

# City of Lorain, Ohio

---



## Comprehensive Annual Financial Report

For the Year Ended December 31, 2009

**Ronald L. Mantini**  
**Lorain City Auditor**





Mary Taylor, CPA  
Auditor of State

City Council  
City of Lorain  
200 West Erie Avenue  
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, 2009 through December 31, 2009. 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

August 26, 2010

**This Page is Intentionally Left Blank.**

**City of Lorain, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2009*  
*Table of Contents*

|  | <b>Page</b> |
|--|-------------|
| <b><i>I. Introductory Section</i></b>  |             |
| Title Page .....   | i           |
| Table of Contents .....  | ii          |
| Letter of Transmittal.....   | v           |
| GFOA Certificate of Achievement .....  | xi          |
| List of Principal Officials .....  | xii         |
| Map of the City of Lorain with Council Wards .....   | xiii        |
| Organizational Chart .....   | xiv         |
| <br><b><i>II. Financial Section</i></b>  |             |
| Independent Auditors' Report.....  | 1           |
| Management's Discussion and Analysis.....  | 3           |
| Basic Financial Statements:  |             |
| Government-wide Financial Statements:  |             |
| Statement of Net Assets .....  | 17          |
| Statement of Activities .....  | 18          |
| Fund Financial Statements:   |             |
| Balance Sheet - Governmental Funds .....   | 20          |
| Reconciliation of Total Governmental Fund Balances to<br>Net Assets of Governmental Activities.....  | 21          |
| Statement of Revenues, Expenditures and Changes in<br>Fund Balances - Governmental Funds .....   | 22          |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in<br>Fund Balances of Governmental Funds to the Statement of Activities ..... | 23          |
| Statement of Revenues, Expenditures and Changes in<br>Fund Balances - Budget (Non-GAAP Basis) and Actual   |             |
| General Fund .....   | 24          |
| Community Development Fund .....   | 25          |
| Statement of Fund Net Assets - Proprietary Funds .....   | 26          |
| Statement of Revenues, Expenses and Changes in Fund<br>Net Assets - Proprietary Funds .....  | 27          |
| Statement of Cash Flows - Proprietary Funds .....  | 28          |
| Statement of Fiduciary Assets and Liabilities - Agency Funds .....   | 30          |
| Notes to the Basic Financial Statements .....  | 31          |

**City of Lorain, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2009*  
*Table of Contents*

Combining Statements and Individual Fund Schedules:

|   |     |
|---|-----|
| Combining Statements - Nonmajor Governmental Funds:   |     |
| Fund Descriptions.....  | 76  |
| Combining Balance Sheet - Nonmajor Governmental Funds .....   | 78  |
| Combining Statement of Revenues, Expenditures and Changes in<br>Fund Balances - Nonmajor Governmental Funds .....                             | 79  |
| Combining Balance Sheet - Nonmajor Special Revenue Funds .....  | 80  |
| Combining Statement of Revenues, Expenditures and Changes in<br>Fund Balances - Nonmajor Special Revenue Funds .....                          | 83  |
| Combining Balance Sheet - Nonmajor Capital Projects Funds .....   | 86  |
| Combining Statement of Revenues, Expenditures and Changes in<br>Fund Balances - Nonmajor Capital Projects Funds .....                         | 87  |
| Combining Statements – Internal Service Funds:  |     |
| Fund Descriptions.....  | 88  |
| Combining Statement of Fund Net Assets – Internal Service Funds .....   | 89  |
| Combining Statement of Revenues, Expenses and Changes in<br>Fund Net Assets – Internal Service Funds .....                                    | 90  |
| Combining Statement of Cash Flows – Internal Service Funds .....  | 91  |
| Combining Statements - Agency Funds:  |     |
| Fund Descriptions.....  | 93  |
| Combining Statement of Changes in Assets and Liabilities - Agency Funds .....   | 94  |
| Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes in<br>Fund Balance/Fund Equity – Budget (Non-GAAP Basis) and Actual: |     |
| Major Funds:  |     |
| General Fund .....  | 97  |
| Community Development Fund .....  | 102 |
| General Obligation Bond Retirement Fund .....   | 103 |
| Capital Improvements Fund .....   | 104 |
| Water Works Fund .....  | 105 |
| Water Pollution Control Fund .....  | 106 |
| Non Major Funds:  |     |
| Streets Fund .....  | 107 |
| Permissive License Fund .....   | 108 |
| Health Services Fund .....  | 109 |
| Litter Control Fund .....   | 110 |

**City of Lorain, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2009*  
*Table of Contents*

|   |     |
|---|-----|
| Police Levy Fund .....                        | 111 |
| Mandatory Drug Fund .....                     | 112 |
| Police Pension Fund .....                     | 113 |
| Fire Pension Fund.....                        | 114 |
| Indigent Drivers Fund.....                    | 115 |
| Park Land Fund .....                          | 116 |
| Cemetery Fund .....                           | 117 |
| Law Enforcement Fund .....                    | 118 |
| Municipal Court Computer Fund .....           | 119 |
| Legal Research Fund .....                     | 120 |
| Municipal Court Security Fund .....           | 121 |
| Municipal Court Probation Fund.....           | 122 |
| Special Assessment Bond Retirement Fund ..... | 123 |
| General Sewer Fund .....                      | 124 |
| Lighthouse Urban Renewal Fund .....           | 125 |
| Riverfront Urban Renewal Fund .....           | 126 |
| Municipal Court Improvements Fund .....       | 127 |
| Garage Fund .....                             | 128 |
| Hospitalization Fund.....                     | 129 |

***III. Statistical Section***

|  |     |
|--|-----|
| Net Assets by Components - Last Seven Years .....  | S2  |
| Changes in Net Assets - Last Seven Years .....   | S3  |
| Fund Balances, Governmental Funds - Last Ten Years.....  | S6  |
| Changes in Fund Balances, Governmental Funds - Last Ten Years .....  | S8  |
| Assessed Valuation and Estimated True Values of Taxable Property - Last Ten Years .....                              | S10 |
| Property Tax Rates - Direct and Overlapping Governments - Last Eight Years .....                                     | S12 |
| Property Tax Levies and Collections Real and Public Utility Taxes - Last Ten Years .....                             | S14 |
| Principal Real Property Taxpayers – 2009 and 2000.....   | S16 |
| Principal Personal Property Taxpayers – 2009 and 2000 .....  | S17 |
| Income Tax Revenue Base and Collections – Last Ten Years .....   | S18 |
| Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita – Last Ten Years .....                        | S20 |
| Ratio of General Obligation Bonded Debt to Estimated True Value and<br>Bonded Debt Per Capita – Last Ten Years ..... | S22 |
| Computation of Direct and Overlapping Governmental Activities Debt.....  | S23 |
| Legal Debt Margin – Last Ten Years .....   | S24 |
| Pledged Revenue Coverage, Water Works – Last Ten Years .....   | S26 |
| Pledged Revenue Coverage, Water Pollution Control – Last Ten Years .....   | S28 |
| Principal Employers – 2009 and 2000 .....  | S30 |
| Demographic and Economic Statistics - Last Ten Years.....  | S32 |
| Full-Time Equivalent City Government Employees by Function/Program - Last Ten Years .....                            | S34 |
| Operating Indicators by Function/Program - Last Ten Years .....  | S36 |
| Capital Asset Statistics by Function/Program - Last Ten Years .....  | S40 |



# The City of Lorain, Ohio

## Ronald L. Mantini, Auditor

200 West Erie Avenue, 6th Floor  
Lorain, Ohio 44052-1647

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

June 29, 2010

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, 2009.

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 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.

Ohio law requires independent audits to be performed on all financial operations of the City either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. 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, 2009. 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 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. It currently occupies 24.25 square miles and serves a population of 70,239 based on the most recent data from the United States Census Bureau for the year 2009. The City is the largest City in the County and the 10th most populous City in the State.

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 11<sup>th</sup> 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 Court, 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 2009 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, Kohl's Department Store, Home Depot, Lowe's, 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 Riverbend Commerce Park, the City has employed a marketer/broker to assist the City in generating sales leads. The property is listed on Loopnet and has its own website. Camaco LLC, a tenant in the Park completed their latest expansion in early 2008 with a 40,000 square foot addition to their building. The total facility is now approximately 160,000 square feet. In 2010, Camaco, LLC plans to invest approximately \$8 million in machinery and equipment and creating 25 new full-time jobs. 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 begin construction on a 180,000 square foot Super Wal-Mart in December 2009 and is scheduled to open in September 2010. It is anticipated to 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 on a Key Bank branch was completed in 2009 and the bank opened 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 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 more quickly. Five 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; Vermilion Indoor Storage; Midwest Global Distribution Centers, a warehouse operation; and AGC, an aftermarket glass company. Heidelberg Distributing Family of Companies, the 16th largest distributor of beer in the United States, will be moving two of its distributing locations to the site in second quarter 2010. The company is planning to move Goodman Beverage Co. from Lorain, Ohio, and Mid-Ohio Wines, from Norwalk, Ohio into a renovated portion of the former Ford plant. Goodman Beverage and Mid-Ohio Wines distribute alcoholic and non-alcoholic beverages to retailers in Lorain, Erie, Huron, Ashland, Holmes, Ottawa, Sandusky, Seneca, and Wyandot counties. City officials have promoted the deal because it will keep 50 jobs in Lorain and add 50 jobs from the relocation of Mid-Ohio Wines. City Council has approved a 15-year tax incentive for the company if it maintains an annual payroll of at least \$3.4 million. 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 meetings in 2008. Plans have been presented to relocate a sewage treatment plant, and the Lorain Port Authority is working on relocating over head electric wires and has received \$3 million to refurbish a marina. 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 2010 are estimated to be up from 2009 collections. The City is attempting to maintain services in this economically troubled economy.

Revenue enhancements include increasing the license plate fees by five dollars which will generate an additional \$250,000 per year for Oberlin Avenue road infrastructure repairs and maintenance. This increase was passed by City Council in December 2009. The administration is considering additional license plate fees again this year.

## **Major Initiatives**

*Lorain Police Department* The Lorain Police Department completed 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. Both of these phases were completed in 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 2009. The West Side Sanitary Relief Sewer Improvement project consists of the installation of new sanitary mainline with manholes, appurtenances and chambers and the East-Central Relief Sewer Improvements consists of the installation of new sanitary mainline with manholes and the rehabilitation of existing sanitary mainline. Also in 2009, the design phase of the Black River wastewater storage and conveyance tunnel was begun as a final phase of the SSO elimination program and a first step in moving the Black River Wastewater Treatment plant location.

*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 North Coast Knights completed their 2009 season and opted out of their lease. RS Entertainment, LLC will sign a three year lease for the Pipe Yard baseball facility in early 2010 for a new team called the Lorain County Ironmen to play in the Prospect League.

*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. In 2009 36 structures were demolished, 2 homes were purchased for rehabilitation and sale/lease to low income residents of the City and 7 properties were acquired 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. In 2009, the City organized a land swap with El Centro de Servicios Sociales, a bilingual/bicultural center offering social services to Hispanic and non-Hispanic residents in Lorain County since 1974. As a result, El Centro will acquire a larger facility to serve its population. El Centro is in the process of raising \$1.5 million to renovate the former City Bank building into its headquarters. The Community Development department assisted a local restaurant in completing a \$70,000 patio addition scheduled to open in May 2010 and worked with a Vision Learning Center to renovate the former St. Cyril & Methodius Church into a 24 hour day care facility which is scheduled to open in June 2010. A barber shop and Dollar Store are scheduled to open in May 2010.

## **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, 2008.

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 fifteen 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 preparation and 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, 2008

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

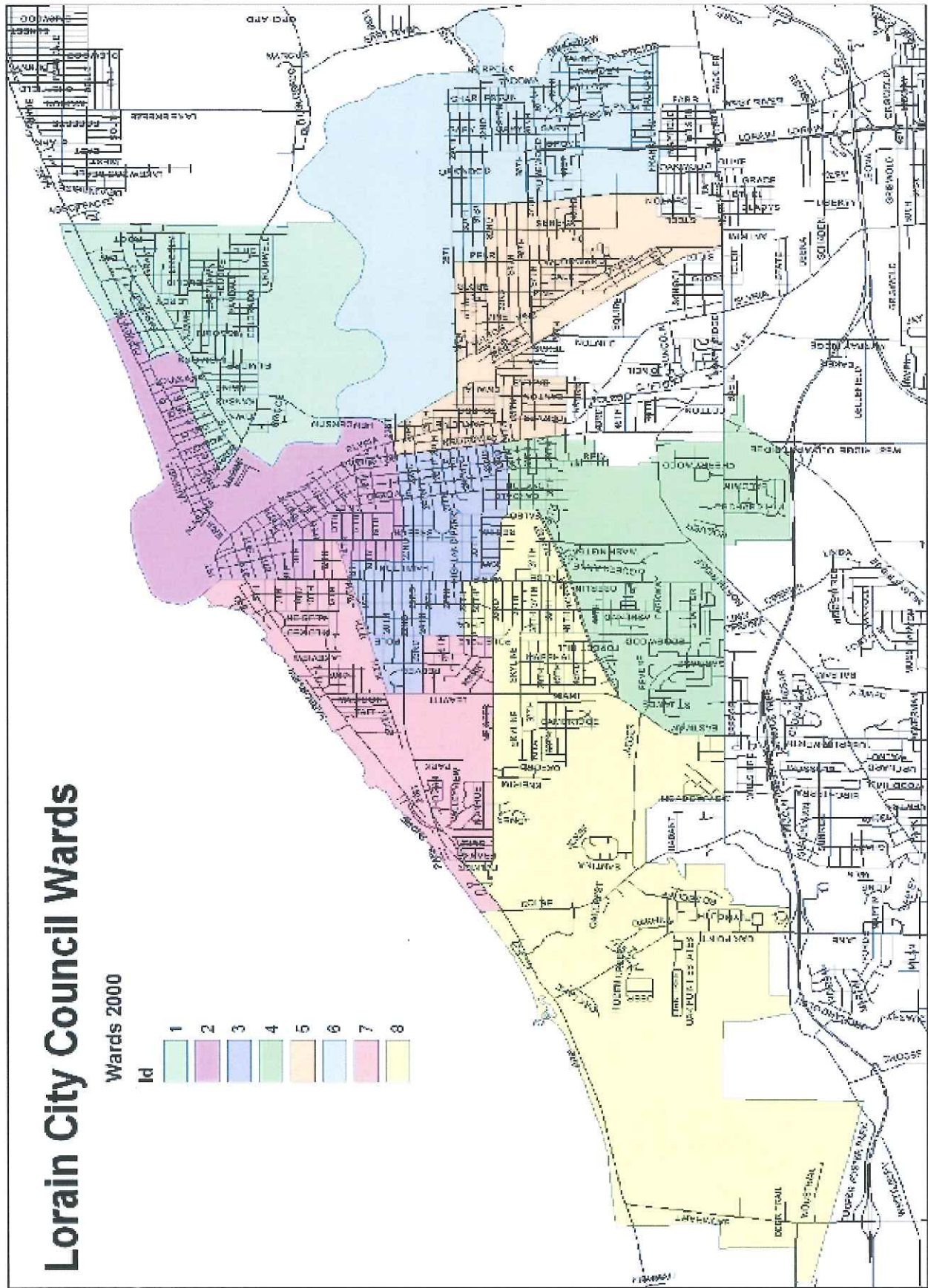
**CITY OF LORAIN, OHIO**  
**ELECTED OFFICIALS**

| <b><u>TITLE</u></b>        | <b><u>NAME</u></b> | <b><u>YEARS OF SERVICE IN OFFICE</u></b> | <b><u>YEARS OF SERVICE WITH THE CITY</u></b> |
|----------------------------|--------------------|--|--|
| Mayor                      | Tony Krasienko     | 2  | 14   |
| City Auditor               | Ronald L. Mantini  | 10                                       | 10   |
| City Treasurer             | Thomas Urbanek     | 4  | 24   |
| Director of Law            | Patrick D. Riley   | 1  | 1  |
| Clerk of Courts            | Lori Maiorana      | 4  | 29   |
| Judge                      | Mark Mihok         | 8  | 21   |
| Judge                      | Thomas Elwell      | 6  | 6  |
| <i>Members of Council:</i> |                    |  |  |
| Council President          | Joel Arrendondo    | 2  | 2  |
| Council at Large           | Mitchell Fallis    | 2  | 2  |
| Council at Large           | Daniel Given       | 4  | 16   |
| Council at Large           | Anne Molnar        | 2  | 10   |
| 1 <sup>ST</sup> Ward       | Melanie Szabo      | 2  | 2  |
| 2 <sup>nd</sup> Ward       | Dennis Flores      | 2  | 2  |
| 3 <sup>rd</sup> Ward       | Tim D. Howard      | 2  | 2  |
| 4 <sup>th</sup> Ward       | Bret Schuster      | 4  | 4  |
| 5 <sup>th</sup> Ward       | Eddie Edwards      | 12                                       | 12   |
| 6 <sup>th</sup> Ward       | Greg Holcomb       | 4  | 4  |
| 7 <sup>th</sup> Ward       | Myroslaw Silecky   | 4  | 4  |
| 8 <sup>th</sup> Ward       | Craig Snodgrass    | 4  | 4  |

**APPOINTED OFFICIALS**

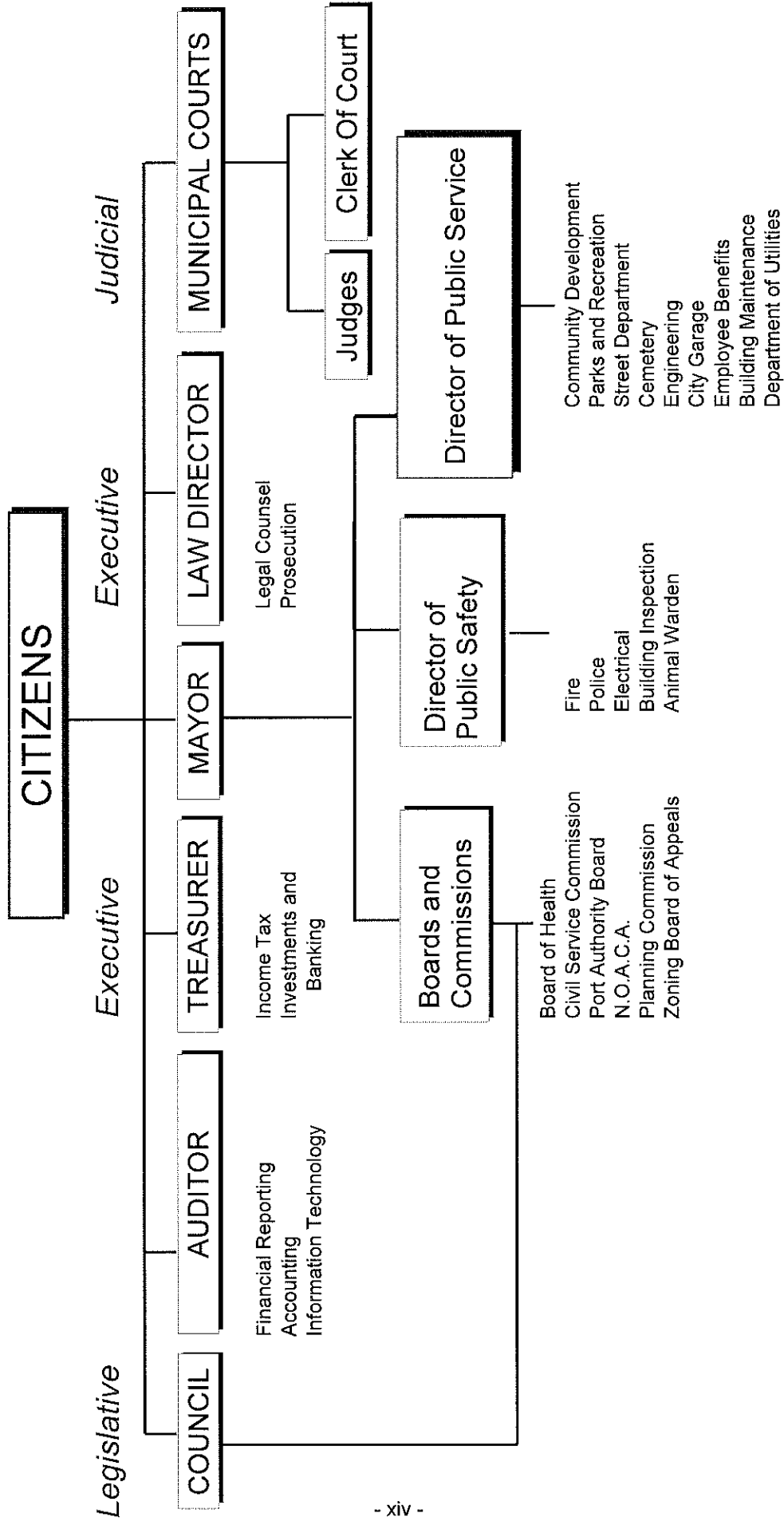
| <b><u>TITLE</u></b>                          | <b><u>NAME</u></b> | <b><u>YEARS OF SERVICE IN OFFICE</u></b> | <b><u>YEARS OF SERVICE WITH THE CITY</u></b> |
|--|--------------------|--|--|
| Director of Public Safety                    | Philip Dore        | 2  | 32   |
| Director of Public Service                   | Robert Gilchrist   | 2  | 2  |
| Police Chief                                 | Celestino Rivera   | 15                                       | 39   |
| Fire Chief                                   | Thomas Brown       | 4  | 22   |
| Director of Utilities                        | Corey Timko        | 6  | 9  |
| Director of Community Development            | Vacant             |  |  |
| Director of Park & Recreation                | Vacant             |  |  |
| Street Commissioner                          | Chuck Camera       | 19                                       | 38   |
| Building Inspector                           | Richard Kliner     | 2  | 16   |
| Acting Administrative Director (Engineering) | James Reagan       | 2  | 28   |
| Chief Deputy Auditor                         | Anita Harper       | 10                                       | 10   |
| IT Director                                  | David Comer        | 16                                       | 16   |
| Clerk of Council                             | Nancy Greer        | 15                                       | 18   |

# 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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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, 2009, 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, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.

