040,280,400	41,909,630	47,624,580
2000	553,650,080	162,513,030	2,046,180,314	64,043,280	72,776,455
1999	454,088,000	153,275,320	1,735,323,771	67,935,340	77,199,250

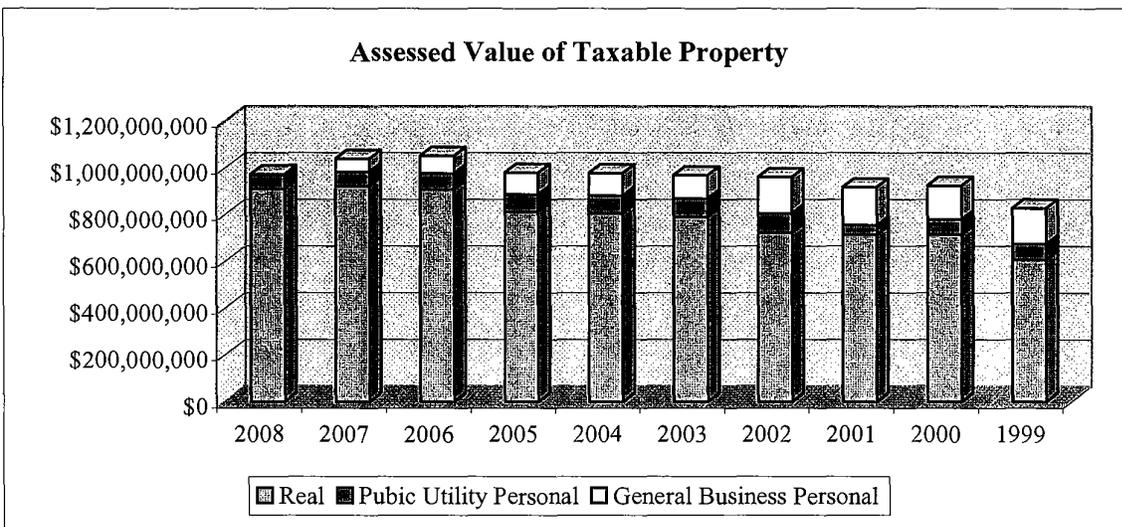
Property is assessed every year. The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in years prior to 2006 at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property started being phased out in 2006. For collection year 2007 both types of general business tangible personal property were assessed at 12.5 percent. The percentage is 6.25 percent for 2008, and will be zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Source: Lorain County, Ohio; County Auditor

Tangible Personal Property

General Business		Total		Ratio	Tax Rate Per per \$1,000 of Assessed Value
Assessed Value	Estimated True Value	Assessed Value	Estimated True Value		
\$ 3,281,400	\$ 52,502,400	\$ 973,780,380	\$ 2,722,394,871	35.77%	\$4.96
56,325,250	450,602,000	1,040,922,000	3,156,141,252	32.98	4.96
75,436,138	402,326,069	1,053,456,928	3,075,995,742	34.25	4.96
94,023,132	408,796,226	980,705,772	2,814,373,974	34.85	4.96
96,508,986	419,604,287	979,203,076	2,808,572,338	34.86	4.96
99,372,980	432,056,435	969,147,530	2,780,380,245	34.86	4.96
155,635,990	676,678,217	961,389,440	2,835,968,950	33.90	4.96
161,585,020	702,543,565	917,592,790	2,790,448,545	32.88	4.96
145,004,768	630,455,513	925,211,158	2,749,412,282	33.65	4.96
152,994,550	665,193,696	828,293,210	2,477,716,717	33.43	4.96



City of Lorain, Ohio
Property Tax Rates - Direct and Overlapping Governments
 (Per \$1,000 of Assessed Valuation)
 Last Seven Years

	2008	2007	2006	2005	2004	2003	2002
Unvoted Millage							
Operating	\$3.3600	\$3.3600	\$3.3600	\$3.3600	\$3.3600	\$3.3600	\$3.3600
Bond Retirement	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Fire Pension	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Police Pension	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
<i>Total Unvoted Millage</i>	<u>\$4.9600</u>						
Overlapping Rates by Taxing District							
Lorain City School District							
Residential/Agricultural Real	\$26.620358	\$26.401790	\$26.294987	\$28.904986	\$28.986588	\$29.418314	\$31.716636
Commerical/Industrial and Public Utility Real	49.065013	49.460471	48.869978	51.125934	50.102276	50.206799	52.027793
General Business and Public Utility Personal	59.680000	59.410000	59.410000	59.610000	59.610000	59.960000	59.960000
Amherst Exempted School District							
Residential/Agricultural Real	31.747243	24.664626	24.849649	26.921603	26.982197	27.180335	27.407719
Commerical/Industrial and Public Utility Real	35.665123	28.879896	29.412375	32.090072	32.488818	32.668111	32.491424
General Business and Public Utility Personal	67.680000	60.560000	60.660000	60.980000	60.980000	61.050000	59.880000
Vermilion City School District							
Residential/Agricultural Real	29.877602	31.010390	30.400024	25.550044	25.607768	25.550035	27.787240
Commerical/Industrial and Public Utility Real	52.644888	53.885384	50.761422	49.070040	45.305123	44.665976	46.069561
General Business and Public Utility Personal	67.670000	68.800000	68.300000	63.450000	63.450000	63.450000	64.100000
Clearview City School District							
Residential/Agricultural Real	35.298400	35.062174	28.837199	29.132649	29.854798	29.611787	30.481588
Commerical/Industrial and Public Utility Real	35.665762	35.385118	28.884064	29.153153	30.021832	29.800013	30.847937
General Business and Public Utility Personal	52.510000	52.290000	46.090000	46.340000	47.340000	47.100000	47.850000
Firelands Local School District							
Residential/Agricultural Real	24.392658	24.550690	24.210033	24.690030	24.690006	24.820006	28.290016
Commerical/Industrial and Public Utility Real	24.602755	24.696224	24.210027	27.476008	27.556536	27.853060	32.396895
General Business and Public Utility Personal	47.020000	47.060000	47.010000	47.490000	47.490000	47.620000	51.090000
Elyria City School District							
Residential/Agricultural Real	31.736220	31.509357	27.570005	29.977001	26.237827	26.501241	27.423155
Commerical/Industrial and Public Utility Real	38.753910	38.253750	34.092496	36.500243	32.767017	33.199831	34.402062
General Business and Public Utility Personal	63.500000	63.300000	59.400000	60.230000	56.480000	56.730000	56.810000

(continued)

City of Lorain, Ohio
Property Tax Rates - Direct and Overlapping Governments (continued)
 (Per \$1,000 of Assessed Valuation)
 Last Six Years

	2008	2007	2006	2005	2004	2003	2002
Lorain County							
Residential/Agricultural Real	\$10.937983	\$10.961756	\$10.926994	\$12.174480	\$10.759740	\$10.121297	\$10.549476
Commerical/Industrial and Public Utility Real	11.843570	11.906101	11.818414	12.779647	12.030494	11.667702	11.992323
General Business and Public Utility Personal	13.390000	13.390000	13.490000	13.490000	13.190000	12.890000	12.890000

Source: County Auditor

Notes: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The City's basic property tax rate may be increased only by a majority vote of the City's residents.

The real property tax rates for the voted levies of the overlapping taxing districts are reduced so that inflationary increases in value do not generate additional revenue.

Overlapping rates are those of local and county governments that apply to property owners within the City.

Information prior to 2002 is not available.

City of Lorain, Ohio
Property Tax Levies and Collections
Real and Public Utility Taxes
Last Ten Years

<u>Year</u>	<u>Current Tax Levy (1)</u>	<u>Current Tax Collections (1)</u>	<u>Percent Collected</u>	<u>Delinquent Tax Collections (3)</u>
2008	\$4,448,907	\$4,141,595	93.1%	\$197,196
2007	4,427,436	4,135,641	93.4	179,211
2006	4,022,380	3,814,286	94.8	125,930
2005	3,996,835	3,805,202	95.2	140,840
2004	3,956,482	3,773,999	95.4	124,093
2003	3,665,134	3,483,359	95.0	132,140
2002	3,458,430	3,232,113	93.5	102,721
2001	3,569,077	3,345,912	93.7	116,101
2000	3,066,578	2,922,999	95.3	115,157
1999	3,183,610	2,910,261	91.4	107,157

Source: Lorain County Auditor

- (1). State Reimbursement of Rollback and Homestead Exemptions are included.
- (2). Penalties and interest are included, since by Ohio Law they become part of the tax obligation as assessment occurs.
- (3). The Lorain County Auditor does not identify delinquent collections by year.