Members of the City Council  
Lorain, Ohio

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. 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 financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on them.

*Cinni & Panichi, Inc.*

Cleveland, Ohio  
June 29, 2010

**City of Lorain, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*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, 2009. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter, as well as the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2009 are:

- In total the City's net assets decreased from 2008. The decrease resulted from a reduction in cash and cash equivalents due to the weakened economy and depreciation on the City's capital assets. This decrease was partially offset by a reduction in total liabilities.
- In 2009 the City was awarded over six million dollars in federal and state grants including over two million in American Recovery and Reinvestment Act (ARRA) grants for community development and police purposes within the City. The City actively pursues grants to offset costs of providing services and to offer new programs to the Citizens of Lorain.
- The general fund had a decrease in fund balance due mainly to a reduction in income tax and intergovernmental revenue.
- The first step in the relocation of the wastewater treatment plant at the mouth of the Black River was taken with the undertaking of the design phase of the Black River wastewater storage and containment tunnel.

### **Using this Annual Financial Report**

This discussion and analysis is intended to serve as an introduction to the City of Lorain's basic financial statements. These statements are organized so that the reader can understand the City as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed 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.

### **Government-wide financial statements – Reporting the City of Lorain as a Whole**

#### *Statement of Net Assets and Statement of Activities*

The Statement of Net Assets and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity. They provide a good resource for an overall evaluation of the City's financial performance. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. This basis of

**City of Lorain, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

---

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 is an indication of whether the financial position of the City is improving or declining. However, in evaluating the overall position of the City, non-financial information such as current economic conditions as a whole, changes in the City's tax base, and the age and 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 20. Fund financial reports provide detailed information about the City's major funds. 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 works and water pollution control funds.

*Governmental Funds*

All of the City's major activities (excluding the water and water pollution control funds) are reported in the governmental funds. This report shows how monies flow into and out of these funds and also shows what balances are available for future expenditures. 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. These services include police and fire protection, as well as improving and maintaining the City's streets, parks, and cemeteries, the operation of the City's health department, and the functions of City Hall. 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.

*Proprietary Funds*

Proprietary funds (Water and Water Pollution Control (Sewer) Funds) have historically operated 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 26 of this report.

**City of Lorain, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

---

*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 26 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 30 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 31-75 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 78-131 of this report.

**The City of Lorain as a Whole**

The Statement of Net Assets provides an all-inclusive view of the City. Table 1 provides a summary of the City's net assets for 2009 as compared to 2008.

**City of Lorain, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

**TABLE 1**  
**NET ASSETS**

|                               | Governmental Activities |                      | Business-Type Activities |                     | Total                |                      |
|-------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|                               | 2009                    | 2008                 | 2009                     | 2008                | 2009                 | 2008                 |
| <b>Assets</b>                 |                         |                      |                          |                     |                      |                      |
| Current and Other Assets      | \$38,922,185            | \$40,952,744         | \$12,090,124             | \$11,779,023        | \$51,012,309         | \$52,731,767         |
| Capital Assets,               |                         |                      |                          |                     |                      |                      |
| Non-Depreciable               | 21,600,732              | 19,489,797           | 30,636,955               | 28,997,745          | 52,237,687           | 48,487,542           |
| Capital Assets,               |                         |                      |                          |                     |                      |                      |
| Depreciable, Net              | 100,059,137             | 109,501,455          | 71,742,051               | 73,372,408          | 171,801,188          | 182,873,863          |
| <i>Total Assets</i>           | <u>160,582,054</u>      | <u>169,943,996</u>   | <u>114,469,130</u>       | <u>114,149,176</u>  | <u>275,051,184</u>   | <u>284,093,172</u>   |
| <b>Liabilities</b>            |                         |                      |                          |                     |                      |                      |
| Current and Other Liabilities | 10,334,274              | 10,265,425           | 2,195,502                | 2,059,728           | 12,529,776           | 12,325,153           |
| Long-Term Liabilities:        |                         |                      |                          |                     |                      |                      |
| Due Within One Year           | 4,605,375               | 4,429,821            | 4,538,550                | 4,115,266           | 9,143,925            | 8,545,087            |
| Due in More Than One Year     | 49,411,393              | 50,219,615           | 50,766,831               | 53,504,148          | 100,178,224          | 103,723,763          |
| <i>Total Liabilities</i>      | <u>64,351,042</u>       | <u>64,914,861</u>    | <u>57,500,883</u>        | <u>59,679,142</u>   | <u>121,851,925</u>   | <u>124,594,003</u>   |
| <b>Net Assets</b>             |                         |                      |                          |                     |                      |                      |
| Invested in Capital Assets,   |                         |                      |                          |                     |                      |                      |
| Net of Related Debt           | 77,419,157              | 85,270,139           | 48,300,584               | 46,112,138          | 125,719,741          | 131,382,277          |
| Restricted:                   |                         |                      |                          |                     |                      |                      |
| Capital Projects              | 747,170                 | 2,184,529            | 0                        | 0                   | 747,170              | 2,184,529            |
| Debt Service                  | 999,595                 | 929,267              | 2,707,499                | 2,647,896           | 3,707,094            | 3,577,163            |
| Replacement and Improvement   | 0                       | 0                    | 300,000                  | 300,000             | 300,000              | 300,000              |
| Utility Reserve               | 0                       | 0                    | 1,354,532                | 1,394,584           | 1,354,532            | 1,394,584            |
| Other Purposes                | 22,390,725              | 19,648,025           | 0                        | 0                   | 22,390,725           | 19,648,025           |
| Unrestricted (Deficit)        | (5,325,635)             | (3,002,825)          | 4,305,632                | 4,015,416           | (1,020,003)          | 1,012,591            |
| <i>Total Net Assets</i>       | <u>\$96,231,012</u>     | <u>\$105,029,135</u> | <u>\$56,968,247</u>      | <u>\$54,470,034</u> | <u>\$153,199,259</u> | <u>\$159,499,169</u> |

As noted earlier, net assets may serve over time as a useful indicator of a City's financial position. The largest portion of the City's net assets reflects its investment in capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment, furniture and fixtures and infrastructure including water and sewer lines), less any outstanding debt used to acquire those assets.

Total net assets decreased from 2008 to 2009 primarily in the area of invested in capital assets, net of related debt due to depreciation. The decrease in current and other assets resulted mainly from a reduction in cash and cash equivalents as a consequence of the current economic downturn. Total liabilities decreased slightly from 2008 to 2009 as a result of paying down the bonded debt and other loans and capital leases of the City.

Table 2 shows the changes in net assets for the years ended December 31, 2009 and 2008 and corresponds to the Statement of Activities on page 18.

**City of Lorain, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2009**  
*Unaudited*

**Table 2**  
**Changes in Net Assets**

|  | Governmental Activities |                      | Business-Type Activities |                     | Total                |                      |
|--|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|  | 2009                    | 2008                 | 2009                     | 2008                | 2009                 | 2008                 |
| <b>Revenues:</b>   |                         |                      |                          |                     |                      |                      |
| Program Revenues:  |                         |                      |                          |                     |                      |                      |
| Charges for Services and Assessments                             | \$4,713,828             | \$4,513,945          | \$19,860,657             | \$19,473,829        | \$24,574,485         | \$23,987,774         |
| Operating Grants and Contributions                               | 10,026,961              | 5,862,249            | 0                        | 0                   | 10,026,961           | 5,862,249            |
| Capital Grants and Contributions                                 | 1,757,274               | 1,478,968            | 0                        | 700,813             | 1,757,274            | 2,179,781            |
| <b>Total Program Revenues</b>                                    | <b>16,498,063</b>       | <b>11,855,162</b>    | <b>19,860,657</b>        | <b>20,174,642</b>   | <b>36,358,720</b>    | <b>32,029,804</b>    |
| General Revenues:  |                         |                      |                          |                     |                      |                      |
| Municipal Income Taxes   | 15,635,685              | 18,173,290           | 0                        | 0                   | 15,635,685           | 18,173,290           |
| Property Taxes   | 4,147,795               | 4,287,671            | 0                        | 0                   | 4,147,795            | 4,287,671            |
| Payments in Lieu of Taxes  | 916,189                 | 524,641              | 0                        | 0                   | 916,189              | 524,641              |
| Investment Income  | 53,381                  | 377,061              | 1,158                    | 39,053              | 54,539               | 416,114              |
| Intergovernmental Revenue not<br>Restricted to Specific Programs | 5,221,222               | 7,371,329            | 0                        | 0                   | 5,221,222            | 7,371,329            |
| Franchise Fees   | 602,430                 | 690,859              | 0                        | 0                   | 602,430              | 690,859              |
| Miscellaneous  | 524,420                 | 460,595              | 71,804                   | 21,555              | 596,224              | 482,150              |
| <b>Total General Revenues</b>                                    | <b>27,101,122</b>       | <b>31,885,446</b>    | <b>72,962</b>            | <b>60,608</b>       | <b>27,174,084</b>    | <b>31,946,054</b>    |
| <b>Total Revenues</b>  | <b>43,599,185</b>       | <b>43,740,608</b>    | <b>19,933,619</b>        | <b>20,235,250</b>   | <b>63,532,804</b>    | <b>63,975,858</b>    |
| <b>Program Expense:</b>  |                         |                      |                          |                     |                      |                      |
| General Government   | 12,043,738              | 12,788,107           | 0                        | 0                   | 12,043,738           | 12,788,107           |
| Security of Persons and Property                                 | 19,793,984              | 22,346,039           | 0                        | 0                   | 19,793,984           | 22,346,039           |
| Transportation   | 12,665,797              | 13,855,345           | 0                        | 0                   | 12,665,797           | 13,855,345           |
| Public Health  | 1,786,441               | 2,021,791            | 0                        | 0                   | 1,786,441            | 2,021,791            |
| Community Environment  | 654,143                 | 636,040              | 0                        | 0                   | 654,143              | 636,040              |
| Economic Development   | 2,222,946               | 4,623,187            | 0                        | 0                   | 2,222,946            | 4,623,187            |
| Leisure Time Activities  | 1,090,661               | 1,582,512            | 0                        | 0                   | 1,090,661            | 1,582,512            |
| Interest and Fiscal Charges                                      | 2,139,598               | 2,114,164            | 0                        | 0                   | 2,139,598            | 2,114,164            |
| Water Works  | 0                       | 0                    | 7,579,138                | 7,594,813           | 7,579,138            | 7,594,813            |
| Water Pollution Control  | 0                       | 0                    | 9,856,268                | 9,167,502           | 9,856,268            | 9,167,502            |
| <b>Total Expenses</b>  | <b>52,397,308</b>       | <b>59,967,185</b>    | <b>17,435,406</b>        | <b>16,762,315</b>   | <b>69,832,714</b>    | <b>76,729,500</b>    |
| <b>Increase (Decrease) in Net Assets</b>                         | <b>(8,798,123)</b>      | <b>(16,226,577)</b>  | <b>2,498,213</b>         | <b>3,472,935</b>    | <b>(6,299,910)</b>   | <b>(12,753,642)</b>  |
| <b>Net Assets, January 1</b>                                     | <b>105,029,135</b>      | <b>121,255,712</b>   | <b>54,470,034</b>        | <b>50,997,099</b>   | <b>159,499,169</b>   | <b>172,252,811</b>   |
| <b>Net Assets, December 31</b>                                   | <b>\$96,231,012</b>     | <b>\$105,029,135</b> | <b>\$56,968,247</b>      | <b>\$54,470,034</b> | <b>\$153,199,259</b> | <b>\$159,499,169</b> |

Program revenues increased in 2009. 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 decreased from the prior year. The preponderance of this decrease is attributable to a sharp decline in municipal income tax collections and in unrestricted grants and entitlements due to a decrease in intergovernmental monies received from the County for local government revenue.



**City of Lorain, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

---

***Governmental Activities***

There are several revenue sources that fund the City's governmental activities. Income tax revenues account for one of the largest sources of revenue. 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 2009, the revenue from income taxes decreased as a direct result of the poor economy. In December 2009 Lorain City Council voted to reduce the income tax credit allowed to residents of the City on income earned outside the City and paid to another municipality from 1.0 percent to .50 percent. This credit reduction goes into effect January 1, 2010 for the 2010 tax year.

The second largest source of revenue in governmental activities, Operating Grants and Contributions, saw an increase in 2009 due to the influx of federal and state grants for community development and police operations.

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.

Total governmental program expenses for 2009 were down as compared to 2008 as a result of the City's effort to curb spending in the face of the uncertain and depressed economy. Security of persons and property accounted for the largest portion of program expenses and includes the operations of the police and fire departments.

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 2009 the police department purchased 5 new police cruisers and a GPS tracking system for all police units.

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 2009, the fire department purchased diesel emissions filters for nine fire trucks through a FEMA assistance to firefighters grant. These filters remove harmful diesel exhaust fumes from the personnel areas of the vehicles to improve the health and safety of the City's firefighters.

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.

***Business-Type Activities***

Utility services for water and water pollution control saw an increase in charges for services. Water pollution control customer usage was up in 2009 but was offset by a decrease in water customer usage. The rates charged to customers were increased in April 2009 for the water department and water pollution control department by fifteen percent and 26 percent respectively. The City closely monitors the utility rate structure to insure it meets both the revenue bond indenture requirements and its operating needs including debt.

**City of Lorain, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

---

The Utilities Department continued work on the Westside relief sewer, a 24 million dollar upgrade project, and work on the East Central relief sewer. The Black River wastewater storage and containment tunnel project was begun in 2009 in an effort to reduce the pollution emitted into Lake Erie as a result of sanitary sewer and storm water overflows. This project is also the first step in the process of moving the treatment plant at the mouth of the Black River to another location to make additional acreage on the waterfront available for development.

***The City's Funds***

Information about the City's governmental funds begins on page 20 . 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.

The General Fund is the main operating fund of the City. The decrease in fund balance is largely attributable to the reduced collections of municipal income tax and local government revenue received from the State which is a direct result of the stressed economy.

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. The community development department received over four million in federal grants in 2009. These funds will be used to stabilize distressed neighborhoods by purchasing abandoned and foreclosed homes to either demolish or rehabilitate the structures to improve the City's neighborhoods and financial assistance to help the Citizens of the City who are in danger of becoming homeless or in the case of individuals already experiencing homelessness, to expedite re-housing.

The General Obligation Bond Retirement Fund accounts for the accumulation of resources to pay principal and interest on general obligation debt. The City's general obligation bond retirement fund's ending fund balance consists entirely of excess payments in lieu of taxes received in 2009 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. The deficit balance is due to the issuance of notes for various street projects throughout the City.

***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.

**City of Lorain, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

---

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, 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.

During the course of 2009, the City amended its general fund budget numerous times. The actual revenue amount was less than the final budget. Income taxes collected were under expected receipts. 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. In 2009 an amendment of approximately three million dollars was made to the original revenue budget to account for the balance of the Clean Ohio Revitalization Fund (C.O.R.F.) grant. The intergovernmental revenue shortfall was mainly due to uncollected proceeds from the C.O.R.F. grant. 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, and 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 which are included in general government expenditures.

The negative variance in expenditures of security of persons and property between the final amended budget and the actual is the result of the police and fire departments exceeding their budget for personal services.

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.

**City of Lorain, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

**Capital Assets and Debt Administration**

*Capital Assets*

**Table 3**  
**Capitals Assets**  
**(Net of Depreciation)**

|                             | Governmental Activities |                      | Business-Type Activities |                      | Total                |                      |
|-----------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                             | 2009                    | 2008                 | 2009                     | 2008                 | 2009                 | 2008                 |
| Land                        | \$9,513,239             | \$9,414,359          | \$660,071                | \$617,876            | \$10,173,310         | \$10,032,235         |
| Construction in Progress    | 12,087,493              | 10,075,438           | 29,976,884               | 28,379,869           | 42,064,377           | 38,455,307           |
| Buildings and Improvements  | 14,681,953              | 14,146,077           | 25,738,756               | 26,672,865           | 40,420,709           | 40,818,942           |
| Machinery and Equipment     | 9,803,448               | 10,241,158           | 3,795,827                | 3,853,254            | 13,599,275           | 14,094,412           |
| Furniture and Fixtures      | 197,155                 | 48,696               | 0                        | 0                    | 197,155              | 48,696               |
| Infrastructure:             |                         |                      |                          |                      |                      |                      |
| Streets and Sidewalks       | 75,376,581              | 85,065,524           | 0                        | 0                    | 75,376,581           | 85,065,524           |
| Water Lines                 | 0                       | 0                    | 15,742,516               | 15,417,799           | 15,742,516           | 15,417,799           |
| Sewer Lines                 | 0                       | 0                    | 26,464,952               | 27,428,490           | 26,464,952           | 27,428,490           |
| <i>Total Capital Assets</i> | <u>\$121,659,869</u>    | <u>\$128,991,252</u> | <u>\$102,379,006</u>     | <u>\$102,370,153</u> | <u>\$224,038,875</u> | <u>\$231,361,405</u> |

The most significant increase in governmental capital assets was in construction in progress and includes the addition of the police dispatch and communications center construction and the State Route 58 rehabilitation road project.

Business-type activities saw additions to construction in progress for the Westside relief sewer, East Central relief sewer, and the Black River tunnel design.

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.

***Long-Term Obligations***

The City's long-term obligations are comprised of general obligation, special assessment, and revenue bonds, loans (OWDA, HUD Section 108, OPWC, ODOD, and ODOT, and installment), capital leases, pollution remediation, and compensated absences.

**City of Lorain, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

**Table 4**  
**Outstanding Long-Term Obligations at Year End**

|                          | Governmental Activities |                     | Business-Type Activities |                     | Total                |                      |
|--------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
|                          | 2009                    | 2008                | 2009                     | 2008                | 2009                 | 2008                 |
| General Obligation Bonds | \$30,303,361            | \$31,714,580        | \$867,653                | \$1,041,120         | \$31,171,014         | \$32,755,700         |
| Special Assessment Bonds | 847,338                 | 467,691             | 0                        | 0                   | 847,338              | 467,691              |
| Revenue Bonds            | 0                       | 0                   | 5,949,733                | 7,074,036           | 5,949,733            | 7,074,036            |
| OWDA Loans               | 0                       | 0                   | 47,212,860               | 48,074,819          | 47,212,860           | 48,074,819           |
| HUD Section 108 Loans    | 4,550,000               | 5,005,000           | 0                        | 0                   | 4,550,000            | 5,005,000            |
| OPWC Loans               | 2,751,664               | 2,818,314           | 0                        | 0                   | 2,751,664            | 2,818,314            |
| ODOD Loan                | 2,296,943               | 2,296,943           | 0                        | 0                   | 2,296,943            | 2,296,943            |
| ODOT Loans               | 2,170,151               | 1,454,600           | 0                        | 0                   | 2,170,151            | 1,454,600            |
| Installment Loans        | 640,498                 | 193,716             | 0                        | 0                   | 640,498              | 193,716              |
| Capital Leases           | 2,149,225               | 2,385,686           | 157,356                  | 208,364             | 2,306,581            | 2,594,050            |
| Pollution Remediation    | 821,774                 | 821,774             | 0                        | 0                   | 821,774              | 821,774              |
| Compensated Absences     | 7,485,814               | 7,491,132           | 1,117,779                | 1,221,075           | 8,603,593            | 8,712,207            |
| <i>Total</i>             | <u>\$54,016,768</u>     | <u>\$54,649,436</u> | <u>\$55,305,381</u>      | <u>\$57,619,414</u> | <u>\$109,322,149</u> | <u>\$112,268,850</u> |

The fourteen general obligation bonds include the Riverfront, Heritage, and Lighthouse Village urban renewal bonds, an energy conservation bond, the Safety/Service bond used for police, fire, park and cemetery improvements and equipment, the Pellet Terminal bond issued for the purchase and improvement of the old pellet terminal site located on the Black River. The remainder of the bonds were issued for various purposes including infrastructure improvements dating back to 1988. The interest and principal on the general obligation bonds of the governmental activities are paid from real estate taxes and payments in lieu of taxes in the case of the urban renewal bonds. Interest and principal for business-type activities general obligation bonds are paid from water and sewer user fees.

The two special assessment bonds consist of various street improvement projects. In 2009, the City issued a \$390,000 special assessment bond for street improvements on Gary Avenue, Wood Avenue, and Cooper Foster Park Road. The debt service on these loans is paid from real estate assessments on those property owners who benefitted from the improvements.

The two revenue bonds are for water and water pollution control facilities and are paid from water and sewer user fees.

The sixteen Ohio Water Development Authority (OWDA) loans are for water and sewer projects dating back to 1978. The major loans are for waterline replacements and projects related to the sanitary sewer overflow (SSO) project mandated by the Environmental Protection Agency:

The HUD Section 108 Loans are Community Development loans for the Head Start building, Riverbend Commerce Park (formerly named Colorado Industrial Park) infrastructure, expansion of the City's existing business development revolving loan fund and 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.

**City of Lorain, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

---

The six Ohio Department of Transportation (ODOT) state infrastructure bank (SIB) loans are for the rehabilitation and repaving of State Route 57, East 36<sup>th</sup> St., State Route 58, North Ridge Road and various local roadways. A portion of the debt service paid is from state gas tax revenue pledged from the streets fund.

The seventeen 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 general obligation debt service fund from the General Fund.

The City has entered into capitalized lease obligations for various equipment including fire trucks, street sweepers, dump trucks, and snow removal equipment for the street department, IP phone equipment and copiers/scanners for all City departments, and a high pressure jet truck for the water pollution control department. The minimum lease payments required are paid from the general fund, streets and health special revenue funds, general sewer capital projects fund, and the water pollution control fund.

The compensated absence category represents the dollar value of accumulated but unused sick leave and vacation time at year end. The liability represents amounts that will either be taken as leave or paid out upon termination or retirement. For additional information, please see note 13 to the basic financial statements.

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

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

#### **Economic Factors and Current Financial Issues**

Many of the financial issues that the City encountered in the last several years have worsened dramatically due to the nationwide recession. The City is facing many of the same issues as other communities, mainly decreasing revenue sources, rising operating costs, and capital needs that cannot be funded. The December 2009 unemployment rate for the City was 10.9 percent while the unemployment rate for Lorain County was 9.4 percent and the State of Ohio was 10.8 percent (based on the Ohio Job & Family Services, Office of Workforce Development).

The City's financial condition in 2009, primarily the general fund, has continued to deteriorate considerably as we have experienced decreases in income tax collections, local government revenue, and investment income compared to prior years. As a result, the City has had to make budget cuts in order to lower their costs. In doing so, the City was able to lower their expenses from the previous year but was still unable to match the decline in revenue to keep from adding to the general fund deficit. The general fund unreserved balance has been declining over the past few years. In 2006, the general fund's unreserved balance was \$1,061,018 in contrast to the 2009 unreserved balance of (\$1,398,518). There has been a concerted effort on the part of City Council and the City's administration to curtail spending wherever possible without compromising City services when possible.

The City's real estate property values decreased by approximately five percent from 2008 to 2009. Commercial/industrial/public utility property values increased slightly but the values for residential/agricultural properties declined sharply to pre 2006 levels.

**City of Lorain, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

---

The City continues to have an aggressive economic development program and includes the following projects:

*Lighthouse Village* - a 65 acre retail development of an approximately 500,000 square feet anchored by Kohl's Department Store and Home Depot. Kohl's Department Store opened in 2006, and Home Depot and Applebee's Restaurant opened in 2008. In February 2009, Walmart purchased 20.7 acres of the development site and construction on a 180,000 square foot Super Walmart began in December 2009.

*Lorain West Urban Renewal Plan* -. The Urban Renewal Plan allows 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 is in the City of Lorain. In 2008, the retail center saw the completion and opening of a Lowe's home improvement store. In 2009, the construction of a Key Bank branch office and a 14,000 square foot retail building that houses a sandwich shop, hair salon, bedding store, and a beauty supply store was completed. These facilities were also opened and began operations in 2009.

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 2009:

- Trademark Global, an internet sales company, moved into the site in September 2007. Trademark has 50 full-time employees and hires up to 140 seasonal (October through February) with an estimated annual payroll of \$2 million. Annual sales are in excess of \$14 million.
- 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.
- Midwest Global Distribution Centers moved into the site in the fall 2008 and started with 100,000 square feet of warehouse space. AGC, an aftermarket glass company, moved into the site in the fall 2008. The two companies share 175,000 square feet of space.
- Heidelberg Distributing Family of Companies, the 16th largest distributor of beer in the United States, will be moving two of its distributing locations to the site in second quarter 2010.

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

*Riverbend Commerce Park* (formerly named Colorado Industrial Park): Camaco, LLC, a current tenant of the commerce park completed a 40,000 square foot addition in 2008. The total size of the facility is now approximately 160,000 square feet. The other tenants, the U.S. Post Office and Horizon Daycare, are still

**City of Lorain, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

---

operating. This project allows for approximately 75 acres of light industrial and commercial development within the City.

**Contacting the City's Finance Department**

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](mailto:Ron_Mantini@cityoflorain.org)

or

Anita J. Harper, Chief Deputy Auditor  
[Anita\\_Harper@cityoflorain.org](mailto:Anita_Harper@cityoflorain.org)

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



## **Basic Financial Statements**

**This Page is Intentionally Left Blank.**

**City of Lorain, Ohio**  
*Statement of Net Assets*  
*December 31, 2009*

|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |
|---|----------------------------|-----------------------------|----------------------|
| <b>Assets</b>                                   |                            |                             |                      |
| Equity in Pooled Cash and Cash Equivalents      | \$4,796,690                | \$3,876,933                 | \$8,673,623          |
| Cash and Cash Equivalents:                      |                            |                             |                      |
| In Segregated Accounts                          | 54,987                     | 0                           | 54,987               |
| With Trustee                                    | 0                          | 2,787,710                   | 2,787,710            |
| With Fiscal Agents                              | 269,741                    | 0                           | 269,741              |
| Accounts Receivable                             | 319,362                    | 4,009,584                   | 4,328,946            |
| Inventory Held for Resale                       | 1,866,831                  | 0                           | 1,866,831            |
| Materials and Supplies Inventory                | 1,088,510                  | 664,171                     | 1,752,681            |
| Internal Balances                               | (144,664)                  | 144,664                     | 0                    |
| Intergovernmental Receivable                    | 8,680,689                  | 34,775                      | 8,715,464            |
| Prepaid Items                                   | 64,828                     | 49,689                      | 114,517              |
| Municipal Income Taxes Receivable               | 2,102,529                  | 0                           | 2,102,529            |
| Property Taxes Receivable                       | 4,231,135                  | 0                           | 4,231,135            |
| Payments in Lieu of Taxes Receivable            | 227,596                    | 0                           | 227,596              |
| Special Assessments Receivable                  | 213,937                    | 0                           | 213,937              |
| Loans Receivable                                | 14,309,583                 | 413,418                     | 14,723,001           |
| Deferred Charges                                | 840,431                    | 109,180                     | 949,611              |
| Capital Assets, Non-Depreciable                 | 21,600,732                 | 30,636,955                  | 52,237,687           |
| Capital Assets, Depreciable, Net                | 100,059,137                | 71,742,051                  | 171,801,188          |
| <i>Total Assets</i>                             | <u>160,582,054</u>         | <u>114,469,130</u>          | <u>275,051,184</u>   |
| <b>Liabilities</b>                              |                            |                             |                      |
| Accounts Payable                                | 1,240,588                  | 477,134                     | 1,717,722            |
| Contracts Payable                               | 195,389                    | 1,010,282                   | 1,205,671            |
| Accrued Wages and Benefits                      | 646,010                    | 191,266                     | 837,276              |
| Matured Compensated Absences Payable            | 95,898                     | 0                           | 95,898               |
| Vacation Benefits Payable                       | 31,554                     | 0                           | 31,554               |
| Intergovernmental Payable                       | 1,549,438                  | 389,689                     | 1,939,127            |
| Deferred Revenue                                | 3,686,632                  | 0                           | 3,686,632            |
| Retainage Payable                               | 0                          | 29,425                      | 29,425               |
| Accrued Interest Payable                        | 303,012                    | 90,100                      | 393,112              |
| Notes Payable                                   | 2,215,000                  | 0                           | 2,215,000            |
| Claims Payable                                  | 370,753                    | 7,606                       | 378,359              |
| Long-Term Liabilities:                          |                            |                             |                      |
| Due Within One Year                             | 4,605,375                  | 4,538,550                   | 9,143,925            |
| Due In More Than One Year                       | 49,411,393                 | 50,766,831                  | 100,178,224          |
| <i>Total Liabilities</i>                        | <u>64,351,042</u>          | <u>57,500,883</u>           | <u>121,851,925</u>   |
| <b>Net Assets</b>                               |                            |                             |                      |
| Invested in Capital Assets, Net of Related Debt | 77,419,157                 | 48,300,584                  | 125,719,741          |
| Restricted for:                                 |                            |                             |                      |
| Capital Projects                                | 747,170                    | 0                           | 747,170              |
| Debt Service                                    | 999,595                    | 2,707,499                   | 3,707,094            |
| Community Development                           | 21,696,627                 | 0                           | 21,696,627           |
| Replacement and Improvement                     | 0                          | 300,000                     | 300,000              |
| Utility Reserve                                 | 0                          | 1,354,532                   | 1,354,532            |
| Other Purposes                                  | 694,098                    | 0                           | 694,098              |
| Unrestricted (Deficit)                          | (5,325,635)                | 4,305,632                   | (1,020,003)          |
| <i>Total Net Assets</i>                         | <u>\$96,231,012</u>        | <u>\$56,968,247</u>         | <u>\$153,199,259</u> |

See accompanying notes to the basic financial statements

**City of Lorain, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2009

|                                       | Program Revenues    |   |                                       |                                     |
|---------------------------------------|---------------------|---|---------------------------------------|-------------------------------------|
|                                       | Expenses            | Charges for Services<br>and Assessments | Operating Grants<br>and Contributions | Capital Grants<br>and Contributions |
| <b>Governmental Activities</b>        |                     |   |                                       |                                     |
| General Government                    | \$12,043,738        | \$1,768,208                             | \$225,533                             | \$0                                 |
| Security of Persons and Property      | 19,793,984          | 692,478                                 | 315,920                               | 0                                   |
| Transportation                        | 12,665,797          | 77,203                                  | 2,438,807                             | 1,757,274                           |
| Public Health                         | 1,786,441           | 1,471,921                               | 389,116                               | 0                                   |
| Community Environment                 | 654,143             | 657,190                                 | 226,690                               | 0                                   |
| Economic Development                  | 2,222,946           | 11,823                                  | 6,430,895                             | 0                                   |
| Leisure Time Activities               | 1,090,661           | 35,005                                  | 0                                     | 0                                   |
| Interest and Fiscal Charges           | 2,139,598           | 0                                       | 0                                     | 0                                   |
| <i>Total Governmental Activities</i>  | <u>52,397,308</u>   | <u>4,713,828</u>                        | <u>10,026,961</u>                     | <u>1,757,274</u>                    |
| <b>Business-Type Activities</b>       |                     |   |                                       |                                     |
| Water Works                           | 7,579,138           | 7,813,777                               | 0                                     | 0                                   |
| Water Pollution Control               | 9,856,268           | 12,046,880                              | 0                                     | 0                                   |
| <i>Total Business-Type Activities</i> | <u>17,435,406</u>   | <u>19,860,657</u>                       | <u>0</u>                              | <u>0</u>                            |
| <i>Total</i>                          | <u>\$69,832,714</u> | <u>\$24,574,485</u>                     | <u>\$10,026,961</u>                   | <u>\$1,757,274</u>                  |

**General Revenues**

Property Taxes Levied for:

    General Purposes

    Police Pension

    Fire Pension

    Debt Service

Municipal Income Taxes Levied for

    General Purposes

    Police Levy

Payments in Lieu of Taxes

Grants and Entitlements not Restricted  
to Specific Programs

Franchise Fees

Investment Earnings

Miscellaneous

*Total General Revenues*

Change in Net Assets

*Net Assets Beginning of Year*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue  
and Changes in Net Assets

| Governmental<br>Activities | Business-Type<br>Activity | Total          |
|----------------------------|---------------------------|----------------|
| (\$10,049,997)             | \$0                       | (\$10,049,997) |
| (18,785,586)               | 0                         | (18,785,586)   |
| (8,392,513)                | 0                         | (8,392,513)    |
| 74,596                     | 0                         | 74,596         |
| 229,737                    | 0                         | 229,737        |
| 4,219,772                  | 0                         | 4,219,772      |
| (1,055,656)                | 0                         | (1,055,656)    |
| (2,139,598)                | 0                         | (2,139,598)    |
| (35,899,245)               | 0                         | (35,899,245)   |
| 0                          | 234,639                   | 234,639        |
| 0                          | 2,190,612                 | 2,190,612      |
| 0                          | 2,425,251                 | 2,425,251      |
| (35,899,245)               | 2,425,251                 | (33,473,994)   |
| 2,679,184                  | 0                         | 2,679,184      |
| 138,349                    | 0                         | 138,349        |
| 179,102                    | 0                         | 179,102        |
| 1,151,160                  | 0                         | 1,151,160      |
| 13,701,298                 | 0                         | 13,701,298     |
| 1,934,387                  | 0                         | 1,934,387      |
| 916,189                    | 0                         | 916,189        |
| 5,221,222                  | 0                         | 5,221,222      |
| 602,430                    | 0                         | 602,430        |
| 53,381                     | 1,158                     | 54,539         |
| 524,420                    | 71,804                    | 596,224        |
| 27,101,122                 | 72,962                    | 27,174,084     |
| (8,798,123)                | 2,498,213                 | (6,299,910)    |
| 105,029,135                | 54,470,034                | 159,499,169    |
| \$96,231,012               | \$56,968,247              | \$153,199,259  |

**City of Lorain, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2009*

|   | General            | Community<br>Development | General<br>Obligation<br>Bond<br>Retirement | Capital<br>Improvements | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|--------------------|--------------------------|---|-------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>                                 |                    |                          |   |                         |                                |                                |
| Equity in Pooled Cash and<br>Cash Equivalents | \$0                | \$507,949                | \$328,340                                   | \$1,526,258             | \$2,111,077                    | \$4,473,624                    |
| Cash and Cash Equivalents:                    |                    |                          |   |                         |                                |                                |
| In Segregated Accounts                        | 54,987             | 0                        | 0   | 0                       | 0                              | 54,987                         |
| With Fiscal Agents                            | 0                  | 269,741                  | 0   | 0                       | 0                              | 269,741                        |
| Accounts Receivable                           | 151,161            | 0                        | 125,901                                     | 0                       | 42,300                         | 319,362                        |
| Inventory Held for Resale                     | 0                  | 1,866,831                | 0   | 0                       | 0                              | 1,866,831                      |
| Materials and Supplies Inventory              | 112,302            | 5,076                    | 0   | 0                       | 232,004                        | 349,382                        |
| Interfund Receivable                          | 0                  | 2,294,898                | 0   | 0                       | 20,747                         | 2,315,645                      |
| Intergovernmental Receivable                  | 2,680,794          | 4,687,049                | 79,150                                      | 249,066                 | 984,630                        | 8,680,689                      |
| Prepaid Items                                 | 45,803             | 7,150                    | 0   | 0                       | 9,792                          | 62,745                         |
| Municipal Income Taxes Receivable             | 1,839,308          | 0                        | 0   | 0                       | 263,221                        | 2,102,529                      |
| Property Taxes Receivable                     | 2,719,827          | 0                        | 944,568                                     | 0                       | 566,740                        | 4,231,135                      |
| Payments in Lieu of Taxes Receivable          | 0                  | 20,880                   | 206,716                                     | 0                       | 0                              | 227,596                        |
| Special Assessments Receivable                | 151,318            | 0                        | 0   | 0                       | 62,619                         | 213,937                        |
| Loans Receivable                              | 0                  | 14,120,537               | 189,046                                     | 0                       | 0                              | 14,309,583                     |
| <b>Total Assets</b>                           | <b>\$7,755,500</b> | <b>\$23,780,111</b>      | <b>\$1,873,721</b>                          | <b>\$1,775,324</b>      | <b>\$4,293,130</b>             | <b>\$39,477,786</b>            |
| <b>Liabilities and Fund Balances</b>          |                    |                          |   |                         |                                |                                |
| <b>Liabilities</b>                            |                    |                          |   |                         |                                |                                |
| Accounts Payable                              | \$589,797          | \$439,281                | \$0   | \$17,923                | \$129,880                      | \$1,176,881                    |
| Contracts Payable                             | 4,200              | 99,358                   | 0   | 88,731                  | 3,100                          | 195,389                        |
| Accrued Wages and Benefits                    | 484,266            | 35,667                   | 0   | 0                       | 112,413                        | 632,346                        |
| Matured Compensated Absences Payable          | 85,202             | 0                        | 0   | 0                       | 10,696                         | 95,898                         |
| Intergovernmental Payable                     | 1,197,512          | 73,014                   | 0   | 0                       | 248,842                        | 1,519,368                      |
| Interfund Payable                             | 1,866,262          | 668                      | 0   | 0                       | 509,065                        | 2,375,995                      |
| Claims Payable                                | 33,027             | 0                        | 0   | 0                       | 0                              | 33,027                         |
| Accrued Interest Payable                      | 2,942              | 0                        | 0   | 24,031                  | 11,874                         | 38,847                         |
| Notes Payable                                 | 0                  | 0                        | 0   | 2,215,000               | 0                              | 2,215,000                      |
| Deferred Revenue                              | 4,726,067          | 4,438,625                | 1,419,480                                   | 207,204                 | 1,296,950                      | 12,088,326                     |
| <b>Total Liabilities</b>                      | <b>8,989,275</b>   | <b>5,086,613</b>         | <b>1,419,480</b>                            | <b>2,552,889</b>        | <b>2,322,820</b>               | <b>20,371,077</b>              |
| <b>Fund Balances</b>                          |                    |                          |   |                         |                                |                                |
| Reserved for Encumbrances                     | 164,743            | 872,918                  | 0   | 597,392                 | 63,046                         | 1,698,099                      |
| Reserved for Loans                            | 0                  | 13,222,597               | 0   | 0                       | 0                              | 13,222,597                     |
| Reserved for Inventory Held for Resale        | 0                  | 1,866,831                | 0   | 0                       | 0                              | 1,866,831                      |
| Reserved for Debt Service                     | 0                  | 269,741                  | 0   | 0                       | 0                              | 269,741                        |
| Unreserved:                                   |                    |                          |   |                         |                                |                                |
| Undesignated (Deficit), Reported in:          |                    |                          |   |                         |                                |                                |
| General Fund                                  | (1,398,518)        | 0                        | 0   | 0                       | 0                              | (1,398,518)                    |
| Special Revenue Funds                         | 0                  | 2,461,411                | 0   | 0                       | 1,425,138                      | 3,886,549                      |
| Debt Service Funds                            | 0                  | 0                        | 454,241                                     | 0                       | 0                              | 454,241                        |
| Capital Projects Funds                        | 0                  | 0                        | 0   | (1,374,957)             | 482,126                        | (892,831)                      |
| <b>Total Fund Balances (Deficit)</b>          | <b>(1,233,775)</b> | <b>18,693,498</b>        | <b>454,241</b>                              | <b>(777,565)</b>        | <b>1,970,310</b>               | <b>19,106,709</b>              |
| <b>Total Liabilities and Fund Balances</b>    | <b>\$7,755,500</b> | <b>\$23,780,111</b>      | <b>\$1,873,721</b>                          | <b>\$1,775,324</b>      | <b>\$4,293,130</b>             | <b>\$39,477,786</b>            |