Total Tax Collections	Percent of Total Collections To Current Tax Levy	Accumulated Outstanding Delinquent Taxes (2)	Percent of Delinquent Taxes To Current Tax Levy
\$4,338,791	97.5%	\$340,866	7.7%
4,314,852	97.5	451,061	10.2
3,940,217	98.0	372,022	9.2
3,946,042	98.7	333,010	8.3
3,898,092	98.5	302,980	7.7
3,615,499	98.6	300,673	8.2
3,334,835	96.4	247,367	7.2
3,462,013	97.0	251,934	7.1
3,038,157	99.1	246,327	8.0
3,017,418	94.8	352,399	11.1

City of Lorain, Ohio
Principal Real Property Taxpayers
2008 and 1999

Taxpayer	2008		
	Real Property Assessed Valuation	Rank	Percentage of Total Real Property Assessed Valuation
Firstenergy Generation	\$35,426,110	1	3.89%
Ohio Edison	16,894,670	2	1.86
Industrias CH, S.A. de C.V. (REP) (1)	6,392,590	3	0.70
IRG Lorain LLC	5,978,760	4	0.66
American Transmission	5,969,390	5	0.66
Oster Construction Inc	5,864,230	6	0.64
Cleveland Clinic	4,425,570	7	0.49
Lexington Trank Lorain	3,535,670	8	0.39
Columbia Gas of Ohio	2,810,000	9	0.31
Soccer Ventures LLC	2,801,650	10	0.31
	<u>\$90,098,640</u>		<u>17.44%</u>
Total Real Property Assessed Valuation	<u>\$910,664,600</u>		

Taxpayer	1999		
	Real Property Assessed Valuation	Rank	Percentage of Total Real Property Assessed Valuation
Ohio Edison	\$48,709,120	1	8.02%
Ford Motor Company	17,473,770	2	2.89
Lorain Tubular/Republic Technologies (2)	13,605,490	3	2.25
Century Telephone Company	12,179,210	4	2.01
South Shore Community Development Corp.	10,693,730	5	1.77
Columbia Gas of Ohio, Inc.	8,366,100	6	1.38
KeyBank	3,678,680	7	0.61
Lake Terminal Railroad	2,461,620	8	0.41
Marconi Communications (3)	2,174,550	9	0.36
Lakeland Medical	1,529,050	10	0.25
	<u>\$120,871,320</u>		<u>19.96%</u>
Total Real Property Assessed Valuation	<u>\$607,363,320</u>		

Source: County Auditor

(1) Lorain Tubular/Republic Technologies in 1999

(2) Formerly USS Kobe

(3) Formerly Reliance Electric Electric

City of Lorain, Ohio
Principal Personal Property Taxpayers
2008 and 1999

Taxpayer	2008		
	Personal Property Assessed Valuation	Rank	Percentage of Total Personal Property Assessed Valuation
Industrias CH, S.A. de C.V. (REP)	* \$11,104,430	1	17.59%
United States Steel	* 5,479,010	2	8.10
CenturyTel of Ohio, Inc	2,743,880	3	4.06
Emerson Network Power	** 1,133,340	4	1.68
Brush Wellman	424,370	5	0.63
Cap Exchange I LLC	346,160	6	0.51
Joyce Buick Pontiac Inc.	331,960	7	0.49
Joe Firment Chevrolet Inc	314,080	8	0.46
P C Campana	311,770	9	0.46
Praxair Inc.	609,110	10	0.90
	<u>\$22,798,110</u>		<u>36.12%</u>
Total Personal Property Assessed Valuation	<u>\$63,115,780</u>		

Taxpayer	1999		
	Personal Property Assessed Valuation	Rank	Percentage of Total Personal Property Assessed Valuation
Lorain Tubular/Republic Technologies Int'l	\$81,495,410	1	36.89%
Ford Motor Company (Lorain)	10,021,390	2	4.54
Marconi Communications	9,596,970	3	4.34
LTV Steel	5,859,110	4	2.65
P C Campana Inc.	2,086,280	5	0.94
K Mart Corporation	1,912,010	6	0.87
Praxair Inc.	1,545,060	7	0.70
Joe Firment Chevrolet	1,065,630	8	0.48
National Gypsum Company	1,357,200	9	0.61
Parnassos L P	1,127,630	10	0.51
	<u>\$116,066,690</u>		<u>52.54%</u>
Total Personal Property Assessed Valuation	<u>\$220,930,000</u>		

Source: County Auditor

* USS/Kobe in 1998

** RELTEC-Lorain Products in 1998

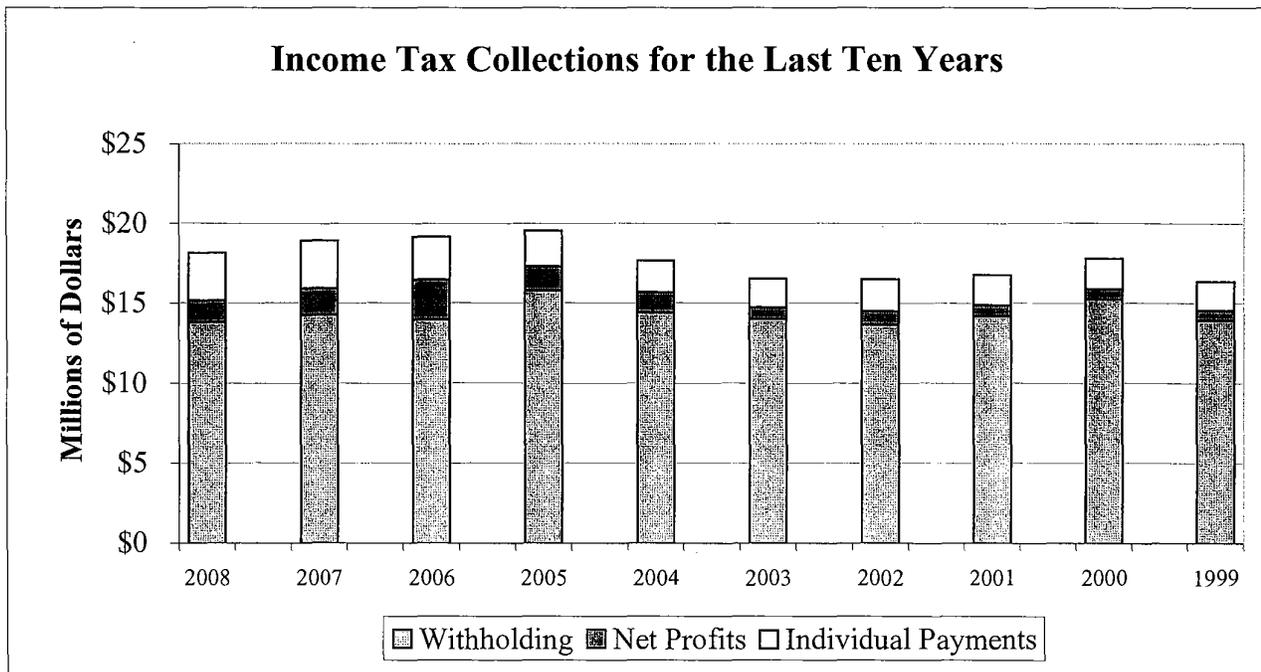
City of Lorain, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

(Modified Accrual Basis of Accounting)

Tax Year	Tax Rate (1)	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individual Payments	Percentage of Taxes from Individual Payments
2008	2.00%	\$18,173,290	\$13,819,221	76.04%	\$1,360,907	7.49%	\$2,993,162	16.47%
2007	2.00	18,637,946	14,273,446	76.58	1,654,349	8.88	2,996,184	16.08
2006	2.00	19,181,559	13,985,760	72.91	2,496,101	13.01	2,699,698	14.07
2005	2.00	19,546,306	15,807,433	80.87	1,492,483	7.64	2,246,390	11.49
2004	1.75	17,680,283	14,416,263	81.54	1,268,333	7.17	1,995,688	11.29
2003	1.75	16,553,650	14,024,630	84.72	723,263	4.37	1,805,758	10.91
2002	1.75	16,510,556	13,678,055	82.84	826,394	5.01	2,006,108	12.15
2001	1.75	16,784,765	14,193,981	84.56	684,904	4.08	1,905,880	11.35
2000	1.75	17,811,594	15,254,257	85.64	633,626	3.56	1,923,711	10.80
1999	1.75	16,365,072	13,936,742	85.16	598,620	3.66	1,829,710	11.18

Source: City of Lorain Income Tax Department/MITS System - years are tax years.