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, 2009*

|   |                            |
|---|----------------------------|
| <b>Total Governmental Fund Balances</b>   | <b>\$19,106,709</b>        |
| <br><i>Amounts reported for governmental activities in<br/>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.   | 121,659,869                |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:  |                            |
| Special Assessments   | \$213,937                  |
| Delinquent Property Taxes   | 733,549                    |
| Intergovernmental   | 6,933,655                  |
| Municipal Income Taxes  | 292,957                    |
| Payments in Lieu of Taxes   | <u>227,596</u>             |
| Total   | 8,401,694                  |
| Bond issuance costs will be amortized over the life of the bonds on the statement of net assets.  | 840,431                    |
| 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  | 641,728                    |
| Capital Assets  | (188,361)                  |
| Bonds Payable   | 132,455                    |
| Compensated Absences  | 95,687                     |
| Internal Balances   | <u>(146,713)</u>           |
| Total   | 534,796                    |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due.   | (264,165)                  |
| Vacation benefits payable is not due and payable with expendable available financial resources and therefore are not reported in the funds.   | (31,554)                   |
| 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  | (30,642,312)               |
| Special Assessment Bonds  | (835,035)                  |
| HUD Section 108 Loans   | (4,550,000)                |
| OPWC Loans  | (2,751,664)                |
| Other Loans   | (5,107,592)                |
| Compensated Absences  | (7,485,814)                |
| Capital Leases  | (2,149,225)                |
| Pollution Remediation   | (821,774)                  |
| Bond Premium  | (30,375)                   |
| Bond Discount   | 114,817                    |
| Refunding   | <u>242,206</u>             |
| Total   | <u>(54,016,768)</u>        |
| <b>Net Assets of Governmental Activities</b>  | <b><u>\$96,231,012</u></b> |

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, 2009*

|   | General              | Community<br>Development | General<br>Obligation<br>Bond<br>Retirement | Capital<br>Improvements | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|--------------------------|---|-------------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>   |                      |                          |   |                         |                                |                                |
| Property Taxes  | \$2,640,989          | \$0                      | \$1,187,937                                 | \$0                     | \$256,331                      | \$4,085,257                    |
| Payments in Lieu of Taxes                               | 0                    | 173,288                  | 515,305                                     | 0                       | 0                              | 688,593                        |
| Municipal Income Taxes                                  | 13,743,799           | 0                        | 0   | 0                       | 1,944,702                      | 15,688,501                     |
| Charges for Services                                    | 832,792              | 0                        | 0   | 0                       | 947,420                        | 1,780,212                      |
| Licenses and Permits                                    | 730,023              | 244                      | 0   | 0                       | 317,210                        | 1,047,477                      |
| Fines and Forfeitures                                   | 1,338,259            | 0                        | 0   | 0                       | 486,311                        | 1,824,570                      |
| Intergovernmental                                       | 6,058,796            | 3,371,615                | 225,533                                     | 3,000,070               | 3,142,754                      | 15,798,768                     |
| Franchise Fees  | 602,430              | 0                        | 0   | 0                       | 0                              | 602,430                        |
| Special Assessments                                     | 0                    | 0                        | 0   | 23,829                  | 42,796                         | 66,625                         |
| Interest  | 20,968               | 16,969                   | 13,415                                      | 1,075                   | 954                            | 53,381                         |
| Miscellaneous   | 312,180              | 33,675                   | 135,776                                     | 16,081                  | 17,090                         | 514,802                        |
| <b>Total Revenues</b>                                   | <b>26,280,236</b>    | <b>3,595,791</b>         | <b>2,077,966</b>                            | <b>3,041,055</b>        | <b>7,155,568</b>               | <b>42,150,616</b>              |
| <b>Expenditures</b>                                     |                      |                          |   |                         |                                |                                |
| <b>Current:</b>   |                      |                          |   |                         |                                |                                |
| General Government                                      | 8,266,392            | 0                        | 800   | 0                       | 325,000                        | 8,592,192                      |
| Security of Persons and Property                        | 16,372,692           | 0                        | 0   | 0                       | 2,798,586                      | 19,171,278                     |
| Transportation  | 0                    | 0                        | 0   | 0                       | 2,620,162                      | 2,620,162                      |
| Public Health   | 289,792              | 0                        | 0   | 0                       | 1,419,265                      | 1,709,057                      |
| Community Environment                                   | 410,746              | 0                        | 0   | 0                       | 222,857                        | 633,603                        |
| Economic Development                                    | 0                    | 2,680,510                | 0   | 0                       | 0                              | 2,680,510                      |
| Leisure Time Activities                                 | 915,190              | 0                        | 0   | 0                       | 7,471                          | 922,661                        |
| Capital Outlay  | 0                    | 0                        | 0   | 5,898,762               | 496,044                        | 6,394,806                      |
| <b>Debt Service:</b>                                    |                      |                          |   |                         |                                |                                |
| Principal Retirement                                    | 376,515              | 455,000                  | 1,535,600                                   | 0                       | 553,852                        | 2,920,967                      |
| Interest and Fiscal Charges                             | 93,084               | 305,599                  | 1,401,208                                   | 70,424                  | 283,429                        | 2,153,744                      |
| Bond Issuance Costs                                     | 0                    | 0                        | 0   | 24,943                  | 0                              | 24,943                         |
| <b>Total Expenditures</b>                               | <b>26,724,411</b>    | <b>3,441,109</b>         | <b>2,937,608</b>                            | <b>5,994,129</b>        | <b>8,726,666</b>               | <b>47,823,923</b>              |
| <i>Excess of Revenues Over<br/>(Under) Expenditures</i> | <i>(444,175)</i>     | <i>154,682</i>           | <i>(859,642)</i>                            | <i>(2,953,074)</i>      | <i>(1,571,098)</i>             | <i>(5,673,307)</i>             |
| <b>Other Financing Sources (Uses)</b>                   |                      |                          |   |                         |                                |                                |
| Inception of Capital Leases                             | 250,320              | 0                        | 0   | 0                       | 15,713                         | 266,033                        |
| Bonds Issued  | 0                    | 0                        | 0   | 390,000                 | 0                              | 390,000                        |
| Loans Received  | 0                    | 0                        | 0   | 1,626,699               | 0                              | 1,626,699                      |
| Premium on Debt Issuance                                | 0                    | 0                        | 0   | 12,530                  | 0                              | 12,530                         |
| Transfers In  | 128,813              | 0                        | 983,463                                     | 387,515                 | 1,164,297                      | 2,664,088                      |
| Transfers Out   | (1,638,275)          | (5,000)                  | 0   | 0                       | (1,020,813)                    | (2,664,088)                    |
| <b>Total Other Financing Sources (Uses)</b>             | <b>(1,259,142)</b>   | <b>(5,000)</b>           | <b>983,463</b>                              | <b>2,416,744</b>        | <b>159,197</b>                 | <b>2,295,262</b>               |
| <b>Net Change in Fund Balances</b>                      | <b>(1,703,317)</b>   | <b>149,682</b>           | <b>123,821</b>                              | <b>(536,330)</b>        | <b>(1,411,901)</b>             | <b>(3,378,045)</b>             |
| <b>Fund Balances (Deficit) Beginning of Year</b>        | <b>469,542</b>       | <b>18,543,816</b>        | <b>330,420</b>                              | <b>(241,235)</b>        | <b>3,382,211</b>               | <b>22,484,754</b>              |
| <b>Fund Balances (Deficit) End of Year</b>              | <b>(\$1,233,775)</b> | <b>\$18,693,498</b>      | <b>\$454,241</b>                            | <b>(\$777,565)</b>      | <b>\$1,970,310</b>             | <b>\$19,106,709</b>            |

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, 2009*

**Net Change in Fund Balances - Total Governmental Funds** (\$3,378,045)

*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   | \$6,947,401         |             |
| Current Year Depreciation | <u>(14,230,323)</u> |             |
| <b>Total</b>              |                     | (7,282,922) |

In the statement of activities, a gain or loss is reported for each disposal of capital assets. (48,461)

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

|                           |                |           |
|---------------------------|----------------|-----------|
| Delinquent Property Taxes | 62,538         |           |
| Intergovernmental         | 1,206,689      |           |
| Municipal Income Taxes    | (52,816)       |           |
| Special Assessments       | (319,112)      |           |
| Payments in Lieu of Taxes | <u>227,596</u> |           |
| <b>Total</b>              |                | 1,124,895 |

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           | (390,000)        |             |
| Bond Premium           | (12,530)         |             |
| Loans Received         | (1,626,699)      |             |
| Capital Lease Proceeds | <u>(266,033)</u> |             |
| <b>Total</b>           |                  | (2,295,262) |

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:

|                       |               |           |
|-----------------------|---------------|-----------|
| Governmental Funds    | 2,920,967     |           |
| Internal Service Fund | <u>19,076</u> |           |
| <b>Total</b>          |               | 2,940,043 |

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

|                                     |                 |        |
|-------------------------------------|-----------------|--------|
| Accrued Interest                    | 82,927          |        |
| Amortization of Bond Premium        | 1,469           |        |
| Amortization of Bond Discount       | (6,161)         |        |
| Amortization of Loss on Refunding   | (12,739)        |        |
| Amortization of Bond Issuance Costs | <u>(51,350)</u> |        |
| <b>Total</b>                        |                 | 14,146 |

Bond issuance costs are recognized as deferred charges and will be amortized over the life of the bonds on the statement of activities. 24,943

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 | 5,318           |          |
| Vacation Benefits    | <u>(31,554)</u> |          |
| <b>Total</b>         |                 | (26,236) |

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 | 169,594         |                |
| Capital Assets, Net  | 4,720           |                |
| Compensated Absences | 3,497           |                |
| Principal Retirement | (19,076)        |                |
| Interest Expense     | 6,592           |                |
| Internal Balance     | <u>(36,551)</u> |                |
| <b>Total</b>         |                 | <u>128,776</u> |

*Change in Net Assets of Governmental Activities* (\$8,798,123)

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, 2009

|   | Budgeted Amounts   |                    | Actual               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|--------------------|----------------------|---|
|   | Original           | Final              |                      |   |
| <b>Revenues:</b>                                |                    |                    |                      |   |
| Property Taxes                                  | \$2,813,109        | \$2,813,109        | \$2,640,989          | (\$172,120)   |
| Municipal Income Taxes                          | 15,071,594         | 15,071,594         | 13,956,294           | (1,115,300)   |
| Charges for Services                            | 770,613            | 899,693            | 829,521              | (70,172)  |
| Licenses and Permits                            | 807,250            | 807,250            | 730,023              | (77,227)  |
| Fines and Forfeitures                           | 1,306,500          | 1,315,756          | 1,327,746            | 11,990  |
| Intergovernmental                               | 6,607,787          | 9,469,590          | 6,502,484            | (2,967,106)   |
| Franchise Fees                                  | 580,000            | 580,000            | 600,702              | 20,702  |
| Interest  | 150,500            | 151,500            | 23,707               | (127,793)   |
| Miscellaneous                                   | 178,337            | 204,004            | 282,262              | 78,258  |
| <i>Total Revenues</i>                           | <u>28,285,690</u>  | <u>31,312,496</u>  | <u>26,893,728</u>    | <u>(4,418,768)</u>                                      |
| <b>Expenditures:</b>                            |                    |                    |                      |   |
| Current:  |                    |                    |                      |   |
| General Government                              | 7,063,488          | 9,773,677          | 7,945,264            | 1,828,413   |
| Security of Persons and Property                | 16,267,764         | 16,492,395         | 16,738,707           | (246,312)   |
| Public Health                                   | 307,738            | 292,638            | 290,099              | 2,539   |
| Community Environment                           | 418,849            | 424,949            | 422,320              | 2,629   |
| Leisure Time Activities                         | 924,550            | 963,955            | 943,764              | 20,191  |
| Debt Service:                                   |                    |                    |                      |   |
| Principal Retirement                            | 371,349            | 381,681            | 376,515              | 5,166   |
| Interest and Fiscal Charges                     | 93,263             | 93,263             | 93,263               | 0   |
| <i>Total Expenditures</i>                       | <u>25,447,001</u>  | <u>28,422,558</u>  | <u>26,809,932</u>    | <u>1,612,626</u>  |
| <i>Excess of Revenues Over Expenditures</i>     | <u>2,838,689</u>   | <u>2,889,938</u>   | <u>83,796</u>        | <u>(2,806,142)</u>                                      |
| <b>Other Financing Sources (Uses):</b>          |                    |                    |                      |   |
| Advances In                                     | 501,573            | 957,763            | 957,763              | 0   |
| Advances Out                                    | (500,000)          | (956,190)          | (953,982)            | 2,208   |
| Transfers In                                    | 126,863            | 128,813            | 128,813              | 0   |
| Transfers Out                                   | (1,509,136)        | (1,479,434)        | (1,638,275)          | (158,841)   |
| <i>Total Other Financing Sources (Uses)</i>     | <u>(1,380,700)</u> | <u>(1,349,048)</u> | <u>(1,505,681)</u>   | <u>(156,633)</u>  |
| <i>Net Change in Fund Balance</i>               | 1,457,989          | 1,540,890          | (1,421,885)          | (2,962,775)   |
| <i>Fund Balance (Deficit) Beginning of Year</i> | (1,392,958)        | (1,392,958)        | (1,392,958)          | 0   |
| Prior Year Encumbrances Appropriated            | 254,921            | 254,921            | 254,921              | 0   |
| <i>Fund Balance (Deficit) End of Year</i>       | <u>\$319,952</u>   | <u>\$402,853</u>   | <u>(\$2,559,922)</u> | <u>(\$2,962,775)</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, 2009

|  | Budgeted Amounts |                   | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|-------------------|--------------------|---|
|  | Original         | Final             |                    |   |
| <b>Revenues:</b>                             |                  |                   |                    |   |
| Payments in Lieu of Taxes                    | \$0              | \$7,736           | \$173,288          | \$165,552   |
| Licenses and Permits                         | 0                | 0                 | 244                | 244   |
| Intergovernmental                            | 5,642,460        | 9,492,114         | 4,299,790          | (5,192,324)   |
| Interest                                     | 32,855           | 32,855            | 18,587             | (14,268)  |
| Miscellaneous                                | 2,000            | 2,000             | 33,675             | 31,675  |
| <i>Total Revenues</i>                        | <u>5,677,315</u> | <u>9,534,705</u>  | <u>4,525,584</u>   | <u>(5,009,121)</u>                                      |
| <b>Expenditures:</b>                         |                  |                   |                    |   |
| Current:                                     |                  |                   |                    |   |
| Economic Development                         | 7,778,719        | 12,001,856        | 5,919,467          | 6,082,389   |
| Debt Service:                                |                  |                   |                    |   |
| Principal Retirement                         | 770,843          | 770,843           | 455,000            | 315,843   |
| Interest and Fiscal Charges                  | 305,599          | 305,599           | 305,599            | 0   |
| <i>Total Expenditures</i>                    | <u>8,855,161</u> | <u>13,078,298</u> | <u>6,680,066</u>   | <u>6,398,232</u>  |
| <i>Excess of Revenues Under Expenditures</i> | (3,177,846)      | (3,543,593)       | (2,154,482)        | 1,389,111   |
| <b>Other Financing Uses:</b>                 |                  |                   |                    |   |
| Transfers Out                                | 0                | (9,864)           | (5,000)            | 4,864   |
| <i>Net Change in Fund Balance</i>            | (3,177,846)      | (3,553,457)       | (2,159,482)        | 1,393,975   |
| <i>Fund Balance Beginning of Year</i>        | 3,711,744        | 3,711,744         | 3,711,744          | 0   |
| Prior Year Encumbrances Appropriated         | 432,530          | 432,530           | 432,530            | 0   |
| <i>Fund Balance End of Year</i>              | <u>\$966,428</u> | <u>\$590,817</u>  | <u>\$1,984,792</u> | <u>\$1,393,975</u>                                      |

See accompanying notes to the basic financial statements

**City of Lorain, Ohio**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*December 31, 2009*

|   | Business-Type Activities - Enterprise Funds |                               |                    | Governmental<br>Activities |
|---|---|-------------------------------|--------------------|----------------------------|
|   | Water<br>Works                              | Water<br>Pollution<br>Control | Total              | Internal Service<br>Funds  |
| <b>Assets</b>   |   |                               |                    |                            |
| <i>Current Assets</i>                                 |   |                               |                    |                            |
| Equity in Pooled Cash and Cash Equivalents            | \$456,389                                   | \$1,766,012                   | \$2,222,401        | \$323,066                  |
| Restricted Assets:                                    |   |                               |                    |                            |
| Equity in Pooled Cash and Cash Equivalents            | 523,487                                     | 1,131,045                     | 1,654,532          | 0                          |
| Accounts Receivable                                   | 1,492,367                                   | 2,517,217                     | 4,009,584          | 0                          |
| Materials and Supplies Inventory                      | 478,499                                     | 185,672                       | 664,171            | 739,128                    |
| Interfund Receivable                                  | 2,241                                       | 2,363                         | 4,604              | 119,547                    |
| Intergovernmental Receivable                          | 0   | 34,775                        | 34,775             | 0                          |
| Prepaid Items   | 37,772                                      | 11,917                        | 49,689             | 2,083                      |
| Loans Receivable                                      | 0   | 31,434                        | 31,434             | 0                          |
| <b>Total Current Assets</b>                           | <b>2,990,755</b>                            | <b>5,680,435</b>              | <b>8,671,190</b>   | <b>1,183,824</b>           |
| <i>Noncurrent Assets</i>                              |   |                               |                    |                            |
| Loans Receivable                                      | 0   | 381,984                       | 381,984            | 0                          |
| Restricted Assets:                                    |   |                               |                    |                            |
| Cash and Cash Equivalents With Trustee                | 1,282,409                                   | 1,505,301                     | 2,787,710          | 0                          |
| Unamortized Bond Issuance Costs                       | 87,823                                      | 21,357                        | 109,180            | 0                          |
| Non-Depreciable Capital Assets                        | 1,182,812                                   | 29,454,143                    | 30,636,955         | 0                          |
| Depreciable Capital Assets, Net                       | 23,519,631                                  | 48,222,420                    | 71,742,051         | 188,361                    |
| <b>Total Noncurrent Assets</b>                        | <b>26,072,675</b>                           | <b>79,585,205</b>             | <b>105,657,880</b> | <b>188,361</b>             |
| <b>Total Assets</b>                                   | <b>29,063,430</b>                           | <b>85,265,640</b>             | <b>114,329,070</b> | <b>1,372,185</b>           |
| <b>Liabilities</b>                                    |   |                               |                    |                            |
| <i>Current Liabilities</i>                            |   |                               |                    |                            |
| Accounts Payable                                      | 219,462                                     | 257,672                       | 477,134            | 63,707                     |
| Contracts Payable                                     | 47,922                                      | 962,360                       | 1,010,282          | 0                          |
| Accrued Wages and Benefits                            | 92,471                                      | 98,795                        | 191,266            | 13,664                     |
| Intergovernmental Payable                             | 178,694                                     | 210,995                       | 389,689            | 30,070                     |
| Retainage Payable                                     | 29,425                                      | 0                             | 29,425             | 0                          |
| Accrued Interest Payable                              | 64,074                                      | 26,026                        | 90,100             | 0                          |
| Interfund Payable                                     | 3,827                                       | 2,826                         | 6,653              | 57,148                     |
| Claims Payable  | 1,252                                       | 6,354                         | 7,606              | 337,726                    |
| Capital Leases Payable                                | 0   | 53,532                        | 53,532             | 0                          |
| Compensated Absences Payable                          | 35,966                                      | 86,648                        | 122,614            | 25,818                     |
| Bonds Payable   | 727,250                                     | 702,291                       | 1,429,541          | 19,796                     |
| OWDA Loans  | 467,553                                     | 2,465,310                     | 2,932,863          | 0                          |
| <b>Total Current Liabilities</b>                      | <b>1,867,896</b>                            | <b>4,872,809</b>              | <b>6,740,705</b>   | <b>547,929</b>             |
| <i>Long-Term Liabilities (Net of Current Portion)</i> |   |                               |                    |                            |
| Capital Leases Payable                                | 0   | 103,824                       | 103,824            | 0                          |
| Compensated Absences Payable                          | 475,683                                     | 519,482                       | 995,165            | 69,869                     |
| Bonds Payable   | 4,613,535                                   | 774,310                       | 5,387,845          | 112,659                    |
| OWDA Loans  | 8,640,059                                   | 35,639,938                    | 44,279,997         | 0                          |
| <b>Total Long-Term Liabilities</b>                    | <b>13,729,277</b>                           | <b>37,037,554</b>             | <b>50,766,831</b>  | <b>182,528</b>             |
| <b>Total Liabilities</b>                              | <b>15,597,173</b>                           | <b>41,910,363</b>             | <b>57,507,536</b>  | <b>730,457</b>             |
| <b>Net Assets</b>                                     |   |                               |                    |                            |
| Invested in Capital Assets, Net of Related Debt       | 10,341,869                                  | 37,958,715                    | 48,300,584         | 55,906                     |
| Restricted For:                                       |   |                               |                    |                            |
| Debt Service  | 1,221,628                                   | 1,485,871                     | 2,707,499          | 0                          |
| Replacement and Improvement                           | 150,000                                     | 150,000                       | 300,000            | 0                          |
| Utility Reserve                                       | 373,487                                     | 981,045                       | 1,354,532          | 0                          |
| Unrestricted  | 1,379,273                                   | 2,779,646                     | 4,158,919          | 585,822                    |
| <b>Total Net Assets</b>                               | <b>\$13,466,257</b>                         | <b>\$43,355,277</b>           | <b>56,821,534</b>  | <b>\$641,728</b>           |

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

146,713

Net assets business-type activities

\$56,968,247

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, 2009*

|  | <u>Business-Type Activities - Enterprise Funds</u> |                               |                    | Governmental<br>Activities |
|--|--|-------------------------------|--------------------|----------------------------|
|  | Water<br>Works                                     | Water<br>Pollution<br>Control | Total              | Internal Service<br>Funds  |
| <b>Operating Revenues</b>                      |  |                               |                    |                            |
| Charges for Services                           | \$7,813,777  | \$12,046,880                  | \$19,860,657       | \$6,002,801                |
| Miscellaneous                                  | 34,617   | 37,187                        | 71,804             | 12,135                     |
| <i>Total Operating Revenues</i>                | <u>7,848,394</u>                                   | <u>12,084,067</u>             | <u>19,932,461</u>  | <u>6,014,936</u>           |
| <b>Operating Expenses</b>                      |  |                               |                    |                            |
| Personal Services                              | 3,684,136  | 4,164,934                     | 7,849,070          | 647,977                    |
| Materials and Supplies                         | 796,499  | 405,828                       | 1,202,327          | 722,816                    |
| Contractual Services                           | 719,335  | 791,638                       | 1,510,973          | 1,088                      |
| Claims   | 0  | 0                             | 0                  | 4,459,728                  |
| Basic Utilities                                | 646,901  | 693,664                       | 1,340,565          | 0                          |
| Other Expense                                  | 198,652  | 372,987                       | 571,639            | 2,421                      |
| Depreciation                                   | 773,445  | 1,839,447                     | 2,612,892          | 4,720                      |
| <i>Total Operating Expenses</i>                | <u>6,818,968</u>                                   | <u>8,268,498</u>              | <u>15,087,466</u>  | <u>5,838,750</u>           |
| <i>Operating Income</i>                        | <u>1,029,426</u>                                   | <u>3,815,569</u>              | <u>4,844,995</u>   | <u>176,186</u>             |
| <b>Non-Operating Revenues (Expenses)</b>       |  |                               |                    |                            |
| Interest                                       | 195  | 963                           | 1,158              | 0                          |
| Interest and Fiscal Charges                    | (778,805)  | (1,605,686)                   | (2,384,491)        | (6,592)                    |
| <i>Total Non-Operating Revenues (Expenses)</i> | <u>(778,610)</u>                                   | <u>(1,604,723)</u>            | <u>(2,383,333)</u> | <u>(6,592)</u>             |
| <i>Change in Net Assets</i>                    | 250,816  | 2,210,846                     | 2,461,662          | 169,594                    |
| <i>Net Assets Beginning of Year</i>            | <u>13,215,441</u>                                  | <u>41,144,431</u>             |                    | <u>472,134</u>             |
| <i>Net Assets End of Year</i>                  | <u>\$13,466,257</u>                                | <u>\$43,355,277</u>           |                    | <u>\$641,728</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 36,551

Change in net assets business-type activities \$2,498,213

See accompanying notes to the basic financial statements

**City of Lorain, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2009

|  | Business-Type Activities - Enterprise Funds |                            |                    | Governmental<br>Activities |
|--|---|----------------------------|--------------------|----------------------------|
|  | Water<br>Works                              | Water Pollution<br>Control | Total              | Internal Service<br>Funds  |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>                    |   |                            |                    |                            |
| <b>Cash Flows from Operating Activities</b>                                |   |                            |                    |                            |
| Cash Received from Customers   | \$7,553,090                                 | \$11,470,291               | \$19,023,381       | \$0                        |
| Cash Received from Transactions with Other Funds                           | 0   | 0                          | 0                  | 5,894,041                  |
| Cash Payments for Goods and Services                                       | (2,331,720)                                 | (2,097,636)                | (4,429,356)        | (824,891)                  |
| Cash Payments for Employee Services and Benefits                           | (3,695,526)                                 | (4,331,149)                | (8,026,675)        | (588,367)                  |
| Cash Payments for Claims   | 0   | 0                          | 0                  | (4,476,440)                |
| Other Operating Revenues   | 34,617                                      | 501,739                    | 536,356            | 12,135                     |
| <i>Net Cash Provided by Operating Activities</i>                           | <u>1,560,461</u>                            | <u>5,543,245</u>           | <u>7,103,706</u>   | <u>16,478</u>              |
| <b>Cash Flows from Noncapital Financing Activities</b>                     |   |                            |                    |                            |
| Advances In  | 503,982                                     | 450,000                    | 953,982            | 57,148                     |
| Advances Out   | (506,190)                                   | (450,000)                  | (956,190)          | (1,573)                    |
| <i>Net Cash Provided by (Used for)<br/>Noncapital Financing Activities</i> | <u>(2,208)</u>                              | <u>0</u>                   | <u>(2,208)</u>     | <u>55,575</u>              |
| <b>Cash Flows from Capital and<br/>Related Financing Activities</b>        |   |                            |                    |                            |
| Acquisition of Capital Assets  | (424,642)                                   | (2,199,521)                | (2,624,163)        | 0                          |
| Disposal of Capital Assets   | 538   | 1,880                      | 2,418              | 0                          |
| OWDA Loans Received  | 0   | 1,643,145                  | 1,643,145          | 0                          |
| Principal Paid on Bonds  | (151,986)                                   | (21,481)                   | (173,467)          | (19,076)                   |
| Interest Paid on Bonds   | (48,462)                                    | (7,421)                    | (55,883)           | (6,592)                    |
| Principal Paid on Revenue Bonds  | (540,000)                                   | (650,000)                  | (1,190,000)        | 0                          |
| Interest Paid on Revenue Bonds   | (257,028)                                   | (95,270)                   | (352,298)          | 0                          |
| Principal Paid on OWDA Loans   | (445,100)                                   | (2,060,004)                | (2,505,104)        | 0                          |
| Interest Paid on OWDA Loans  | (459,289)                                   | (1,428,335)                | (1,887,624)        | 0                          |
| Principal Paid on Capital Leases   | 0   | (51,008)                   | (51,008)           | 0                          |
| Interest Paid on Capital Leases  | 0   | (10,314)                   | (10,314)           | 0                          |
| <i>Net Cash Used for Capital and<br/>Related Financing Activities</i>      | <u>(2,325,969)</u>                          | <u>(4,878,329)</u>         | <u>(7,204,298)</u> | <u>(25,668)</u>            |
| <b>Cash Flows from Investing Activities</b>                                |   |                            |                    |                            |
| Interest   | 195   | 963                        | 1,158              | 0                          |
| Net Increase (Decrease) in Cash and Cash Equivalents                       | (767,521)                                   | 665,879                    | (101,642)          | 46,385                     |
| <i>Cash and Cash Equivalents Beginning of Year</i>                         | <u>3,029,806</u>                            | <u>3,736,479</u>           | <u>6,766,285</u>   | <u>276,681</u>             |
| <i>Cash and Cash Equivalents End of Year</i>                               | <u>\$2,262,285</u>                          | <u>\$4,402,358</u>         | <u>\$6,664,643</u> | <u>\$323,066</u>           |

(continued)

**City of Lorain, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds (continued)*  
For the Year Ended December 31, 2009

|  | <u>Business-Type Activities - Enterprise Funds</u> |                        |                    | <u>Governmental</u>     |
|--|--|------------------------|--------------------|-------------------------|
|  | <u>Water</u>                                       | <u>Water Pollution</u> | <u>Total</u>       | <u>Internal Service</u> |
|  | <u>Works</u>                                       | <u>Control</u>         |                    | <u>Funds</u>            |
| <b>Reconciliation of Operating Income to<br/>Net Cash Provided by Operating Activities</b> |  |                        |                    |                         |
| Operating Income   | <u>\$1,029,426</u>                                 | <u>\$3,815,569</u>     | <u>\$4,844,995</u> | <u>\$176,186</u>        |
| <i>Adjustments:</i>  |  |                        |                    |                         |
| Depreciation   | 773,445  | 1,839,447              | 2,612,892          | 4,720                   |
| (Increase) Decrease in Assets:   |  |                        |                    |                         |
| Accounts Receivable  | (260,683)  | (623,592)              | (884,275)          | 0                       |
| Interfund Receivable   | (4)  | (154)                  | (158)              | (108,760)               |
| Intergovernmental Receivable   | 0  | 480,511                | 480,511            | 0                       |
| Materials and Supplies Inventory   | (19,914)   | (3,080)                | (22,994)           | (58,094)                |
| Prepaid Items  | (4,114)  | (4,800)                | (8,914)            | 297                     |
| Loans Receivable   | 0  | 31,198                 | 31,198             | 0                       |
| Increase (Decrease) in Liabilities:  |  |                        |                    |                         |
| Accounts Payable   | 65,315   | 52,335                 | 117,650            | 22,883                  |
| Contracts Payable  | (12,048)   | 310,402                | 298,354            | 0                       |
| Accrued Wages and Benefits   | 15,252   | 2,011                  | 17,263             | 127                     |
| Claims Payable   | 1,252  | 6,354                  | 7,606              | (16,712)                |
| Vacation Benefits Payable  | (1,466)  | (12,669)               | (14,135)           | 0                       |
| Compensated Absences Payable   | 5,168  | (108,464)              | (103,296)          | 3,497                   |
| Interfund Payable  | (824)  | 328                    | (496)              | 0                       |
| Intergovernmental Payable  | (30,344)   | (47,093)               | (77,437)           | (7,666)                 |
| Retainage Payable  | 0  | (195,058)              | (195,058)          | 0                       |
| <i>Total Adjustments</i>   | <u>531,035</u>                                     | <u>1,727,676</u>       | <u>2,258,711</u>   | <u>(159,708)</u>        |
| <i>Net Cash Provided by Operating Activities</i>   | <u>\$1,560,461</u>                                 | <u>\$5,543,245</u>     | <u>\$7,103,706</u> | <u>\$16,478</u>         |

**Noncash Capital Financing Activities**

Amortization of the discount on bonds in the amount of \$10,202.

See accompanying notes to the basic financial statements

**City of Lorain, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2009*

**Assets**

|  |                         |
|--|-------------------------|
| Equity in Pooled Cash and Cash Equivalents | <u><u>\$266,833</u></u> |
|--|-------------------------|

**Liabilities**

|                                 |                         |
|---------------------------------|-------------------------|
| Deposits Held and Due to Others | <u><u>\$266,833</u></u> |
|---------------------------------|-------------------------|

See accompanying notes to the basic financial statements



**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

**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, 2009*

---

**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, 2009*

---

***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 of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

City's internal 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 employee 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*  
*For The Year Ended December 31, 2009*

---

**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, 2009, but which were levied to finance year 2010 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 increased tax rates. The certificate of estimated resources establishes a limit on the

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

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 and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect when the original and final appropriations were enacted 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 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 community development fund made an advance to the general fund, police pension fund, fire pension fund, and the garage fund to cover deficit cash balances. The general, police pension, fire pension and garage funds have an interfund payable for the amount received from the community development fund and the community development fund has an interfund receivable for the same amounts 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.

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**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

During 2009, investments were limited to repurchase agreements, money market 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, 2009.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the General Fund during 2009 amounted to \$20,968, of which the total amount 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 and neighborhood stabilization projects.

***H. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2009, 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 receipted in the year the bonds are issued and bond issuance costs are expended when incurred. Bond issuance costs are generally paid from the bond proceeds.

As permitted by State Statute, the City paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

***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, whichever is shorter.

***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. On fund financial statements, bond discounts are expensed in the year the bonds are issued.

***L. Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by the law through constitutional provisions or enabling legislation.

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.

***M. 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.



**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

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:

| <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          |
| Furniture and Fixtures  | 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.

***N. 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.

***O. 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. Since the City's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net assets rather than as long-term liability.

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.

The entire compensated absences liability is reported on government-wide financial statements.

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.

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

***P. 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.

***Q. 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 and amounts held in reserve for future debt service requirements on the Community Development urban redevelopment loans.

***R. 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.

Net assets restricted for other purposes include resources for 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.

***S. 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. Transfers between governmental activities are eliminated on the governmental-wide financial statements.

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

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.

***T. 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 water pollution control, water services, self-insurance programs, and garage. 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.

***U. 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.

**Note 3 – Change in Accounting Principles**

For 2009, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”, Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”, Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”, Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”, and Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies”.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It 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.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the City’s financial statements.

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' and auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the City's financial statements.

**Note 4 – Fund Deficits and Legal Compliance**

*A. Fund Deficits*

Fund balances at December 31, 2009 included the following individual fund balance deficits:

| Major Funds:                              | Deficit     |
|---|-------------|
| General Fund                              | \$1,233,775 |
| Capital Improvements                      | 777,565     |
| <hr style="width: 50%; margin-left: 0;"/> |             |
| Nonmajor Funds:                           |             |
| Special Revenue Funds:                    |             |
| Health Services                           | 80,580      |
| Police Pension                            | 195,785     |
| Fire Pension                              | 215,040     |
| Internal Service Fund:                    |             |
| Hospitalization                           | 22,518      |

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

The general fund concluded 2009 with a deficit fund balance of \$1,233,775. The City has experienced a financial shortfall which has resulted in deficit spending in the general fund. To alleviate the financial shortfall, the City has developed a strategy to stabilize its cash shortfall. This strategy includes a reduction of the City's income tax credit on income earned by residents working outside the City.

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 general, health services, police pension and fire pension special revenue, and hospitalization internal service funds are due to accrued liabilities. The general fund is liable for any deficit and provides 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:

| <u>Major Fund:</u>                   | <u>Final Appropriations</u> | <u>Expenditures Plus Encumbrances</u> | <u>Excess</u> |
|--------------------------------------|-----------------------------|---------------------------------------|---------------|
| <b>General Fund:</b>                 |                             |                                       |               |
| Police Department                    |                             |                                       |               |
| Wages and Benefits                   | \$8,487,758                 | \$8,522,554                           | (\$34,796)    |
| Fire Department                      |                             |                                       |               |
| Wages and Benefits                   | 6,896,291                   | 7,153,118                             | (256,827)     |
| Other Financing Sources              |                             |                                       |               |
| Transfers Out                        | 1,479,434                   | 1,638,275                             | (158,841)     |
| <br><b>Nonmajor Funds:</b>           |                             |                                       |               |
| <b>Police Levy:</b>                  |                             |                                       |               |
| Wages and Benefits                   | 1,667,033                   | 1,721,613                             | (54,580)      |
| <br><b>Riverfront Urban Renewal:</b> |                             |                                       |               |
| Transfers Out                        | 165,086                     | 165,101                               | (15)          |
| <br><b>Garage:</b>                   |                             |                                       |               |
| Other Operating                      | 2,171                       | 2,421                                 | (250)         |

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:

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

| <b>Major Fund:</b>     | <b>Amount</b> |
|------------------------|---------------|
| General                | \$1,826,925   |
| <b>Nonmajor Funds:</b> |               |
| Special Revenue Funds: |               |
| Police Pension         | 195,785       |
| Fire Pension           | 215,040       |
| Internal Service Fund: |               |
| Garage                 | 57,148        |

**Note 5 - Budgetary Basis of Accounting**

While reporting financial position, results of operations, and changes in fund balances 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).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (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, 2009*

**Net Change in Fund Balance**

|   | <b>General</b> | <b>Community<br/>Development</b> |
|---|----------------|----------------------------------|
| GAAP Basis                              | (\$1,703,317)  | \$149,682                        |
| Net Adjustment for Revenue Accruals     | 363,172        | 142,271                          |
| Loan Repayments                         | 0              | 787,522                          |
| Advances Out                            | (953,982)      | 0                                |
| Advances In                             | 957,763        | 0                                |
| Net Adjustment for Expenditure Accruals | 112,009        | (184,887)                        |
| Loans Issued                            | 0              | (1,971,494)                      |
| Debt Interest and Fiscal Charges        | (179)          | 0                                |
| Encumbrances                            | (197,351)      | (1,082,576)                      |
| Budget Basis                            | (\$1,421,885)  | (\$2,159,482)                    |

**Note 6 - Deposits and Investments**

The City is a statutory City and has adopted an investment policy through City Resolution. The City has elected to follow the provisions of State statute. 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**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

3. Written repurchase agreements in the securities listed above;
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);
6. The State Treasurer's investment pool (STAROhio);
7. Time certificates of deposit or savings or deposit accounts, including but not limited to, passbook accounts; and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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; and
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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

#### ***A. 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, \$4,065,316 of the City's bank balance of \$5,065,316 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*  
*For The Year Ended December 31, 2009*

***B. Investments***

All investments are in an internal investment pool. As of December 31, 2009, the City had \$2,450,000 in Federal Home Loan Bank bonds, which serve as the underlying security for the repurchase agreements which mature daily, and a STAROhio investment with fair value of \$141,034 and an average maturity of 61.2 days.