(1) Effective March 1, 2005 City of Lorain Electors voted to increase the City income tax by .25%.



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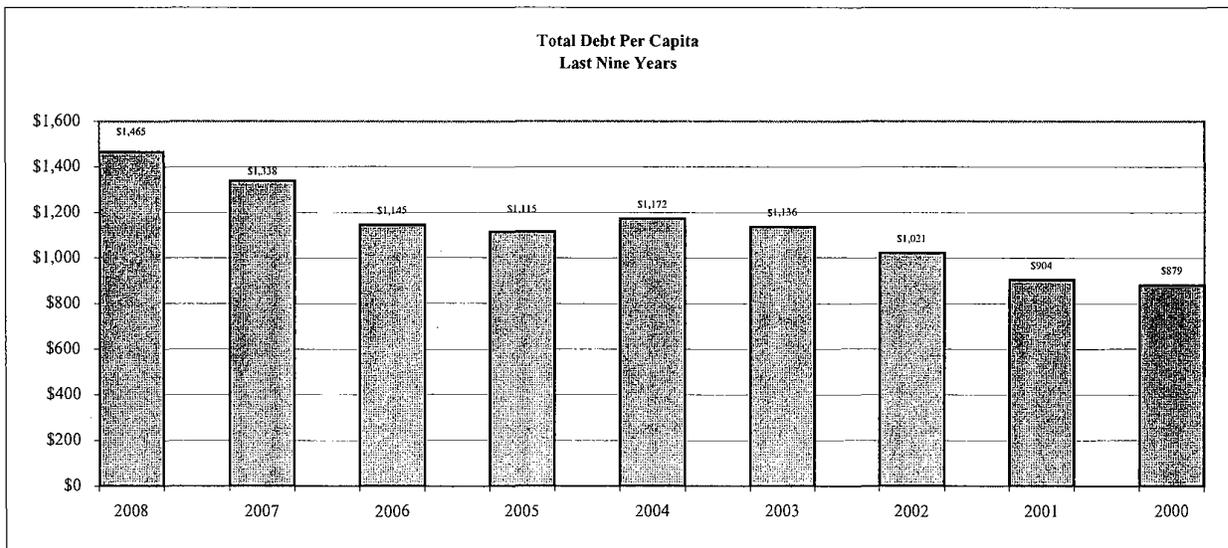
City of Lorain, Ohio
Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Nine Years (1)

Year	Governmental Activities						ODOD	ODOT
	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Capital Leases	Bond Anticipation Notes	HUD Loans	Urban Redevelopment Loans	State Infrastructure Loans
2008	\$31,714,580	\$467,691	\$2,818,314	\$2,385,686	\$0	\$5,005,000	\$2,296,943	\$1,454,600
2007	27,731,792	567,014	2,088,849	2,832,561	0	5,455,000	1,240,041	1,062,114
2006	26,222,206	664,719	2,159,087	1,793,667	0	5,900,000	1,240,041	953,999
2005	25,998,851	762,423	1,873,525	2,099,227	0	6,345,000	0	0
2004	24,734,873	860,127	1,904,310	425,643	4,150,000	6,785,000	0	0
2003	25,967,169	1,012,831	1,855,801	592,393	3,625,000	4,955,000	0	0
2002	21,419,262	565,738	1,350,995	769,684	1,320,000	5,325,000	0	0
2001	13,518,855	693,145	1,193,584	750,112	1,550,000	3,570,000	0	0
2000	14,458,448	820,552	60,102	803,491	1,550,000	3,845,000	0	0

(1) Information prior to 2000 not available

Note: Population and Personal Income data are presented on page S32.

Business-Type Activities							
Installment Loans	General Obligation Bonds	Mortgage Revenue Bonds	Capital Leases	OWDA Loans	Total Debt	Percentage of Personal Income	Per Capita
\$193,716	\$1,041,120	\$7,074,036	\$208,364	\$48,074,819	\$102,734,869	7.86%	\$1,465
250,000	1,207,975	8,138,159	256,966	43,621,429	94,451,900	7.60	1,338
0	1,363,756	9,147,462	0	28,225,785	77,670,722	7.01	1,145
0	1,510,777	10,106,765	119,375	27,730,126	76,546,069	6.82	1,115
0	1,550,000	11,363,032	132,395	28,524,772	80,430,152	7.17	1,172
0	1,885,000	12,282,802	144,780	25,654,980	77,975,756	6.95	1,136
0	2,215,000	13,152,600	156,561	23,846,979	70,121,819	6.25	1,021
0	2,540,000	13,992,398	0	24,258,376	62,066,470	5.53	904
0	2,865,000	14,787,196	0	21,179,116	60,368,905	5.38	879



City of Lorain, Ohio
Ratio of General Obligation Bonded Debt to Estimated
True Value and Bonded Debt Per Capita
Last Ten Years

Year	Population (1)		Estimated True Value of Taxable Property (2)	Gross Bonded Debt (3)	Ratio of Bonded Debt to Estimated True Value of Taxable Property	Bonded Debt Per Capita
2008	70,124	e	\$2,722,394,871	\$31,714,580	1.16 %	\$452.26
2007	70,592	d	3,156,141,252	27,731,792	0.88	392.85
2006	67,820	c	3,075,995,742	26,222,206	0.85	386.64
2005	68,652	b	2,814,373,974	25,998,851	0.92	378.70
2004	68,652	b	2,808,572,338	24,734,873	0.88	360.29
2003	68,652	b	2,780,380,245	25,967,169	0.93	378.24
2002	68,652	b	2,835,968,950	21,419,262	0.76	312.00
2001	68,652	b	2,790,448,545	13,518,855	0.48	196.92
2000	68,652	a	2,749,412,282	14,458,448	0.53	210.60
1999	69,800	a	2,477,746,717	10,363,041	0.42	148.47

Sources:

- (1) U. S. Bureau of Census, Census of Population.
 - (a) 1990 Federal Census
 - (b) 2000 Federal Census
 - (c) 2006 estimate
 - (d) 2007 estimate
 - (e) 2008 estimate
- (2) County Auditor
- (3) Includes all general obligation bonded debt with the exception of Special Assessment debt.

City of Lorain, Ohio
 Computation of Direct and Overlapping Governmental Activities Debt
 December 31, 2008

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Lorain			
General Obligation Bonds	\$31,714,580	100.00 %	\$31,714,580
Special Assessment Bonds	467,691	100.00	467,691
OPWC Loans	2,818,314	100.00	2,818,314
Capital Leases	2,385,686	100.00	2,385,686
HUD Loans	5,005,000	100.00	5,005,000
Public Improvement Installment Loans	193,716	100.00	193,716
ODOD Urban Redevelopment Loans	2,296,943	100.00	2,296,943
ODOT State Infrastructure Loans	1,454,600	100.00	1,454,600
<i>Total Direct Debt</i>	<u>46,336,530</u>		<u>46,336,530</u>
Overlapping			
Lorain City School District			
General Obligation Bonds	37,068,843	100.00%	37,068,843
Amherst Exempted School District			
General Obligation Bonds	17,501,747	28.92%	5,061,505
Vermilion City School District			
General Obligation Bonds	7,001,818		
Capital Leases	36,963	11.70%	823,537
Clearview City School District			
General Obligation Bonds	4,925,000		
Capital Leases	243,103	34.78%	1,797,466
Firelands Local School District			
General Obligation Bonds	-		
Capital Leases	60,566	1.68%	1,018
Elyria City School District			
General Obligation Bonds	45,702,825		
Capital Leases	5,300,568	0.22%	112,207
County			
General Obligation Bonds	<u>26,435,000</u>	18.44%	<u>4,874,614</u>
<i>Total Overlapping Debt</i>	<u>144,276,433</u>		<u>49,739,190</u>
Total	<u><u>\$190,612,963</u></u>		<u><u>\$96,075,720</u></u>