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<br/>Less Than 1 Year</u> | <u>Credit Rating</u> |
|------------------------------|--------------------|---|----------------------|
| Repurchase Agreements        |                    |   |                      |
| Federal Home Loan Bank Bonds | \$2,450,000        | \$2,450,000                                       | N/A                  |
| Money Market Funds           | 4,005,042          | 4,005,042   | AAAm                 |
| STAROhio                     | 141,034            | 141,034   | AAAm                 |
| Total Investments            | <u>\$6,596,076</u> | <u>\$6,596,076</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. 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 carry 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 addresses credit risk.

***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 37 percent of its investments in Repurchase Agreements.

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

**Note 7 - Receivables**

Receivables at December 31, 2009 consist primarily of municipal income taxes, property 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. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Special assessments due in more than one year are \$818,063 and delinquent special assessments outstanding are \$187,794.

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 \$14,120,537 on the basic financial statements is stated net of estimated uncollectibles of \$646,877 with \$897,940 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, 2009 the fund has recorded a loan receivable balance of \$189,046 as a result of this transaction, with \$10,458 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, 2009 the fund has recorded a loan receivable balance of \$413,418 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 2009 for real and public utility property taxes represents collections of 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) are for 2009 taxes.

2009 real property taxes are levied after October 1, 2009 on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

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. 2009 public utility property taxes which became a lien December 31, 2007, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

Tangible personal property tax revenue received during 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the value as of December 31, 2008. 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, 2009, was \$4.96 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

|                                       |                             |
|---------------------------------------|-----------------------------|
| Real Property:                        |                             |
| Residential/Agriculture               | \$682,370,300               |
| Commercial, Industrial/Public Utility | 177,968,350                 |
| Public Utility Property               | 59,104,670                  |
| Tangible Personal Property            | <u>2,773,226</u>            |
| Total Valuation                       | <u><u>\$922,216,546</u></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, 2009 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 2009 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 two 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, 2009*

---

***C. Intergovernmental Receivables***

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

|                                  | <u>Amount</u>             |
|----------------------------------|---------------------------|
| <u>Governmental Activities:</u>  |                           |
| Grants                           | \$4,961,198               |
| Local Government                 | 2,238,985                 |
| Gasoline Tax                     | 903,346                   |
| Homestead and Rollback           | 294,150                   |
| Estate Tax                       | 213,923                   |
| Motor Vehicle Tax                | 27,450                    |
| Liquor and Beer Tax              | 21,392                    |
| Permissive Tax                   | 18,834                    |
| Other Taxes                      | <u>1,411</u>              |
| Total Governmental Activities    | 8,680,689                 |
| <br>                             |                           |
| <u>Business-Type Activities:</u> |                           |
| Utility Charges                  | <u>34,775</u>             |
| <br>                             |                           |
| Total                            | <u><u>\$8,715,464</u></u> |

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

**Note 8 - Capital Assets**

Capital asset activity for the year ended December 31, 2009 was as follows:

|  | Balance<br>12/31/2008 | Additions             | Deletions            | Balance<br>12/31/2009 |
|--|-----------------------|-----------------------|----------------------|-----------------------|
| <b>Governmental Activities</b>                     |                       |                       |                      |                       |
| <i>Capital Assets, Not Being Depreciated:</i>      |                       |                       |                      |                       |
| Land   | \$9,414,359           | \$107,268             | (\$8,388)            | \$9,513,239           |
| Construction in Progress                           | 10,075,438            | 5,797,666             | (3,785,611)          | 12,087,493            |
| <i>Total Capital Assets, Not Being Depreciated</i> | <u>19,489,797</u>     | <u>5,904,934</u>      | <u>(3,793,999)</u>   | <u>21,600,732</u>     |
| <i>Capital Assets, Being Depreciated:</i>          |                       |                       |                      |                       |
| Buildings and Improvements                         | 20,727,073            | 978,514               | 0                    | 21,705,587            |
| Machinery and Equipment                            | 17,223,252            | 445,123               | (166,971)            | 17,501,404            |
| Furniture and Fixtures                             | 103,833               | 157,590               | 0                    | 261,423               |
| Infrastructure:                                    |                       |                       |                      |                       |
| Streets and Sidewalks                              | 1,003,772,019         | 3,246,851             | 0                    | 1,007,018,870         |
| <i>Total Capital Assets, Being Depreciated</i>     | <u>1,041,826,177</u>  | <u>4,828,078</u>      | <u>(166,971)</u>     | <u>1,046,487,284</u>  |
| Less Accumulated Depreciation:                     |                       |                       |                      |                       |
| Buildings and Improvements                         | (6,580,996)           | (442,638)             | 0                    | (7,023,634)           |
| Machinery and Equipment                            | (6,982,094)           | (842,760)             | 126,898              | (7,697,956)           |
| Furniture and Fixtures                             | (55,137)              | (9,131)               | 0                    | (64,268)              |
| Infrastructure:                                    |                       |                       |                      | 0                     |
| Streets and Sidewalks                              | (918,706,495)         | (12,935,794)          | 0                    | (931,642,289)         |
| <i>Total Accumulated Depreciation</i>              | <u>(932,324,722)</u>  | <u>(14,230,323) *</u> | <u>126,898</u>       | <u>(946,428,147)</u>  |
| Total Capital Assets, Being Depreciated, Net       | <u>109,501,455</u>    | <u>(9,402,245)</u>    | <u>(40,073)</u>      | <u>100,059,137</u>    |
| Governmental Activities Capital Assets, Net        | <u>\$128,991,252</u>  | <u>(\$3,497,311)</u>  | <u>(\$3,834,072)</u> | <u>\$121,659,869</u>  |

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

|  | Balance<br>12/31/2008 | Additions          | Deletions          | Balance<br>12/31/2009 |
|--|-----------------------|--------------------|--------------------|-----------------------|
| <b>Business - Type Activities</b>                  |                       |                    |                    |                       |
| <i>Capital Assets, Not Being Depreciated:</i>      |                       |                    |                    |                       |
| Land   | \$617,876             | \$42,195           | \$0                | \$660,071             |
| Construction in Progress                           | 28,379,869            | 2,448,456          | (851,441)          | 29,976,884            |
| <i>Total Capital Assets, Not Being Depreciated</i> | <u>28,997,745</u>     | <u>2,490,651</u>   | <u>(851,441)</u>   | <u>30,636,955</u>     |
| <i>Capital Assets, Being Depreciated:</i>          |                       |                    |                    |                       |
| Buildings and Improvements                         | 52,412,240            | 14,800             | 0                  | 52,427,040            |
| Machinery and Equipment                            | 21,155,962            | 199,577            | (86,392)           | 21,269,147            |
| <i>Infrastructure:</i>                             |                       |                    |                    |                       |
| Water Lines  | 26,689,393            | 770,576            | 0                  | 27,459,969            |
| Sewer Lines  | 56,741,165            | 0                  | 0                  | 56,741,165            |
| <i>Total Capital Assets, Being Depreciated</i>     | <u>156,998,760</u>    | <u>984,953</u>     | <u>(86,392)</u>    | <u>157,897,321</u>    |
| <i>Less Accumulated Depreciation:</i>              |                       |                    |                    |                       |
| Buildings and Improvements                         | (25,739,375)          | (948,909)          | 0                  | (26,688,284)          |
| Machinery and Equipment                            | (17,302,708)          | (254,586)          | 83,974             | (17,473,320)          |
| <i>Infrastructure:</i>                             |                       |                    |                    |                       |
| Water Lines  | (11,271,594)          | (445,859)          | 0                  | (11,717,453)          |
| Sewer Lines  | (29,312,675)          | (963,538)          | 0                  | (30,276,213)          |
| <i>Total Accumulated Depreciation</i>              | <u>(83,626,352)</u>   | <u>(2,612,892)</u> | <u>83,974</u>      | <u>(86,155,270)</u>   |
| Total Capital Assets, Being Depreciated, Net       | <u>73,372,408</u>     | <u>(1,627,939)</u> | <u>(2,418)</u>     | <u>71,742,051</u>     |
| Business - Type Activities Capital Assets, Net     | <u>\$102,370,153</u>  | <u>\$862,712</u>   | <u>(\$853,859)</u> | <u>\$102,379,006</u>  |

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

\* Depreciation expense was charged to governmental functions as follows:

|                                  |                     |
|----------------------------------|---------------------|
| General Government               | \$3,462,111         |
| Security of Persons and Property | 476,758             |
| Transportation                   | 9,938,351           |
| Public Health                    | 32,060              |
| Community Environment            | 3,016               |
| Economic Development             | 60,329              |
| Leisure Time Activities          | 257,698             |
| Total Depreciation Expense       | <u>\$14,230,323</u> |

**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 (see 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. An \$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 claims 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 | \$209,313,000             |
| 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                |

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

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.

***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 2009 were \$840 per month for single and \$820 per month for family coverage until August when the rates changed to \$820/single and \$780/family. 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 \$80 for family coverage and \$40 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 \$4,309,919 per year. The \$100,000 specific threshold was exceeded by \$11,021. The City received an invoice credit for the excess. The aggregate was not exceeded.

The claims liability of \$337,726 reported in the hospitalization fund at December 31, 2009 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 2008 and 2009 were:

|      | <u>Balance at<br/>Beginning<br/>of Year</u> | <u>Current<br/>Year<br/>Claims</u> | <u>Claim<br/>Payments</u> | <u>Balance at<br/>End of<br/>Year</u> |
|------|---|------------------------------------|---------------------------|---------------------------------------|
| 2008 | \$645,036                                   | \$4,895,435                        | \$5,186,033               | \$354,438                             |
| 2009 | 354,438                                     | 4,459,728                          | 4,476,440                 | 337,726                               |



**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

**Note 10 – Note Debt**

A summary of note transactions for the year ended December 31, 2009 follows:

| <b>GOVERNMENTAL FUNDS</b>       |                            |  | Balance<br>12/31/08 | Additions          | Deletions          | Balance<br>12/31/09 |
|---------------------------------|----------------------------|--|---------------------|--------------------|--------------------|---------------------|
| 2008, 4.20%                     | Street Improvements        |  | \$2,019,000         | \$0                | \$2,019,000        | \$0                 |
| 2009, 6.00%                     | State Route 58 Improvement |  | 0                   | 491,098            | 491,098            | 0                   |
| 2009, 4.00%                     | Street Improvements        |  | 0                   | 2,215,000          | 0                  | 2,215,000           |
| <b>Total Governmental Funds</b> |                            |  | <u>\$2,019,000</u>  | <u>\$2,706,098</u> | <u>\$2,510,098</u> | <u>\$2,215,000</u>  |

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 September 23, 2010. 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 \$678,286. 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, 2009*

**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<br>Issue Amount | Date of Maturity |
|--|---------------|--------------------------|------------------|
| <i>General Obligation Bonds:</i>                                 |               |                          |                  |
| 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 |
| 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<br/>Government Commitment:</i>  |               |                          |                  |
| 2003 Park and Street Improvements                                | 2.00-5.00     | 574,500                  | December 1, 2023 |
| 2009 Street Improvements   | 5.00-7.25     | 390,000                  | December 1, 2029 |
| <i>HUD Section 108 Loans:</i>                                    |               |                          |                  |
| Community Development - Series 2002-A<br>(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, 2009*

| Debt Issue  | Interest Rate | Original<br>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          | 447,645                  | January 1, 2020   |
| 2009 Local Roadway Rehab (#CI48M)   | 0.00          | 8,157                    | 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          | 449,506                  | October 25, 2014  |
| 2007 Local Roadway Rehab (#SB080001)                                      | 3.00          | 311,060                  | October 17, 2025  |
| North Ridge Road Project(#SB090002)                                       | 3.00          | 70,636                   | January 30, 2016  |
| Local Roadway Rehab and State Route 58 (#SB090007)                        | 3.00          | 952,201                  | August 26, 2019   |
| <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 |
| Lorain County Engineer - Tower Boulevard                                  | 0.00          | 503,332                  | April 30, 2019    |
| <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-Sewer  | 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          | 3,400,652                | July 1, 2025      |
| 2006 Westside Relief Sewer (#4586)  | 3.24          | 21,810,135               | July 1, 2028      |
| 2007 Brownell Avenue Waterline (#4775)                                    | 4.47          | 770,575                  | January 1, 2028   |
| 2009 Black River Tunnel Design (#5453)                                    | 3.20          | 606,172                  | July 1, 2015      |

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

Changes in bonds and other long-term obligations of the City during 2009 were as follows:

|   | Principal<br>Outstanding<br>12/31/08 | Additions          | Deletions          | Principal<br>Outstanding<br>12/31/09 | Due<br>Within<br>One Year |
|---|--------------------------------------|--------------------|--------------------|--------------------------------------|---------------------------|
| <b>Governmental Activities</b>                              |                                      |                    |                    |                                      |                           |
| <i>General Obligation Bonds:</i>                            |                                      |                    |                    |                                      |                           |
| Various Purpose Improvements                                | \$100,000                            | \$0                | \$100,000          | \$0                                  | \$0                       |
| Various Purposes  | 1,130,000                            | 0                  | 195,000            | 935,000                              | 180,000                   |
| Capital Purposes  | 550,000                              | 0                  | 90,000             | 460,000                              | 95,000                    |
| Accrued Pension Fund Liability                              | 1,565,000                            | 0                  | 65,000             | 1,500,000                            | 70,000                    |
| Safety/Service Action Plan                                  | 7,035,000                            | 0                  | 345,000            | 6,690,000                            | 365,000                   |
| Riverfront Urban Renewal Phase II & III                     | 4,470,000                            | 0                  | 120,000            | 4,350,000                            | 120,000                   |
| Park and Street Improvements                                | 977,309                              | 0                  | 47,344             | 929,965                              | 50,725                    |
| Energy Conservation   | 1,878,880                            | 0                  | 236,533            | 1,642,347                            | 245,459                   |
| Lighthouse Urban Renewal Phase I                            | 1,510,000                            | 0                  | 0                  | 1,510,000                            | 0                         |
| 2007 Riverfront Urban Renewal Refunding                     | 4,870,000                            | 0                  | 75,000             | 4,795,000                            | 95,000                    |
| Unamortized Discount  | (43,271)                             | 0                  | (2,230)            | (41,041)                             | 0                         |
| Deferred Loss on Refunding                                  | (254,945)                            | 0                  | (12,739)           | (242,206)                            | 0                         |
| 2007A Colorado Avenue                                       | 490,000                              | 0                  | 20,000             | 470,000                              | 20,000                    |
| 2007A US Route 6  | 740,000                              | 0                  | 40,000             | 700,000                              | 40,000                    |
| 2007B Heritage Urban Renewal                                | 1,315,000                            | 0                  | 5,000              | 1,310,000                            | 45,000                    |
| Unamortized Discount  | (5,285)                              | 0                  | (267)              | (5,018)                              | 0                         |
| 2008 Pellet Terminal Improvement                            | 5,440,000                            | 0                  | 90,000             | 5,350,000                            | 155,000                   |
| Unamortized Discount  | (72,422)                             | 0                  | (3,664)            | (68,758)                             | 0                         |
| Unamortized Premium   | 19,314                               | 0                  | 1,242              | 18,072                               | 0                         |
| <i>Total General Obligation Bonds</i>                       | <u>31,714,580</u>                    | <u>0</u>           | <u>1,411,219</u>   | <u>30,303,361</u>                    | <u>1,481,184</u>          |
| <i>Special Assessment Bonds with Government Commitment:</i> |                                      |                    |                    |                                      |                           |
| Park and Street Improvements                                | 467,691                              | 0                  | 22,656             | 445,035                              | 24,275                    |
| Street Improvement  | 0                                    | 390,000            | 0                  | 390,000                              | 5,000                     |
| Unamortized Premium   | 0                                    | 12,530             | 227                | 12,303                               | 0                         |
| <i>Total Special Assessment Bonds</i>                       | <u>467,691</u>                       | <u>402,530</u>     | <u>22,883</u>      | <u>847,338</u>                       | <u>29,275</u>             |
| <i>HUD Section 108 Loans</i>                                |                                      |                    |                    |                                      |                           |
| Community Development                                       | 1,250,000                            | 0                  | 125,000            | 1,125,000                            | 125,000                   |
| Head Start  | 40,000                               | 0                  | 10,000             | 30,000                               | 10,000                    |
| Head Start  | 440,000                              | 0                  | 110,000            | 330,000                              | 110,000                   |
| Colorado Instrustrial Park                                  | 1,375,000                            | 0                  | 125,000            | 1,250,000                            | 125,000                   |
| Land Acquisition  | 1,900,000                            | 0                  | 85,000             | 1,815,000                            | 85,000                    |
| <i>Total HUD Section 108 Loans</i>                          | <u>5,005,000</u>                     | <u>0</u>           | <u>455,000</u>     | <u>4,550,000</u>                     | <u>455,000</u>            |
| <i>Other Obligations</i>                                    |                                      |                    |                    |                                      |                           |
| ODOD Urban Redevelopment Loans                              | 2,296,943                            | 0                  | 0                  | 2,296,943                            | 0                         |
| OPWC Loans  | 2,818,314                            | 80,446             | 147,096            | 2,751,664                            | 342,472                   |
| ODOT State Infrastructure Bank Loans                        | 1,454,600                            | 1,042,921          | 327,370            | 2,170,151                            | 456,846                   |
| Installment Loans   | 193,716                              | 503,332            | 56,550             | 640,498                              | 107,162                   |
| Capital Leases  | 2,385,686                            | 266,033            | 502,494            | 2,149,225                            | 563,868                   |
| Pollution Remediation                                       | 821,774                              | 0                  | 0                  | 821,774                              | 0                         |
| Compensated Absences  | 7,491,132                            | 1,133,221          | 1,138,539          | 7,485,814                            | 1,169,568                 |
| <i>Total Governmental Activities</i>                        | <u>\$54,649,436</u>                  | <u>\$3,428,483</u> | <u>\$4,061,151</u> | <u>\$54,016,768</u>                  | <u>\$4,605,375</u>        |

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

|   | Principal<br>Outstanding<br>12/31/08 | Additions          | Deletions          | Principal<br>Outstanding<br>12/31/09 | Due<br>Within<br>One Year |
|---|--------------------------------------|--------------------|--------------------|--------------------------------------|---------------------------|
| <b>Business-Type Activities</b>                     |                                      |                    |                    |                                      |                           |
| <i>General Obligation Bonds:</i>                    |                                      |                    |                    |                                      |                           |
| Various Purpose - Water                             | \$815,000                            | \$0                | \$145,000          | \$670,000                            | \$155,000                 |
| Energy Conservation - Water                         | 55,494                               | 0                  | 6,986              | 48,508                               | 7,250                     |
| Energy Conservation - Sewer                         | 170,626                              | 0                  | 21,481             | 149,145                              | 22,291                    |
| <i>Total General Obligation Bonds</i>               | <u>1,041,120</u>                     | <u>0</u>           | <u>173,467</u>     | <u>867,653</u>                       | <u>184,541</u>            |
| <i>Revenue Bonds:</i>                               |                                      |                    |                    |                                      |                           |
| Water System Revenue                                | 5,210,000                            | 0                  | 540,000            | 4,670,000                            | 565,000                   |
| Unamortized Discount                                | (55,355)                             | 0                  | (7,632)            | (47,723)                             | 0                         |
| Sewer System Refunding Revenue                      | 2,050,000                            | 0                  | 650,000            | 1,400,000                            | 680,000                   |
| Unamortized Discount                                | (5,777)                              | 0                  | (2,570)            | (3,207)                              | 0                         |
| Deferred Loss on Refunding                          | (124,832)                            | 0                  | (55,495)           | (69,337)                             | 0                         |
| <i>Total Revenue Bonds</i>                          | <u>7,074,036</u>                     | <u>0</u>           | <u>1,124,303</u>   | <u>5,949,733</u>                     | <u>1,245,000</u>          |
| <i>Ohio Water Development Authority Loans:</i>      |                                      |                    |                    |                                      |                           |
| SE Sewer Intercept                                  | 442,190                              | 0                  | 168,214            | 273,976                              | 178,727                   |
| East Erie Waterlines                                | 1,497,860                            | 0                  | 102,709            | 1,395,151                            | 108,358                   |
| E. 28th St./Pearl Ave. Relief Sewer                 | 732,810                              | 0                  | 54,506             | 678,304                              | 56,103                    |
| Colorado Ave./Root Rd. Waterline                    | 330,330                              | 0                  | 19,326             | 311,004                              | 20,529                    |
| Colorado/Root/E. Erie Waterline                     | 1,897,320                            | 0                  | 123,203            | 1,774,117                            | 128,658                   |
| Westside Waterline Replacement                      | 1,762,393                            | 0                  | 106,858            | 1,655,535                            | 111,873                   |
| Tacoma Avenue Relief Sewer                          | 3,233,706                            | 0                  | 230,066            | 3,003,640                            | 236,577                   |
| Idaho Avenue SSO Elimination                        | 6,885,576                            | 0                  | 443,374            | 6,442,202                            | 459,750                   |
| 4W Waterline Replacement                            | 3,318,927                            | 0                  | 67,566             | 3,251,361                            | 70,917                    |
| Kay Drive Retention Basin                           | 1,860,793                            | 0                  | 107,077            | 1,753,716                            | 111,195                   |
| Amherst Township Relief Sewer                       | 719,787                              | 0                  | 43,935             | 675,852                              | 45,625                    |
| Pearl Road & Tacoma Pump Station                    | 1,068,430                            | 0                  | 58,655             | 1,009,775                            | 60,911                    |
| East Central Relief Sewer                           | 3,180,555                            | 22,910             | 139,116            | 3,064,349                            | 145,575                   |
| Westside Relief Sewer                               | 20,398,260                           | 1,014,063          | 815,061            | 20,597,262                           | 841,683                   |
| Brownell Avenue Waterline                           | 745,882                              | 0                  | 25,438             | 720,444                              | 27,218                    |
| Black River Tunnel Design                           | 0                                    | 606,172            | 0                  | 606,172                              | 329,164                   |
| <i>Total Ohio Water Development Authority Loans</i> | <u>48,074,819</u>                    | <u>1,643,145</u>   | <u>2,505,104</u>   | <u>47,212,860</u>                    | <u>2,932,863</u>          |
| Capital Leases                                      | 208,364                              | 0                  | 51,008             | 157,356                              | 53,532                    |
| Compensated Absences                                | 1,221,075                            | 101,146            | 204,442            | 1,117,779                            | 122,614                   |
| <i>Total Business-Type Activities</i>               | <u>\$57,619,414</u>                  | <u>\$1,744,291</u> | <u>\$4,058,324</u> | <u>\$55,305,381</u>                  | <u>\$4,538,550</u>        |

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, 2009*

---

**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 was considered defeased and the liability for the refunded bonds has been removed from the basic financial statements. On December 31, 2009, \$4,085,000 of the defeased bonds is outstanding.