Source: County Auditor

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

City of Lorain, Ohio

Legal Debt Margin

Last Ten Years

	2008	2007	2006	2005	2004
General Bonded Debt Outstanding:					
General Obligation Bonds	\$32,071,189	\$28,030,011	\$26,201,525	\$25,981,800	\$24,734,873
Special Assessment Bonds	467,691	567,014	664,719	762,423	860,127
Enterprise Fund General Obligation Bonds	1,041,120	1,207,975	1,363,756	1,510,777	1,550,000
Enterprise Fund Revenue Bonds	7,260,000	8,390,000	9,465,000	10,398,234	11,363,032
Bond Anticipation Notes	2,019,000	5,385,000	5,900,000	5,495,000	4,150,000
OPWC Loans	2,818,314	2,088,849	2,159,087	1,873,525	1,904,310
Real Estate Acquisition Loan	0	0	0	0	0
Public Improvement Installment Loans	193,716	250,000	0	0	0
Total Gross Indebtedness	45,871,030	45,918,849	45,754,087	46,021,759	44,562,342
Percentage of Estimated Actual					
Property Value	4.71%	4.41%	4.34%	4.73%	4.55%
Assessed Property Value	973,780,380	1,040,922,000	1,053,456,928	973,780,380	979,203,076
Total Debt Per Capita	654	650	675	670	649
Population	70,124	70,592	67,820	68,652	68,652
Less Exempt Debt:					
General Obligation Bonds - Energy Conservation	(1,878,880)	(2,102,025)	(2,316,244)	(2,499,223)	0
General Obligation Bonds - Urban Renewal	(12,165,000)	(12,225,000)	(10,420,000)	(9,020,000)	(9,125,000)
General Obligation Bonds - Pension	(1,565,000)	(1,625,000)	(1,685,000)	(1,740,000)	(1,795,000)
Special Assessment Bonds	(467,691)	(567,014)	(664,719)	(762,423)	(860,127)
Bond Anticipation Notes - Special Assessment Portion	(1,214,439)	(297,439)	(297,439)	(271,665)	0
Enterprise Fund General Obligation Bonds	(1,041,120)	(1,207,975)	(1,363,756)	(1,510,777)	(1,550,000)
Enterprise Fund Revenue Bonds	(7,260,000)	(8,390,000)	(9,147,462)	(10,106,765)	(11,465,000)
Total Net Debt Applicable to Debt Limit	20,278,900	19,504,396	19,859,467	20,110,906	19,767,215
Overall Legal Debt Limit					
10 1/2% of Assessed Valuation	102,246,940	109,296,810	110,612,977	102,246,940	102,816,323
Legal Debt Margin Within 10 1/2% Limitations	\$81,968,040	\$89,792,414	\$90,753,510	\$82,136,034	\$83,049,108
Legal Debt Margin as a Percentage of the Debt Limit	80.17%	82.15%	82.05%	80.33%	80.77%
Unvoted Debt Limitation					
5 1/2% of Assessed Valuation	\$53,557,921	\$57,250,710	\$57,940,131	\$53,557,921	\$53,856,169
Net Unvoted Indebtedness Authorized by Council	45,540,591	45,698,909	45,565,686	46,313,228	44,695,638
Less Exempt Debt:					
General Obligation Bonds - Energy Conservation	(1,878,880)	(2,102,025)	(2,316,244)	(2,499,223)	0
General Obligation Bonds - Urban Renewal	(12,165,000)	(12,225,000)	(10,420,000)	(9,020,000)	(9,125,000)
General Obligation Bonds - Pension	(1,565,000)	(1,625,000)	(1,685,000)	(1,740,000)	(1,795,000)
Special Assessment Bonds	(467,691)	(567,014)	(664,719)	(762,423)	(860,127)
Bond Anticipation Notes - Special Assessment Portion	(1,214,439)	(297,439)	(297,439)	(271,665)	0
Enterprise Fund General Obligation Bonds	(1,041,120)	(1,207,975)	(1,363,756)	(1,510,777)	(1,550,000)
Enterprise Fund Revenue Bonds	(7,260,000)	(8,390,000)	(9,147,462)	(10,106,765)	(11,465,000)
Net Debt Within 5 1/2% Limitations	19,948,461	19,284,456	19,671,066	20,402,375	19,900,511
Unvoted Legal Debt Margin Within 5 1/2% Limitations	\$33,609,460	\$37,966,254	\$38,269,065	\$33,155,546	\$33,955,658
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	62.75%	66.32%	66.05%	61.91%	63.05%

Source: City Financial Records

2003	2002	2001	2000	1999
\$25,967,169	\$21,419,262	\$13,518,855	\$14,458,448	\$10,363,041
1,012,831	565,738	693,145	820,552	982,959
1,885,000	2,215,000	2,540,000	2,865,000	3,180,000
12,282,802	13,152,600	13,992,398	14,787,196	15,546,966
3,625,000	4,809,000	1,850,000	1,550,000	1,550,000
1,855,801	1,350,995	1,193,584	60,102	57,172
17,787	63,505	108,792	78,069	102,011
0	0	0	0	0
<u>46,646,390</u>	<u>43,576,100</u>	<u>33,896,774</u>	<u>34,619,367</u>	<u>31,782,149</u>
4.81%	4.53%	3.69%	3.74%	3.84%
969,147,530	961,389,440	917,592,790	925,211,158	828,293,210
679	635	494	504	455
68,652	68,652	68,652	68,652	69,800
0	0	0	0	0
(9,225,000)	(4,850,000)	(4,850,000)	(4,850,000)	0
(1,845,000)	(1,895,000)	(1,945,000)	(1,990,000)	(2,035,000)
(1,012,831)	(565,738)	(693,145)	(820,552)	(982,959)
0	(571,830)	(571,830)	(417,330)	(417,330)
(1,885,000)	(2,215,000)	(2,540,000)	(2,865,000)	(3,180,000)
<u>(12,282,802)</u>	<u>(13,152,600)</u>	<u>(13,992,398)</u>	<u>(14,787,196)</u>	<u>(15,546,966)</u>
20,395,757	20,325,932	9,304,401	8,889,289	9,619,894
<u>101,760,491</u>	<u>100,945,891</u>	<u>96,347,243</u>	<u>97,147,172</u>	<u>86,970,787</u>
<u>\$81,364,734</u>	<u>\$80,619,959</u>	<u>\$87,042,842</u>	<u>\$88,257,883</u>	<u>\$77,350,893</u>
79.96%	79.86%	90.34%	90.85%	88.94%
\$53,303,114	\$52,876,419	\$50,467,603	\$50,886,614	\$45,556,127
46,683,596	43,456,331	33,896,774	33,970,285	31,743,396
0	0	0	0	0
(9,225,000)	(4,850,000)	(4,850,000)	(4,850,000)	0
(1,845,000)	(1,895,000)	(1,945,000)	(1,990,000)	(2,035,000)
(1,012,831)	(565,738)	(693,145)	(820,552)	(982,959)
0	(571,830)	(571,830)	(417,330)	(417,330)
(1,885,000)	(2,215,000)	(2,540,000)	(2,865,000)	(3,180,000)
<u>(12,282,802)</u>	<u>(13,152,600)</u>	<u>(13,992,398)</u>	<u>(14,787,196)</u>	<u>(15,546,966)</u>
20,432,963	20,206,163	9,304,401	8,240,207	9,581,141
<u>\$32,870,151</u>	<u>\$32,670,256</u>	<u>\$41,163,202</u>	<u>\$42,646,407</u>	<u>\$35,974,986</u>
61.67%	61.79%	81.56%	83.81%	78.97%

City of Lorain, Ohio
Pledged Revenue Coverage
Water Works
Last Ten Years

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net Available Revenue:					
Gross Revenues	\$8,271,992	\$7,966,168	\$8,191,235	\$8,555,713	\$8,342,495
Less: Operating Expenses (1)	6,065,246	5,963,954	5,829,936	5,590,805	5,407,940
Net Available Revenue	<u>2,206,746</u>	<u>2,002,214</u>	<u>2,361,299</u>	<u>2,964,908</u>	<u>2,934,555</u>
Debt Service - Revenue Bonds:					
Principal	510,000	485,000	465,000	440,000	420,000
Interest	283,810	308,691	331,971	353,698	365,739
Revenue Bond Coverage	<u>2.78</u>	<u>2.52</u>	<u>2.96</u>	<u>3.74</u>	<u>3.73</u>
Debt Service OWDA Loans:					
Principal	424,661	381,205	357,855	347,012	618,077
Interest	480,599	464,934	483,902	502,049	449,519
OWDA Coverage	<u>2.44</u>	<u>2.37</u>	<u>2.81</u>	<u>3.49</u>	<u>2.75</u>
Total Debt Service:					
Principal	934,661	866,205	822,855	787,012	1,038,077
Interest	764,409	773,625	815,873	855,747	815,258
Total Coverage	<u>1.30</u>	<u>1.22</u>	<u>1.44</u>	<u>1.80</u>	<u>1.58</u>

(1) Operating expenses do not include depreciation and amortization expenses.

Source: City Auditor

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$8,249,924	\$7,958,375	\$7,493,865	\$5,183,848	\$5,482,568
6,165,744	5,679,672	4,122,439	4,774,381	5,705,652
<u>2,084,180</u>	<u>2,278,703</u>	<u>3,371,426</u>	<u>409,467</u>	<u>(223,084)</u>
400,000	385,000	365,000	350,000	335,000
393,397	411,245	428,053	443,608	458,168
<u>2.63</u>	<u>2.86</u>	<u>4.25</u>	<u>0.52</u>	<u>(0.28)</u>
558,391	501,990	450,053	312,114	229,160
393,056	423,719	406,864	222,525	107,863
<u>2.19</u>	<u>2.46</u>	<u>3.93</u>	<u>0.77</u>	<u>(0.66)</u>
958,391	886,990	815,053	662,114	564,160
786,453	834,964	834,917	666,133	566,031
<u>1.19</u>	<u>1.32</u>	<u>2.04</u>	<u>0.31</u>	<u>(0.20)</u>

City of Lorain, Ohio
Pledged Revenue Coverage
Water Pollution Control
Last Ten Years

	2008	2007	2006	2005	2004
Net Available Revenue:					
Gross Revenues	\$11,223,392	\$10,915,240	\$10,222,189	\$9,240,060	\$8,313,069
Less: Operating Expenses (1)	6,074,308	6,342,194	7,093,067	5,753,128	6,224,953
Net Available Revenue	<u>5,149,084</u>	<u>4,573,046</u>	<u>3,129,122</u>	<u>3,486,932</u>	<u>2,088,116</u>
Debt Service - Revenue Bonds:					
Principal	620,000	590,000	560,000	535,000	510,000
Interest	129,250	161,020	190,640	218,295	244,165
Revenue Bond Coverage	<u>6.87</u>	<u>6.09</u>	<u>4.17</u>	<u>4.63</u>	<u>2.77</u>
Debt Service OWDA Loans:					
Principal	1,595,247	1,089,047	791,991	973,131	826,682
Interest	1,136,529	726,942	678,730	724,605	608,693
OWDA Coverage	<u>1.88</u>	<u>2.52</u>	<u>2.13</u>	<u>2.05</u>	<u>1.45</u>
Total Debt Service:					
Principal	2,215,247	1,679,047	1,351,991	1,508,131	1,336,682
Interest	1,265,779	887,962	869,370	942,900	852,858
Total Coverage	<u>1.48</u>	<u>1.78</u>	<u>1.41</u>	<u>1.42</u>	<u>0.95</u>

(1) Operating expenses do not include depreciation and amortization expenses.

Source: City Auditor

2003	2002	2001	2000	1999
\$7,728,255	\$7,673,262	\$7,963,116	\$8,739,907	\$8,276,380
7,399,650	6,057,938	6,381,124	6,347,621	5,696,068
<u>328,605</u>	<u>1,615,324</u>	<u>1,581,992</u>	<u>2,392,286</u>	<u>2,580,312</u>
480,000	465,000	440,000	420,000	400,000
268,180	290,547	311,675	331,245	349,495
<u>0.44</u>	<u>2.14</u>	<u>2.10</u>	<u>3.18</u>	<u>3.44</u>
735,466	708,476	497,339	125,340	91,743
587,486	614,475	449,202	120,154	104,108
<u>0.25</u>	<u>1.22</u>	<u>1.67</u>	<u>9.74</u>	<u>13.17</u>
1,215,466	1,173,476	937,339	545,340	491,743
855,666	905,022	760,877	451,399	453,603
<u>0.16</u>	<u>0.78</u>	<u>0.93</u>	<u>2.40</u>	<u>2.73</u>

City of Lorain, Ohio
Principal Employers
2008 and 1999

Employer	2008	
	Employees	% of Total Employment
Community Health Partners ***	1,656	5.93 %
Lorain City School District	901	3.23
Industrias CH, S.A. de C.V (REP)*	670	2.40
Lorain Tubular	616	2.21
City of Lorain	552	1.98
Cleveland Clinic-Lorain	461	1.65
Grace Management Services	313	1.12
The Nord Center	260	0.93
K-Mart	260	0.93
Emerson Network Power **	244	0.87
	5,933	21.25 %
 Total Employment Within the City	 27,925	
Employer	1999	
	Employees	% of Total Employment
USS Kobe Steel Company	2,800	8.95 %
Lorain Community/St. Joseph Regional Health Center	2,178	6.96
Ford Motor Company-Lorain Assembly	2,000	6.39
RELTEC-Lorain Products Division	1,250	3.99
Lorain City School District	1,200	3.83
May Department Stores	600	1.92
City of Lorain	574	1.83
P.C. Campana, Inc.	550	1.76
Lorain County Community Action	290	0.93
W.G. Nord Community Mental Health Center	250	0.80
	11,692	37.36 %
 Total Employment Within the City	 31,300	

* USS/Kobe in 1998. In October 2003, REP filed for protection under Chapter 11 of the U.S. Bankruptcy Act. On December 11, 2003, a U.S. Bankruptcy judge approved the tentative sale of REP's assets to Perry Strategic Capital, which formed PAV Republic, Inc., to take over and operate the assets of REP. The plant continues to operate, and PAV Republic, Inc. announced in November 2004 plans to take the company public. In July of 2005, REP was purchased by Industrias CH, S.A. de C.V. and its subsidiary, Grupo Simec of Guadalajara, Mexico. REP will become a subsidiary of Grupo Simec and Continue to operate as a standalone business.

** RELTEC-Lorain Products in 1998

***Lorain Comm/St. Joseph in 1998

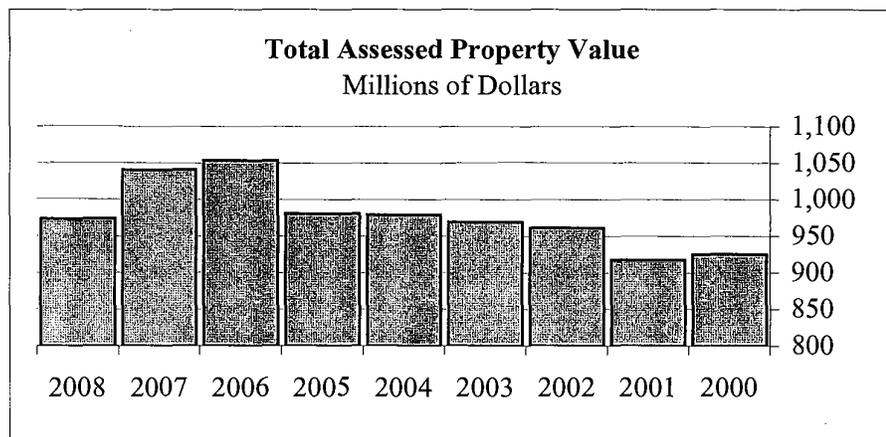
****Formerly Ohio Extended Care

Source: City Auditor

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City of Lorain
Demographic and Economic Statistics
Last Nine Years (1)

Year	Population (2)	Total Personal Income (6)	Personal Income Per Capita	Median Household Income (2)	Median Age (2)
2008	70,124	\$1,307,251,608	\$18,642	\$35,908	35.3
2007	70,592	1,242,489,792	17,601	37,670	33.9
2006	67,820	1,108,178,800	16,340	33,917	34.4
2005	68,652	1,121,773,680	16,340	33,917	34.4
2004	68,652	1,121,773,680	16,340	33,917	34.4
2003	68,652	1,121,773,680	16,340	33,917	34.4
2002	68,652	1,121,773,680	16,340	33,917	34.4
2001	68,652	1,121,773,680	16,340	33,917	34.4
2000	68,652	1,121,773,680	16,340	33,917	34.4