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<br/>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:

| <u>Year</u> | <u>Principal Amount<br/>to be Redeemed</u> |
|-------------|--|
| 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.

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

*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 \$1,747,195 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 in the streets fund and were projected to use approximately 28 percent of the available gas tax revenue over the life of the loans. Total principal and interest remaining on the loans is \$1,236,569, payable through 2025. Principal and interest payments for the current year were \$346,356 and total gas tax revenues were \$1,243,353.

Installment loans will be paid from the general fund and the capital improvements fund.

Capital leases will be paid from the general fund, the street construction and health services special revenue funds, and the general sewer capital improvements fund.

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 2009 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.

Compensated absences will be paid from the general fund, the community development, street construction, health services, police levy, municipal court computer and municipal court probation special revenue funds, the municipal court improvements capital projects fund, the water works and water pollution control enterprise funds, and the garage and hospitalization internal service 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.

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

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, 2009, \$1,975,000 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 \$5,000, at the following redemption prices (expressed as percentages of the principal amount redeemed), plus accrued interest to the redemption date shown below:

| <b>Redemption Dates (Dates Inclusive)</b> | <b>Redemption Prices</b> |
|---|--------------------------|
| 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, 2009:

|                                       |             |
|---------------------------------------|-------------|
| Restricted assets held by the Trustee |             |
| Revenue Bond Current Debt Service     | \$1,505,301 |
|                                       |             |
| Restricted assets held by the City    |             |
| Utility Reserve Fund                  | 981,045     |
| Replacement and Improvement Fund      | 150,000     |

The sewer system refunding bonds, Series 1995 had a balance at December 31, 2009 of \$1,396,793 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 Water Pollution Control 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 75 percent of net revenues and less than 35 percent of total revenues. The total principal and interest remaining to be paid on the bonds and loans is \$51,914,611. Principal and interest payments for the current year were \$4,233,609, net revenues were \$5,655,016, and total revenues were \$12,084,067.

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



**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

redemption prices (expressed as percentages of the principal amount redeemed), plus accrued interest to the redemption date shown below:

| <b>Redemption Dates (Dates Inclusive)</b> | <b>Redemption Prices</b> |
|---|--------------------------|
| 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 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, 2009:

|                                       |             |
|---------------------------------------|-------------|
| Restricted assets held by the Trustee |             |
| Revenue Bond Current Debt Service     | \$1,282,409 |
| Restricted assets held by the City    |             |
| Utility Reserve Fund                  | 373,487     |
| Replacement and Improvement Fund      | 150,000     |

The water revenue bonds, Series 1995, had a balance at December 31, 2009 of \$4,622,277 net of the unamortized discount.

The City has pledged future revenues to repay revenue bonds and OWDA loans in the Water Works 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 95 percent of net revenues and less than 22 percent of total revenues. The total principal and interest remaining to be paid on the bonds and loans is \$18,935,344. Principal and interest payments for the current year were \$1,701,417, net revenues were \$1,802,871, and total revenues were \$7,848,394.

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

The City's overall legal debt margin was \$76,599,135 at December 31, 2009. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2009 are as follows:

***Governmental Activities:***

| Years        | General Obligation Bonds |                     | Special Assessment Bonds |                  | HUD Section 108 Loans |                    |
|--------------|--------------------------|---------------------|--------------------------|------------------|-----------------------|--------------------|
|              | Principal                | Interest            | Principal                | Interest         | Principal             | Interest           |
| 2010         | \$1,481,184              | \$1,492,702         | \$29,275                 | \$53,163         | \$455,000             | \$276,334          |
| 2011         | 1,535,111                | 1,426,248           | 34,275                   | 44,946           | 460,000               | 251,698            |
| 2012         | 1,721,881                | 1,357,395           | 35,893                   | 43,475           | 465,000               | 226,132            |
| 2013         | 1,810,270                | 1,279,875           | 40,893                   | 41,914           | 306,000               | 199,635            |
| 2014         | 1,772,577                | 1,197,248           | 42,511                   | 39,998           | 308,000               | 180,612            |
| 2015-2019    | 7,679,883                | 4,802,996           | 238,594                  | 168,220          | 1,620,000             | 600,620            |
| 2020-2024    | 8,021,406                | 2,917,510           | 263,594                  | 98,166           | 936,000               | 157,938            |
| 2025-2029    | 5,790,000                | 924,186             | 150,000                  | 34,075           | 0                     | 0                  |
| 2030-2032    | 830,000                  | 75,825              | 0                        | 0                | 0                     | 0                  |
| <b>Total</b> | <b>\$30,642,312</b>      | <b>\$15,473,985</b> | <b>\$835,035</b>         | <b>\$523,957</b> | <b>\$4,550,000</b>    | <b>\$1,892,969</b> |

| Years        | ODOD<br>Urban Redevelopment Loan |                  | OPWC<br>Loans      | ODOT<br>State Infrastructure Bank Loans |                  | Installment Loans |                | Total<br>Governmental Activities |                     |
|--------------|----------------------------------|------------------|--------------------|---|------------------|-------------------|----------------|----------------------------------|---------------------|
|              | Principal                        | Interest         | Principal          | Principal                               | Interest         | Principal         | Interest       | Principal                        | Interest            |
| 2010         | \$0                              | \$5,742          | \$342,472          | \$456,846                               | \$31,019         | \$107,162         | \$1,490        | \$2,871,939                      | \$1,860,450         |
| 2011         | 49,542                           | 22,969           | 343,598            | 179,278                                 | 20,488           | 107,451           | 1,200          | 2,709,255                        | 1,767,549           |
| 2012         | 201,913                          | 70,595           | 337,215            | 247,413                                 | 44,179           | 57,754            | 898            | 3,067,069                        | 1,742,674           |
| 2013         | 208,039                          | 63,959           | 324,256            | 254,891                                 | 36,701           | 58,068            | 583            | 3,002,417                        | 1,622,667           |
| 2014         | 214,350                          | 57,121           | 310,695            | 262,595                                 | 28,997           | 58,397            | 255            | 2,969,125                        | 1,504,231           |
| 2015-2019    | 1,173,337                        | 175,554          | 977,540            | 769,128                                 | 59,749           | 251,666           | 0              | 12,710,148                       | 5,807,139           |
| 2020-2024    | 449,762                          | 14,627           | 115,888            | 0                                       | 0                | 0                 | 0              | 9,786,650                        | 3,188,241           |
| 2025-2030    | 0                                | 0                | 0                  | 0                                       | 0                | 0                 | 0              | 5,940,000                        | 958,261             |
| 2030-2034    | 0                                | 0                | 0                  | 0                                       | 0                | 0                 | 0              | 830,000                          | 75,825              |
| <b>Total</b> | <b>\$2,296,943</b>               | <b>\$410,567</b> | <b>\$2,751,664</b> | <b>\$2,170,151</b>                      | <b>\$221,133</b> | <b>\$640,498</b>  | <b>\$4,426</b> | <b>\$43,886,603</b>              | <b>\$18,527,037</b> |

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

***Business-Type Activities:***

| Years        | General Obligation<br>Bonds |                  | Revenue Bonds      |                  |
|--------------|-----------------------------|------------------|--------------------|------------------|
|              | Principal                   | Interest         | Principal          | Interest         |
| 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         | 34,911                      | 3,107            | 700,000            | 96,720           |
| 2015-2019    | 36,523                      | 1,589            | 1,510,000          | 79,560           |
| <b>Total</b> | <b>\$867,653</b>            | <b>\$128,067</b> | <b>\$6,070,000</b> | <b>\$979,701</b> |

| Years        | OWDA Loans          |                    | Total Business-Type<br>Activities |                    |
|--------------|---------------------|--------------------|-----------------------------------|--------------------|
|              | Principal           | Interest           | Principal                         | Interest           |
| 2010         | \$1,616,441         | \$945,585          | \$3,045,982                       | \$1,279,350        |
| 2011         | 1,589,591           | 874,511            | 3,105,206                         | 1,128,942          |
| 2012         | 1,553,293           | 812,883            | 2,385,519                         | 1,004,520          |
| 2013         | 1,614,666           | 751,510            | 2,493,503                         | 898,469            |
| 2014         | 1,678,565           | 687,611            | 2,413,476                         | 787,438            |
| 2015-2019    | 9,447,565           | 2,383,315          | 10,994,088                        | 2,464,464          |
| 2020-2024    | 3,565,375           | 772,209            | 3,565,375                         | 772,209            |
| 2025-2029    | 963,262             | 349,131            | 963,262                           | 349,131            |
| 2030-2034    | 916,319             | 115,869            | 916,319                           | 115,869            |
| <b>Total</b> | <b>\$22,945,077</b> | <b>\$7,692,624</b> | <b>\$29,882,730</b>               | <b>\$8,800,392</b> |

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 balances of these loans are as follows:

| <b>Enterprise Funds</b>          |                            |
|----------------------------------|----------------------------|
| <i>Water Pollution Control:</i>  | <u>December 31, 2009</u>   |
| OWDA Sewer:                      |                            |
| East Central Relief Sewer        | \$3,064,349                |
| Westside Relief Sewer            | 20,597,262                 |
| Black River Tunnel Design        | 606,172                    |
| <b>Total Loans not Finalized</b> | <u><u>\$24,267,783</u></u> |

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

**Note 12 - Capital Leases**

During 2009, the City entered into a lease for the acquisition of Fax/Printer/Copier/Scanners for multiple departments of the City, and IP phone equipment for the Health 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<br/>Activities</i> | <i>Business-Type<br/>Activities</i> |
|---|------------------------------------|-------------------------------------|
| <i>Capital Assets, Being Depreciated:</i> |                                    |                                     |
| Machinery and Equipment                   | \$4,437,085                        | \$503,820                           |
| Less Accumulated Depreciation:            |                                    |                                     |
| Machinery and Equipment                   | (911,087)                          | (94,117)                            |
| <i>Capital Assets, Net</i>                | \$3,525,998                        | \$409,703                           |

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, 2009:

| Year Ending December 31,                | Governmental<br>Activities | Business-type<br>Activities |
|---|----------------------------|-----------------------------|
| 2010                                    | \$659,406                  | \$61,322                    |
| 2011                                    | 655,820                    | 61,321                      |
| 2012                                    | 647,025                    | 50,000                      |
| 2013                                    | 211,339                    | 0                           |
| 2014                                    | 206,175                    | 0                           |
| Total Minimum Lease Payments            | 2,379,765                  | 172,643                     |
| Less: Amount Representing Interest      | (230,540)                  | (15,287)                    |
| Present Value of Minimum Lease Payments | \$2,149,225                | \$157,356                   |

**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

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

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 Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 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, 2009, the members in state and local classifications contributed 10.0 percent of covered payroll.

The City's 2009 contribution rate was 14.0 percent. For the period January 1 through March 31, a portion of the City's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14.0 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008, and 2007 were \$2,110,850, \$2,108,838, and \$2,181,221 respectively; 91.58 percent has been contributed for 2009, 100 percent for 2008 and 88.67 percent for 2007. Contributions to the member-directed plan for 2009 were \$16,093 made by the City and \$11,495 made by plan members.

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

***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 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City's contributions to OP&F for police and firefighters were \$1,138,125 and \$1,156,997 for the year ended December 31, 2009, \$1,216,307 and \$1,133,283 for the year ended December 31, 2008 and \$1,083,052 and \$1,115,934 for the year ended December 31, 2007. 77.32 percent has been contributed for police and 77.03 percent for firefighters has been contributed for 2009. The full amount has been contributed for 2008 and 2007.

**Note 15 - Post Employment Benefits**

***A. Ohio Public Employees Retirement System (OPERS)***

Plan Description – Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 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 or by calling 614-222-5601 or 800-222-7377.

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 OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local government employers contributed at a rate of 14.0 percent of covered payroll. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

set aside for funding post-employment health care benefits. The amount of employer contributions which were allocated to fund post-employment health care was 7.0 percent from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree 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 post-employment health care plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were \$899,140, \$1,119,561, and \$864,916 respectively; 92.15 percent has been contributed for 2009, 91.55 percent for 2008 and 79.79 percent for 2007.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

***B. Ohio Police and Fire Pension Fund***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care 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 health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care 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.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$393,905 and \$325,463 for the year ended December 31, 2009, \$420,964 and \$318,793 for the year ended December 31, 2008, and \$374,844 and \$313,912 for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. 77.32 percent has been contributed for police and 77.03 percent has been contributed for firefighters for 2009.

**Note 16 – Contractual Commitments**

As of December 31, 2009, the open construction contracts for the water department and the water pollution control department were \$196,900 and \$3,757,307 respectively.

The water department open construction contracts include \$187,200 with Malcolm-Pirnie for the preliminary design of a Westside water tower. In conjunction with the Ohio Water Development Authority, the water pollution control department has an open construction contract with Malcolm-Pirnie in the amount of \$3,052,000 for the design of the Black River wastewater storage and conveyance tunnel. For relief sewer and retention basin construction there are open contracts with CT Consultants for \$147,235.

The City also had an open construction contract with Fabrizi Trucking and Paving Company Inc. for the Riverbend Commerce Park project in the amount of \$189,263. In addition the City had an open construction contract with Majzum Construction for the renovation of the police dispatch and communications center for the sum of \$90,076. The total open construction contracts for the police project totaled \$193,967 at the end of 2009.



**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 2009, 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 2009, the City made payments in the amount of \$419,463 to

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

PERC. 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.

Transfers were made from the municipal court probation fund, the police levy fund and the municipal court improvement fund to the general fund for the reimbursement of expenses.

Transfers are also made to cover the various debt obligations of the City from the general fund, the community development fund, and the street construction fund to the general obligation bond retirement fund and the special assessment bond retirement fund.

The lighthouse urban renewal and riverfront urban renewal capital projects funds transferred the remaining excess bond funds in each to the general obligation bond retirement fund.

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

Transfers made during the year ended December 31, 2009 were as follows:

|                                       | <u>Transfer From</u>           |                                  |                    | <u>Totals</u>      |
|---------------------------------------|--------------------------------|----------------------------------|--------------------|--------------------|
|                                       | <u>Governmental Activities</u> |                                  |                    |                    |
|                                       | <u>General</u>                 | <u>Community<br/>Development</u> | <u>Nonmajor</u>    |                    |
| <u>Transfer To</u>                    |                                |                                  |                    |                    |
| <u>Governmental Activities</u>        |                                |                                  |                    |                    |
| General                               | \$0                            | \$0                              | \$128,813          | \$128,813          |
| General Obligation<br>Bond Retirement | 466,875                        | 5,000                            | 511,588            | 983,463            |
| Capital Improvements                  | 237,515                        | 0                                | 150,000            | 387,515            |
| Nonmajor Funds                        | 933,885                        | 0                                | 230,412            | 1,164,297          |
| <b>Total</b>                          | <b>\$1,638,275</b>             | <b>\$5,000</b>                   | <b>\$1,020,813</b> | <b>\$2,664,088</b> |

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

**B. Balances**

The interfund balances as of December 31, 2009 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 |                    |
|                                       | Community Development   | Nonmajor        | Water Works              | Water Pollution Control | Garage                                    |                    |
|                                       |                         |                 |                          |                         |   |                    |
| <b>Governmental Activities</b>        |                         |                 |                          |                         |   |                    |
| General                               | \$1,826,925             | \$20,747        | \$2,208                  | \$2,299                 | \$14,083                                  | \$1,866,262        |
| Community Development                 | 0                       | 0               | 33                       | 64                      | 571                                       | 668                |
| Nonmajor                              | 410,825                 | 0               | 0                        | 0                       | 98,240                                    | 509,065            |
| <i>Total Governmental Activities</i>  | <u>2,237,750</u>        | <u>20,747</u>   | <u>2,241</u>             | <u>2,363</u>            | <u>112,894</u>                            | <u>2,375,995</u>   |
| <b>Business-Type Activities</b>       |                         |                 |                          |                         |   |                    |
| Water Works                           | 0                       | 0               | 0                        | 0                       | 3,827                                     | 3,827              |
| Water Pollution Control               | 0                       | 0               | 0                        | 0                       | 2,826                                     | 2,826              |
| <i>Total Business-Type Activities</i> | <u>0</u>                | <u>0</u>        | <u>0</u>                 | <u>0</u>                | <u>6,653</u>                              | <u>6,653</u>       |
| <b>Internal Service</b>               |                         |                 |                          |                         |   |                    |
| Garage                                | 57,148                  | 0               | 0                        | 0                       | 0   | 57,148             |
| <i>Total</i>                          | <u>\$2,294,898</u>      | <u>\$20,747</u> | <u>\$2,241</u>           | <u>\$2,363</u>          | <u>\$119,547</u>                          | <u>\$2,439,796</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**

Effective January 1, 2010, Council passed ordinance number 179-09 which amended the City's income tax regulations to reduce the income tax credit allowed to residents who work outside the City on income tax paid to another City on wages and other income earned to a maximum of one percent which is one half the City's current tax rate of two percent. This change is effective for 2010 and all future years. The primary purpose of the amendment was to avoid additional layoffs and reduction of services within the City and to reduce, and eventually eliminate, the general fund deficit.