(1) Information prior to 2000 not available

(2) Source: U. S. Census (a) Years 2000 through 2005 - 2000 Federal Census

(b) Year 2006 US Census Bureau estimate

(c) Year 2007 US Census Bureau estimate

(d) Year 2008 US Census Bureau estimate

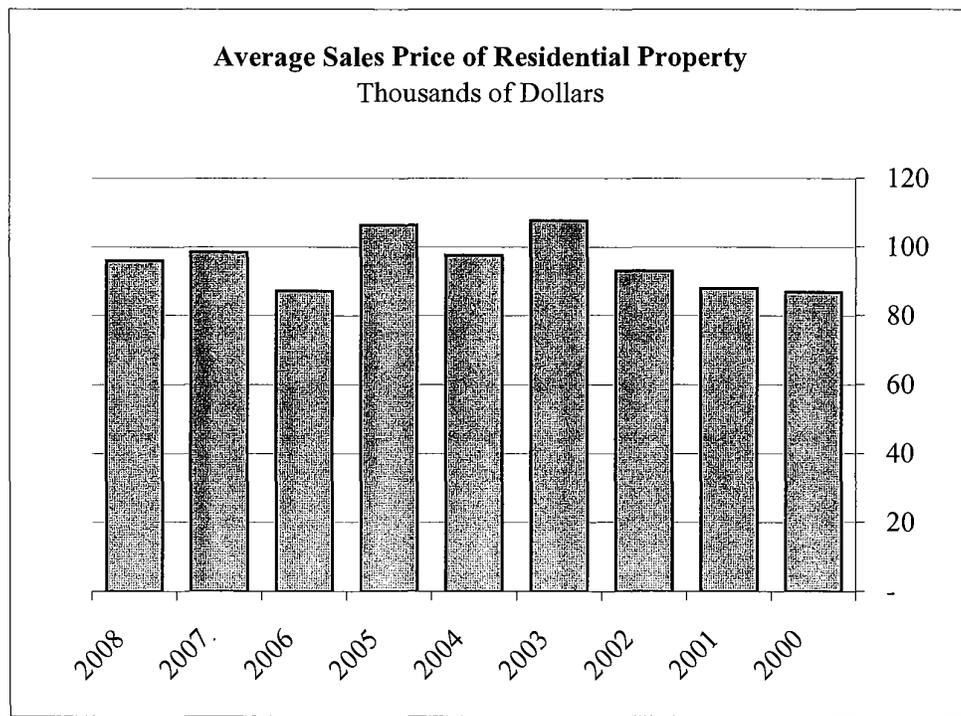
(3) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"

(4) Ohio Department of Job and Family Services

(5) Source: Lorain County Auditor-Chief Appraiser

(6) Computation of per capita personal income multiplied by population

Educational Attainment: Bachelor's Degree or Higher (2)	School Enrollment (3)	Unemployment Rate (4)	Average Sales Price of Residential Property (5)	Total Assessed Property Value
10.6%	8,557	9.3%	\$96,045	\$973,780,380
12.6	8,897	7.4	98,458	1,040,922,000
9.9	8,975	6.7	87,227	1,053,456,928
9.9	9,719	6.9	106,379	980,705,772
9.9	9,909	5.8	97,594	979,203,076
9.9	10,322	6.6	107,676	969,147,530
9.9	10,655	6.6	93,033	961,389,440
9.9	10,813	5.8	87,951	917,592,790
9.9	10,619	5.4	86,982	925,211,158



City of Lorain
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Years

<u>Function/Program</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General Government										
Auditor	7.00	7.00	7.00	7.00	7.00	7.00	9.00	9.00	9.00	9.00
Civil Service	4.00	4.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Clerk of Courts	17.00	16.00	15.00	19.00	13.00	14.00	15.00	19.00	15.00	15.00
Council	14.00	14.00	15.00	14.00	13.00	15.00	15.00	15.00	15.00	15.00
Electrical	7.00	8.00	7.00	8.00	6.00	7.00	6.00	6.00	8.00	7.00
Engineering	12.00	12.00	10.00	10.00	10.00	11.00	10.00	10.00	9.00	9.00
Income Tax/Treasurer	10.00	9.00	9.00	8.00	8.00	8.00	10.00	8.00	10.00	9.00
Judges	13.00	14.00	14.00	16.00	13.00	12.00	16.00	13.00	12.00	12.00
Law Department	13.00	11.00	12.00	13.00	10.00	11.00	12.00	11.00	11.00	18.00
Muni Court Computer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Muni Court Security	5.00	5.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Muni Court Probation	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mayor	2.00	2.50	2.50	2.50	2.50	2.50	2.50	3.00	3.00	2.00
MIS/Data Processing	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Safety/Service Director	8.45	6.30	6.85	7.30	6.04	7.75	8.75	10.25	11.20	13.70
Security of Persons and Property										
Police	99.00	105.00	105.00	101.00	83.00	94.00	106.00	109.50	109.00	116.00
Police - Corrections	6.00	-	-	2.00	9.00	11.00	12.00	13.50	9.00	10.00
Police - Dispatchers/Office/Other	23.00	22.00	22.00	22.00	19.00	21.00	22.00	25.00	25.00	25.00
Fire	80.00	79.00	82.00	84.00	83.00	86.00	85.00	92.00	88.00	96.00
Fire - Secretary/Other	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Transportation										
Street Department	24.00	24.00	23.00	23.00	19.00	21.00	22.00	26.00	34.00	33.00
Public Health										
Cemetery	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	3.00	5.00
Dog Warden	1.00	1.00	0.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00
Health Department	23.00	19.00	25.00	23.00	22.00	22.00	21.00	24.00	24.00	23.00
Community Environment										
Building Inspection	9.00	8.00	10.00	10.00	8.00	8.00	8.00	9.00	8.00	13.00
Economic Development										
Community Development	22.00	21.00	22.00	19.00	19.71	22.00	22.00	22.00	20.00	20.00
Leisure Time Activities										
Parks & Recreation	10.00	9.00	9.00	6.00	4.00	10.00	6.00	14.00	23.00	22.00
Basic Utility Services										
Water	57.58	55.42	56.64	59.42	56.20	64.20	71.20	73.20	58.48	63.98
Water Pollution Control	66.67	60.48	66.71	66.48	69.25	73.25	76.25	76.25	66.52	64.02
Internal Services										
Garage	9.00	9.00	11.00	13.00	10.00	9.00	7.00	9.00	11.30	11.00
Hospitalization	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.50	0.30
Totals:	552	531	545	544	500	546	572	606	590	619

Source: City of Lorain, Ohio Auditor's Office

Method: Does not include Police Auxiliary or seasonal employees. Includes full time and permanent part-time employees only.

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City of Lorain
Operating Indicators by Function/Program
Last Ten Years

<u>Function/program</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government (3)			
Purchase Orders Issued	3,628	3,591	3,398
Security of Persons and Property			
Police (4) (a)			
Total Arrests	4,115	4,043	6,455
Offenses (major offenses such as murder and rape)	36	24	10
Offenses (major offenses such as robbery and agg. assault)	150	295	283
Offenses (major offenses such as vehicle theft)	46	145	146
DUI Arrests	159	166	123
Prisoners	2,427	0	0
Motor Vehicle Accidents	1,531	1,646	1,521
Calls for Service	50,583	59,070	64,344
Fire (5)			
Emergency responses	1,676	1,620	2,446
Fire Safety Inspections/Re-Inspections	1,110	627	795
Fire Protection Systems Inspected	40	46	53
Building/Fire Protection Plan Review	70	30	n/a
Transportation (6)			
Road Maintenance (man hours)*	26,783	28,868	14,932
Asphalt (hot/cold) used in road maintenance (tons)	1,824	1,423	1,188
Concrete used in road maintenance (yards)	561	2,684	1,530
Number of Trees Removed	41	62	91
Truckloads of leaves picked-up	132	743	129
Cubic Yards of leaf humus delivered/sold	486	307	139
Cubic Yards of wood chips delivered/sold	125	241	23
Tons of snow melting salt purchased	4,898	10,081	3,892
Public Health			
Help Me Grow Visits (0-3 years of age) (2)	3,886	2,797	2,257
Adult Immunizations (2)	1,180	1,032	1,783
Children Immunizations (2)	2,569	2,651	2,681
Child Health Clinics (0-21 years) (2)	433	440	517
HIV testing (2)	425	561	561
Number of Births (2)	1,105	1,112	1,250
Number of Deaths (2)	875	896	903

* Estimated n/a = not available

(a) Methodology changed

(1) City of Lorain Building Department

(2) City of Lorain Health Department

(3) City of Lorain Auditor's Office

(4) City of Lorain Police Department

(5) City of Lorain Fire Department

(6) City of Lorain Street Department

(7) City of Lorain Recreation Dept.

(8) City of Lorain Utilities Department

(9) City of Lorain Mayor's Office

(10) City of Lorain Community Development Department

2005	2004	2003	2002	2001	2000	1999
3,824	3,813	3,942	4,097	4,314	4,947	4,853
2,536	2,345	2,801	3,139	3,205	3,214	3,415
20	27	15	16	23	26	23
316	286	261	255	256	253	192
161	89	100	97	149	140	117
171	155	175	250	239	289	325
0	2,612	4,121	4,754	3,205	3,214	3,415
1,620	1,683	1,805	2,018	2,011	2,095	2,225
46,321	45,663	43,543	45,384	43,234	41,345	42,152
3,382	3,127	3,514	3,300	3,502	1,921	1,899
437	763	732	321	841	926	812
32	37	13	10	33	11	10
n/a						
18,364	17,844	19,830	15,882	23,592	24,545	27,608
1,801	1,421	1,061	873	1,160	1,917	1,313
965	1,721	1,670	867	1,986	3,482	4,477
77	66	113	96	93	83	92
231	223	217	230	227	219	230
262	209	52	10	175	n/a	n/a
177	152	260	221	214	191	212
5,797	3,940	8,761	6,253	8,060	7,401	6,261
2,459	2,170	2,758	2,464	n/a	n/a	n/a
2,660	1,700	2,625	3,100	n/a	n/a	n/a
2,616	2,831	3,014	2,476	n/a	n/a	n/a
581	700	838	81	n/a	n/a	n/a
591	586	557	823	n/a	n/a	n/a
1,134	1,188	1,215	1,333	1,507	1,390	1,320
890	954	943	980	891	886	858

City of Lorain
 Operating Indicators by Function/Program
 Last Ten Years (continued)

<u>Function/program</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Public Health (continued)			
Number of Environmental Inspections (2)	2,884	3,287	2,761
City of Lorain's Recycling Activity-in tons (10)	1,113	1,224	953
Cemetery Internments (9)	130	149	153
Cemetery Spaces/Lots purchased (9)	\$72,440	\$63,075	\$54,300
Internment Fess/Misc. Fees (9)	\$114,175	\$106,875	\$111,682
Community Environment (1)			
Construction Permits Issued	4,146	4,406	5,763
Estimated Value of Construction	\$31,317,509	\$40,752,431	\$68,451,638
Number of Planning Commission docket items	48	21	48
Economic Development (10)			
Number of Loans - Home In-Fill	0	6	4
Number of Loans - Home Rehab	7	3	16
Number of Loans - Business	1	4	1
Number of Loans/Projects - 108	0	1	0
Number of Loans/Projects - CDBG	1	1	0
Number of Loans/Projects - EDA Title IX	0	3	1
Number of Loans/Projects - Rental Rehab	0	1	1
Number of Loans/Projects - UDAG	0	0	1
Economic Development Projects approved (square feet)	1,200	154,538	10,820
Leisure Time Activities (7)			
No. of People attending Summer Rec Programs	270	206	233
Attendance at Santa land	2,756	2,482	2,469
Water/Water Pollution Control			
Water/Sewer Bills mailed (8)	295,357	296,971	295,889
Number of Loans -Emergency Loan Program (10)	3	6	0

* Estimated n/a = not available

- (1) City of Lorain Building Department
- (2) City of Lorain Health Department
- (3) City of Lorain Auditor's Office
- (4) City of Lorain Police Department
- (5) City of Lorain Fire Department

- (6) City of Lorain Street Department
- (7) City of Lorain Recreation Dept.
- (8) City of Lorain Utilities Department
- (9) City of Lorain Mayor's Office
- (10) City of Lorain Community Development Department

2005	2004	2003	2002	2001	2000	1999
2,805	2,693	2,770	2,417	4,278	7,679	7,369
1,178	1,218	1,133	1,092	1,265	1,283	1,206
160	155	160	176	192	151	164
\$56,750	\$62,725	\$51,580	\$47,645	\$48,535	\$39,570	\$42,890
\$110,300	\$74,370	\$76,680	\$81,420	\$85,720	\$63,975	\$71,770
5,502	5,529	6,140	6,006	6,704	4,559	4,389
\$48,208,912	\$92,157,798	\$67,034,093	\$48,218,378	\$39,501,474	\$33,866,860	\$37,684,978
n/a	26	9	18	27	28	20
12	7	6	4	1	0	0
5	7	14	7	12	23	22
2	5	4	5	5	5	5
1	0	1	6	4	0	0
1	0	2	3	2	2	0
2	4	3	4	8	8	0
2	1	1	1	1	1	1
0	0	2	2	1	1	1
24,200	63,242	98,202	205,188	107,455	34,986	8,150
144	n/a	133	121	116	n/a	157
3,232	1,962	1,183	2,786	2,701	1,927	1,433
288,314	290,530	287,669	286,844	285,373	284,675	283,832
0	0	0	0	0	0	0

City of Lorain, Ohio
 Capital Asset Statistics by Function/Program
 Last Ten Years

Function/program	2008	2007	2006	2005
General Government				
Engineering Vehicles (2)	8	8	8	7
Mayor Vehicles (10)	0	1	1	1
Security of Persons and Property				
Police (5)				
Stations	2	2	4	3
Vehicles	113	113	111	101
Fire (6)				
Stations	4	4	4	4
Vehicles	20	23	28	26
Transportation				
Streets (miles) (7)	285	285	285	285
Number of Traffic lights (2)	488	410	518	528
Vehicles (7)	78	71	52	38
Community Environment				
Inspection Vehicles (1)	8	9	9	7
Economic Development				
Community Development Vehicles (4)	10	8	7	8
Leisure Time Activities (8)				
Number of Parks	56	56	56	57
Number of Pools	3	3	3	3
Vehicles	17	17	18	22
Water/Water Pollution Control (9)				
Sanitary sewers (miles)	278	277	277	280
Water lines (miles)	294	293	293	310
Vehicles	82	82	85	86

Sources:

- | | |
|---|---|
| (1) City of Lorain Building Department
(2) City of Lorain Engineering Department
(3) City of Lorain Auditor's Office
(4) City of Lorain Community Development Department
(5) City of Lorain Police Department | (6) City of Lorain Fire Department
(7) City of Lorain Street Department
(8) City of Lorain Recreation Department
(9) City of Lorain Utilities Department
(10) City of Lorain Mayor's Office |
|---|---|

n/a: Information not available

2004	2003	2002	2001	2000	1999
6	6	6	6	6	6
1	1	1	1	1	1
3	4	2	2	3	3
92	92	112	n/a	n/a	n/a
4	4	4	4	4	4
27	28	28	27	26	26
281	279	279	265	220	220
528	528	528	522	522	522
44	45	45	43	41	43
7	6	6	6	6	6
7	7	7	7	6	6
57	57	57	57	56	56
3	3	3	3	3	3
n/a	n/a	n/a	26	n/a	n/a
280	280	271	267	267	267
310	310	299	297	297	297
90	90	90	90	85	85



City of Lorain, Ohio

**Single Audit Reports
December 31, 2008**

City of Lorain, Ohio

For The Year Ended December 31, 2008

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**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Members of the City Council
City of Lorain, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lorain, Ohio (the “City”) as of and for the year ended December 31, 2008, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 29, 2009, wherein we noted the City adopted *GASB Statement Nos. 49 and 52*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City’s financial statements that is more than inconsequential will not be prevented or detected by the City’s internal control. We consider the following deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting: 2008-3.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City’s internal control.

Members of the City Council
City of Lorain, Ohio

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2008-1 and 2008-2.

We noted certain matters that we have reported to management of the City in a separate letter dated June 29, 2009.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the finance committee, City Council, others within the entity, Auditor of States' office, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Cuni & Panichi, Inc.

Cleveland, Ohio
June 29, 2009

**Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over
Compliance in Accordance with OMB Circular A-133**

Members of the City Council
City of Lorain, Ohio

Compliance

We have audited the compliance of the City of Lorain, Ohio (the “City”) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The City’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City’s management. Our responsibility is to express an opinion on the City’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City’s compliance with those requirements.

In our opinion, the City of Lorain complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Members of the City Council
City of Lorain, Ohio

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in the entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2008, and have issued our report thereon dated June 29, 2009, wherein we noted the City of Lorain adopted *GASB Statement Nos. 49 and 52*, as disclosed in Note 3. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, City Council, finance committee, others within the entity, Auditor of State's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Cimini & Paricchi, Inc.

Cleveland, Ohio
June 29, 2009

City of Lorain, Ohio

Schedule of Expenditures of Federal Awards (Continued)

For The Year Ended December 31, 2008

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Awarding Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing And Urban Development			
Community Development Block Grant (CDBG)			
Community Development Block Grant	14.218		\$ 2,223,383
Section 108 Program	14.248		<u>75,862</u>
Total CDBG			<u>2,299,245</u>
Economic Development Initiative			
Special Project, Neighborhood Initiative	14.251	B-06-SP-OH-0782	44,029
HOME Investment Partnership Program	14.239		<u>595,250</u>
Total U.S. Department of Housing and Urban Development			<u>2,938,524</u>
U.S. Department of Commerce			
Public Works and Economic			
Development Facilities	11.300		212,397
Economic Adjustment Assistance	11.307		2,420,070
Passed-through Ohio Department of Natural Resources:			
Costal Management Assistance	11.419		<u>46,574</u>
Total U.S. Department of Commerce			<u>2,679,041</u>
U.S. Department of Transportation			
Passed-through Ohio Department of Public Safety:			
State and Community Highway Safety Grant	20.600	HVEO-2008-47-00-00- 00454-00	<u>29,758</u>
Total U.S. Department of Transportation			<u>29,758</u>

City of Lorain, Ohio

Schedule of Expenditures of Federal Awards

For The Year Ended December 31, 2008

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency Awarding Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Passed-through Ohio Department of Health:			
Public Health Infrastructure Grant	93.283	47-1-001-2-PI-0108	80,963
Public Health Infrastructure Grant	93.283	47-1-001-2-PI-0109	24,240
HIV Prevention Grant	93.940	263-440-5238-6	29,757
Cardiovascular Health Grant	93.991	47-2-002-4-CH-0108	<u>75,309</u>
Total U.S. Department of Health and Human Services			<u>210,269</u>
U.S. Department of Justice			
Passed-through City of Cleveland:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants	16.579	2007-DD-BX-0650	<u>226,668</u>
Total U.S. Department of Justice			<u>226,668</u>
Environmental Protection Agency			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF00E438010	21,050
Congressionally Mandated Projects	66.202	XP00E551-01	<u>144,300</u>
Total Environmental Protection Agency			<u>165,350</u>
Total Federal Awards Expenditures			\$ <u>6,249,610</u>

The accompanying notes are an integral part of this schedule.

City of Lorain, Ohio

Notes to The Schedule of Expenditures of Federal Awards

For The Year Ended December 31, 2008

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Lorain, Ohio and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – Subrecipients

The City passes-through certain Federal assistance received from the U.S. Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As described in Note 1, the City records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the City is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

Note 3 – Loans

A. Home Program Loans

The City of Lorain disburses loans under the HOME Investment Partnership Program (CFDA #14.239). These loan amounts are included in the federal expenditures presented in the Schedule for the HOME Program.

B. Section 108 Loans

The City has borrowed and expended five loans from the HUD under Section 108 of Title 1 of the Housing and Community Development Act, as amended. The funds were used in connection with economic development of local businesses. Principal and interest payments are due semi-annually. The loans and related activities have been reflected in the Schedule of Federal Awards. The terms and balances due as of December 31, 2008 are as follows:

<u>Loan Date</u>	<u>Loan Amount</u>	<u>Length of Term</u>	<u>Balance at December 31, 2008</u>
December 15, 1992	\$ 2,200,000	20 years	\$ 440,000
December 15, 1992	200,000	20 years	40,000
June 14, 2000	2,500,000	19.5 years	1,375,000
August 8, 2002	2,000,000	19 years	1,250,000
July 6, 2004	2,200,000	20 years	1,900,000

City of Lorain, Ohio

Schedule of Findings OMB Circular A-133, Section .505

December 31, 2007

1. Summary of Auditors' Results

(d)(I)(I)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any significant deficiencies reported at the financial statement level (GAGAS)?	Yes
(d)(I)(ii)	Was there any material weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(I)(iii)	Was there any material noncompliance reported at the financial statement level (GAGAS)?	Yes
(d)(I)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(I)(iv)	Were there any significant control deficiencies reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .510?	No
(d)(I)(vii)	Major Programs	HOME Investment Partnership Program, CFDA # 14.239, Public Works and Economic Development Facilities, CFDA # 11.300, Economic Adjustment Assistance, CFDA # 11.307
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	Yes

2. Findings Related To The Financial Statements Required To Be Reported In Accordance With GAGAS

2008-1 – Material noncompliance

Ohio Revised Code Section 5705.10 states that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The following funds had deficit cash balances at December 31, 2008:

Major Fund:	
General Fund	\$ 826,904

City of Lorain, Ohio

Schedule of Findings (Continued) OMB Circular A-133, Section .505

December 31, 2008

2. Findings Related To The Financial Statements Required To Be Reported In Accordance With GAGAS (continued)

2008-1 – Material noncompliance (continued)

Nonmajor Fund:		
Special Revenue Fund		
Fire Pension	\$	153,549

2008-2 – Material noncompliance

Ohio Revised Code 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2008, the City had expenditures plus encumbrances in excess of appropriations as follows:

<u>Major Funds</u>		<u>Excess</u>
General Fund		
Electrical		
Contractual Services	\$	1,156
Safety/Service		
Contractual Services		315,693
Engineering		
Wages and Benefits		689
Police Department		
Wages and Benefits		62,648
Fire Department		
Contractual Services		4,083
Building Inspection		
Wages and Benefits		157
Parks Department		
Wages and Benefits		486
<u>Non-Major Funds</u>		
Streets		
Wages and Benefits		7,999
Garage		
Wages and Benefits		1,171

City of Lorain, Ohio

Schedule of Findings (Continued) OMB Circular A-133, Section .505

December 31, 2008

2. Findings Related To The Financial Statements Required To Be Reported In Accordance With GAGAS (continued)

2007-3 – Significant Deficiency / Material Weakness

Sound financial reporting is the responsibility of the City Auditor and the City Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

The following audit adjustments were made to the financial statements:

1. Restatement of Net Assets at December 31, 2007 for prior year overstatement of loans receivable in the Community Development special revenue fund and prior year overstatement of intergovernmental receivable and intergovernmental revenue, on a full accrual basis, in the Community Development special revenue fund .
2. Adjusted income tax receivable to actual.

The lack of controls over financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data at year-end.

We recommend the City adopts policies and procedures for controls over year-end financial reporting to help ensure the information accurately reflects the activity of the City thereby increasing the reliability of the financial data at year-end. Although the City has contracted a third party to perform their GAAP Conversion, the City's management needs to review the statements to be sure that all items are being properly recorded.

3. Findings for Federal Awards

There were no findings for federal awards to report in 2008.

City of Lorain, Ohio

Schedule of Prior Audit Findings OMB Circular A-133, Section .315(b)

December 31, 2007

Finding No.	Finding Summary	Fully Corrected	Explanation
2007-1	<p>Ohio Rev. Code 5705.10 states that money that is paid into a fund must be used only for the purposes for which such fund has been established.</p> <p>At December 31, 2007, the City's general fund had a deficit cash balance. This condition indicates that money from one fund is used to cover the expenses of another.</p>	No	The City had non-compliance in this area again in the year 2008.
2007-2	<p>Ohio Rev. Code 5705.41(B) states that no subdivision or taking unit is to expend money unless it has been appropriated.</p> <p>At December 31, 2007, the City had expenditures plus encumbrances in excess of appropriations in some funds. This condition results in the city overspending its authorized appropriations.</p>	No	The City had non-compliance in this area again in the year 2008.
2007-3	<p>The following audit adjustments were made to the December 31, 2007 financial statements:</p> <ol style="list-style-type: none"> 1. Adjusted property and other taxes receivable to properly record franchise fee receivable. 2. Adjusted loan receivable to actual. 3. Adjusted income tax receivable to actual. 4. Adjusted accounts payable to actual. <p>The lack of controls over financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data at year-end.</p>	No	The City had deficiencies in this area again in the year 2008.

City of Lorain

200 West Erie Avenue, 6th Floor
Lorain, Ohio 44052
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Response to Findings Associated With
Audit Conducted In Accordance With
Government Auditing Standards
For The Year Ended December 31, 2008

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2008-1	Management will monitor fund balances and properly advance funds to cover deficit fund balances, if necessary.	N/A	Ronald Mantini, Auditor
2008-2	Management will monitor expenditures and encumbrances and amend appropriations, if necessary.	N/A	Ronald Mantini, Auditor
2008-3	Management will create and implement written policies and procedures relating to the financial reporting process	N/A	Ronald Mantini, Auditor



Mary Taylor, CPA
Auditor of State

CITY OF LORAIN

LORAIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 30, 2009