**City of Lorain, Ohio**  
*Notes to The Basic Financial Statements*  
*For The Year Ended December 31, 2009*

---

On April 23, 2010 Moody's converted the City's bond rating to the Global Rating Scale. The rating was changed from Baa2 with a negative outlook to A2 with a negative outlook on the new scale. On May 18, 2010 a ratings review was done by Moody's in conjunction with issuance of general obligation long term debt by the City. As a result of this review the City's rating was downgraded to A3 with no outlook.

On June 16, 2010 the City issued a \$5,000,000 taxable general obligation bond for the purpose of paying the City's health benefits claims for 2010 and 2011 and to establish a reserve for anticipated health benefits claims for 2010 and 2011.

**Combining and Individual Fund Statements  
and 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, 2009*

|  | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Debt<br>Service<br>Fund | Nonmajor<br>Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|---|-------------------------------------|--|--|
| <b>Assets</b>                              |   |                                     |  |  |
| Equity in Pooled Cash and                  |   |                                     |  |  |
| Cash Equivalents                           | \$1,617,460                             | \$0                                 | \$493,617                                | \$2,111,077                                |
| Accounts Receivable                        | 0                                       | 0                                   | 42,300                                   | 42,300                                     |
| Materials and Supplies Inventory           | 232,004                                 | 0                                   | 0  | 232,004                                    |
| Interfund Receivable                       | 16,404                                  | 0                                   | 4,343                                    | 20,747                                     |
| Intergovernmental Receivable               | 984,630                                 | 0                                   | 0  | 984,630                                    |
| Prepaid Items                              | 9,792                                   | 0                                   | 0  | 9,792                                      |
| Municipal Income Taxes Receivable          | 263,221                                 | 0                                   | 0  | 263,221                                    |
| Property Taxes Receivable                  | 566,740                                 | 0                                   | 0  | 566,740                                    |
| Special Assessment Receivable              | 0                                       | 62,619                              | 0  | 62,619                                     |
| <i>Total Assets</i>                        | <u>\$3,690,251</u>                      | <u>\$62,619</u>                     | <u>\$540,260</u>                         | <u>\$4,293,130</u>                         |
| <b>Liabilities and Fund Balances</b>       |   |                                     |  |  |
| <b>Liabilities</b>                         |   |                                     |  |  |
| Accounts Payable                           | \$126,579                               | \$0                                 | \$3,301                                  | \$129,880                                  |
| Contracts Payable                          | 0                                       | 0                                   | 3,100                                    | 3,100                                      |
| Accrued Wages and Benefits                 | 112,413                                 | 0                                   | 0  | 112,413                                    |
| Matured Compensated Absences Payable       | 10,696                                  | 0                                   | 0  | 10,696                                     |
| Intergovernmental Payable                  | 203,199                                 | 0                                   | 45,643                                   | 248,842                                    |
| Interfund Payable                          | 509,065                                 | 0                                   | 0  | 509,065                                    |
| Accrued Interest Payable                   | 10,098                                  | 0                                   | 1,776                                    | 11,874                                     |
| Deferred Revenue                           | 1,234,331                               | 62,619                              | 0  | 1,296,950                                  |
| <i>Total Liabilities</i>                   | <u>2,206,381</u>                        | <u>62,619</u>                       | <u>53,820</u>                            | <u>2,322,820</u>                           |
| <b>Fund Balances</b>                       |   |                                     |  |  |
| Reserved for Encumbrances                  | 58,732                                  | 0                                   | 4,314                                    | 63,046                                     |
| Unreserved, Undesignated                   |   |                                     |  |  |
| Special Revenue Funds                      | 1,425,138                               | 0                                   | 0  | 1,425,138                                  |
| Capital Projects Funds                     | 0                                       | 0                                   | 482,126                                  | 482,126                                    |
| <i>Total Fund Balances</i>                 | <u>1,483,870</u>                        | <u>0</u>                            | <u>486,440</u>                           | <u>1,970,310</u>                           |
| <i>Total Liabilities and Fund Balances</i> | <u>\$3,690,251</u>                      | <u>\$62,619</u>                     | <u>\$540,260</u>                         | <u>\$4,293,130</u>                         |



**City of Lorain, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2009*

|   | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Debt<br>Service<br>Fund | Nonmajor<br>Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|---|-------------------------------------|--|--|
| <b>Revenues</b>   |   |                                     |  |  |
| Property Taxes  | \$256,331                               | \$0                                 | \$0                                      | \$256,331                                  |
| Municipal Income Taxes                                  | 1,944,702                               | 0                                   | 0  | 1,944,702                                  |
| Charges for Services                                    | 349,659                                 | 0                                   | 597,761                                  | 947,420                                    |
| Licenses and Permits                                    | 317,210                                 | 0                                   | 0  | 317,210                                    |
| Fines and Forfeitures                                   | 388,225                                 | 0                                   | 98,086                                   | 486,311                                    |
| Intergovernmental                                       | 3,142,754                               | 0                                   | 0  | 3,142,754                                  |
| Special Assessments                                     | 0                                       | 42,796                              | 0  | 42,796                                     |
| Interest  | 0                                       | 0                                   | 954                                      | 954  |
| Miscellaneous   | 17,090                                  | 0                                   | 0  | 17,090                                     |
| <i>Total Revenues</i>                                   | <u>6,415,971</u>                        | <u>42,796</u>                       | <u>696,801</u>                           | <u>7,155,568</u>                           |
| <b>Expenditures</b>                                     |   |                                     |  |  |
| Current:  |   |                                     |  |  |
| General Government                                      | 324,999                                 | 1                                   | 0  | 325,000                                    |
| Security of Persons and Property                        | 2,798,586                               | 0                                   | 0  | 2,798,586                                  |
| Transportation  | 2,620,162                               | 0                                   | 0  | 2,620,162                                  |
| Public Health   | 1,419,265                               | 0                                   | 0  | 1,419,265                                  |
| Community Environment                                   | 222,857                                 | 0                                   | 0  | 222,857                                    |
| Leisure Time Activities                                 | 7,471                                   | 0                                   | 0  | 7,471                                      |
| Capital Outlay  | 0                                       | 0                                   | 496,044                                  | 496,044                                    |
| Debt Service:   |   |                                     |  |  |
| Principal Retirement                                    | 480,233                                 | 22,656                              | 50,963                                   | 553,852                                    |
| Interest and Fiscal Charges                             | 253,685                                 | 21,592                              | 8,152                                    | 283,429                                    |
| <i>Total Expenditures</i>                               | <u>8,127,258</u>                        | <u>44,249</u>                       | <u>555,159</u>                           | <u>8,726,666</u>                           |
| <i>Excess of Revenues Over<br/>(Under) Expenditures</i> | <u>(1,711,287)</u>                      | <u>(1,453)</u>                      | <u>141,642</u>                           | <u>(1,571,098)</u>                         |
| <b>Other Financing Sources (Uses)</b>                   |   |                                     |  |  |
| Inception of Capital Leases                             | 15,713                                  | 0                                   | 0  | 15,713                                     |
| Transfers In  | 1,162,738                               | 1,559                               | 0  | 1,164,297                                  |
| Transfers Out   | (481,402)                               | 0                                   | (539,411)                                | (1,020,813)                                |
| <i>Total Other Financing Sources (Uses)</i>             | <u>697,049</u>                          | <u>1,559</u>                        | <u>(539,411)</u>                         | <u>159,197</u>                             |
| <i>Net Change in Fund Balances</i>                      | <u>(1,014,238)</u>                      | <u>106</u>                          | <u>(397,769)</u>                         | <u>(1,411,901)</u>                         |
| <i>Fund Balances (Deficit) Beginning of Year</i>        | <u>2,498,108</u>                        | <u>(106)</u>                        | <u>884,209</u>                           | <u>3,382,211</u>                           |
| <i>Fund Balances End of Year</i>                        | <u>\$1,483,870</u>                      | <u>\$0</u>                          | <u>\$486,440</u>                         | <u>\$1,970,310</u>                         |

**City of Lorain, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2009*

|  | Streets            | Permissive<br>License | Health<br>Services | Litter<br>Control | Police<br>Levy   |
|--|--------------------|-----------------------|--------------------|-------------------|------------------|
| <b>Assets</b>                              |                    |                       |                    |                   |                  |
| Equity in Pooled Cash and                  |                    |                       |                    |                   |                  |
| Cash Equivalents                           | \$2,508            | \$23,905              | \$5,912            | \$224,302         | \$28,749         |
| Materials and Supplies Inventory           | 164,697            | 0                     | 7,444              | 0                 | 59,863           |
| Interfund Receivable                       | 0                  | 0                     | 0                  | 0                 | 0                |
| Intergovernmental Receivable               | 930,796            | 18,834                | 0                  | 0                 | 0                |
| Prepaid Items                              | 849                | 0                     | 5,171              | 0                 | 2,565            |
| Municipal Income Taxes Receivable          | 0                  | 0                     | 0                  | 0                 | 263,221          |
| Property Taxes Receivable                  | 0                  | 0                     | 0                  | 0                 | 0                |
| <i>Total Assets</i>                        | <u>\$1,098,850</u> | <u>\$42,739</u>       | <u>\$18,527</u>    | <u>\$224,302</u>  | <u>\$354,398</u> |
| <b>Liabilities and Fund Balances</b>       |                    |                       |                    |                   |                  |
| <b>Liabilities</b>                         |                    |                       |                    |                   |                  |
| Accounts Payable                           | \$64,671           | \$0                   | \$6,184            | \$33,425          | \$16,276         |
| Accrued Wages and Benefits                 | 33,393             | 0                     | 26,197             | 0                 | 48,441           |
| Matured Compensated Absences Payable       | 0                  | 0                     | 10,696             | 0                 | 0                |
| Intergovernmental Payable                  | 71,051             | 0                     | 55,976             | 0                 | 64,099           |
| Interfund Payable                          | 93,993             | 0                     | 0                  | 0                 | 4,247            |
| Accrued Interest Payable                   | 10,044             | 0                     | 54                 | 0                 | 0                |
| Deferred Revenue                           | 595,834            | 0                     | 0                  | 0                 | 36,757           |
| <i>Total Liabilities</i>                   | <u>868,986</u>     | <u>0</u>              | <u>99,107</u>      | <u>33,425</u>     | <u>169,820</u>   |
| <b>Fund Balances</b>                       |                    |                       |                    |                   |                  |
| Reserved for Encumbrances                  | 1,539              | 3,485                 | 1,624              | 322               | 51,384           |
| Unreserved, Undesignated (Deficit)         | 228,325            | 39,254                | (82,204)           | 190,555           | 133,194          |
| <i>Total Fund Balances (Deficit)</i>       | <u>229,864</u>     | <u>42,739</u>         | <u>(80,580)</u>    | <u>190,877</u>    | <u>184,578</u>   |
| <i>Total Liabilities and Fund Balances</i> | <u>\$1,098,850</u> | <u>\$42,739</u>       | <u>\$18,527</u>    | <u>\$224,302</u>  | <u>\$354,398</u> |

| Mandatory<br>Drug | Police<br>Pension | Fire<br>Pension  | Indigent<br>Drivers | Park<br>Land    | Cemetery       | Law<br>Enforcement |
|-------------------|-------------------|------------------|---------------------|-----------------|----------------|--------------------|
| \$10,170          | \$0               | \$0              | \$108,505           | \$14,103        | \$2,558        | \$954,614          |
| 0                 | 0                 | 0                | 0                   | 0               | 0              | 0                  |
| 0                 | 0                 | 0                | 1,412               | 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                 | 283,370           | 283,370          | 0                   | 0               | 0              | 0                  |
| <u>\$10,170</u>   | <u>\$300,870</u>  | <u>\$300,870</u> | <u>\$109,917</u>    | <u>\$14,103</u> | <u>\$2,558</u> | <u>\$954,614</u>   |
| \$0               | \$0               | \$0              | \$5,423             | \$0             | \$0            | \$0                |
| 0                 | 0                 | 0                | 0                   | 0               | 0              | 0                  |
| 0                 | 0                 | 0                | 0                   | 0               | 0              | 0                  |
| 797               | 0                 | 0                | 0                   | 0               | 0              | 2,189              |
| 0                 | 195,785           | 215,040          | 0                   | 0               | 0              | 0                  |
| 0                 | 0                 | 0                | 0                   | 0               | 0              | 0                  |
| 0                 | 300,870           | 300,870          | 0                   | 0               | 0              | 0                  |
| <u>797</u>        | <u>496,655</u>    | <u>515,910</u>   | <u>5,423</u>        | <u>0</u>        | <u>0</u>       | <u>2,189</u>       |
| 0                 | 0                 | 0                | 0                   | 0               | 0              | 0                  |
| 9,373             | (195,785)         | (215,040)        | 104,494             | 14,103          | 2,558          | 952,425            |
| <u>9,373</u>      | <u>(195,785)</u>  | <u>(215,040)</u> | <u>104,494</u>      | <u>14,103</u>   | <u>2,558</u>   | <u>952,425</u>     |
| <u>\$10,170</u>   | <u>\$300,870</u>  | <u>\$300,870</u> | <u>\$109,917</u>    | <u>\$14,103</u> | <u>\$2,558</u> | <u>\$954,614</u>   |

(continued)

**City of Lorain, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*December 31, 2009*

|   | Municipal<br>Court<br>Computer | Legal<br>Research | Municipal<br>Court<br>Security | Municipal<br>Court<br>Probation | Total<br>Nonmajor<br>Special Revenue<br>Funds |
|---|--------------------------------|-------------------|--------------------------------|---------------------------------|---|
| <b>Assets</b>                                 |                                |                   |                                |                                 |   |
| Equity in Pooled Cash and<br>Cash Equivalents | \$164,298                      | \$73,229          | \$4,397                        | \$210                           | \$1,617,460                                   |
| Materials and Supplies Inventory              | 0                              | 0                 | 0                              | 0                               | 232,004                                       |
| Interfund Receivable                          | 1,022                          | 174               | 6,194                          | 7,602                           | 16,404  |
| Intergovernmental Receivable                  | 0                              | 0                 | 0                              | 0                               | 984,630                                       |
| Prepaid Items                                 | 1,207                          | 0                 | 0                              | 0                               | 9,792   |
| Municipal Income Taxes Receivable             | 0                              | 0                 | 0                              | 0                               | 263,221                                       |
| Property Taxes Receivable                     | 0                              | 0                 | 0                              | 0                               | 566,740                                       |
| <i>Total Assets</i>                           | <u>\$166,527</u>               | <u>\$73,403</u>   | <u>\$10,591</u>                | <u>\$7,812</u>                  | <u>\$3,690,251</u>                            |
| <br><b>Liabilities and Fund Balances</b>      |                                |                   |                                |                                 |   |
| <b>Liabilities</b>                            |                                |                   |                                |                                 |   |
| Accounts Payable                              | \$600                          | \$0               | \$0                            | \$0                             | \$126,579                                     |
| Accrued Wages and Benefits                    | 1,641                          | 0                 | 1,277                          | 1,464                           | 112,413                                       |
| Matured Compensated Absences Payable          | 0                              | 0                 | 0                              | 0                               | 10,696  |
| Intergovernmental Payable                     | 3,048                          | 0                 | 2,843                          | 3,196                           | 203,199                                       |
| Interfund Payable                             | 0                              | 0                 | 0                              | 0                               | 509,065                                       |
| Accrued Interest Payable                      | 0                              | 0                 | 0                              | 0                               | 10,098  |
| Deferred Revenue                              | 0                              | 0                 | 0                              | 0                               | 1,234,331                                     |
| <i>Total Liabilities</i>                      | <u>5,289</u>                   | <u>0</u>          | <u>4,120</u>                   | <u>4,660</u>                    | <u>2,206,381</u>                              |
| <br><b>Fund Balances</b>                      |                                |                   |                                |                                 |   |
| Reserved for Encumbrances                     | 378                            | 0                 | 0                              | 0                               | 58,732  |
| Unreserved, Undesignated (Deficit)            | 160,860                        | 73,403            | 6,471                          | 3,152                           | 1,425,138                                     |
| <i>Total Fund Balances (Deficit)</i>          | <u>161,238</u>                 | <u>73,403</u>     | <u>6,471</u>                   | <u>3,152</u>                    | <u>1,483,870</u>                              |
| <i>Total Liabilities and Fund Balances</i>    | <u>\$166,527</u>               | <u>\$73,403</u>   | <u>\$10,591</u>                | <u>\$7,812</u>                  | <u>\$3,690,251</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, 2009*

|   | Streets          | Permissive<br>License | Health<br>Services | Litter<br>Control | Police<br>Levy   |
|---|------------------|-----------------------|--------------------|-------------------|------------------|
| <b>Revenues</b>   |                  |                       |                    |                   |                  |
| Property Taxes  | \$0              | \$0                   | \$0                | \$0               | \$0              |
| Municipal Income Taxes                                  | 0                | 0                     | 0                  | 0                 | 1,944,702        |
| Charges for Services                                    | 0                | 0                     | 349,659            | 0                 | 0                |
| Licenses and Permits                                    | 0                | 0                     | 317,210            | 0                 | 0                |
| Fines and Forfeitures                                   | 0                | 0                     | 0                  | 0                 | 0                |
| Intergovernmental                                       | 2,204,646        | 242,395               | 426,147            | 226,690           | 0                |
| Miscellaneous   | 2,252            | 0                     | 0                  | 0                 | 13,738           |
| <i>Total Revenues</i>                                   | <u>2,206,898</u> | <u>242,395</u>        | <u>1,093,016</u>   | <u>226,690</u>    | <u>1,958,440</u> |
| <b>Expenditures</b>                                     |                  |                       |                    |                   |                  |
| Current:  |                  |                       |                    |                   |                  |
| General Government                                      | 0                | 0                     | 0                  | 0                 | 0                |
| Security of Persons and Property                        | 0                | 0                     | 0                  | 0                 | 2,127,813        |
| Transportation  | 2,423,625        | 196,537               | 0                  | 0                 | 0                |
| Public Health   | 0                | 0                     | 1,419,265          | 0                 | 0                |
| Community Environment                                   | 0                | 0                     | 0                  | 222,857           | 0                |
| Leisure Time Activities                                 | 0                | 0                     | 0                  | 0                 | 0                |
| Debt Service:   |                  |                       |                    |                   |                  |
| Principal Retirement                                    | 245,075          | 0                     | 5,158              | 0                 | 165,000          |
| Interest and Fiscal Charges                             | 50,660           | 0                     | 2,049              | 0                 | 117,995          |
| <i>Total Expenditures</i>                               | <u>2,719,360</u> | <u>196,537</u>        | <u>1,426,472</u>   | <u>222,857</u>    | <u>2,410,808</u> |
| <i>Excess of Revenues Over<br/>(Under) Expenditures</i> | <u>(512,462)</u> | <u>45,858</u>         | <u>(333,456)</u>   | <u>3,833</u>      | <u>(452,368)</u> |
| <b>Other Financing Sources (Uses)</b>                   |                  |                       |                    |                   |                  |
| Inception of Capital Leases                             | 0                | 0                     | 15,713             | 0                 | 0                |
| Transfers In  | 775,247          | 892                   | 299,605            | 0                 | 51,994           |
| Transfers Out   | (346,357)        | (75,000)              | 0                  | 0                 | (1,950)          |
| <i>Total Other Financing Sources (Uses)</i>             | <u>428,890</u>   | <u>(74,108)</u>       | <u>315,318</u>     | <u>0</u>          | <u>50,044</u>    |
| <i>Net Change in Fund Balances</i>                      | <u>(83,572)</u>  | <u>(28,250)</u>       | <u>(18,138)</u>    | <u>3,833</u>      | <u>(402,324)</u> |
| <b>Fund Balances (Deficit)</b>                          |                  |                       |                    |                   |                  |
| <i>Beginning of Year</i>                                | <u>313,436</u>   | <u>70,989</u>         | <u>(62,442)</u>    | <u>187,044</u>    | <u>586,902</u>   |
| <i>Fund Balances (Deficit) End of Year</i>              | <u>\$229,864</u> | <u>\$42,739</u>       | <u>(\$80,580)</u>  | <u>\$190,877</u>  | <u>\$184,578</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, 2009*

|   | Mandatory<br>Drug     | Police<br>Pension         | Fire<br>Pension           | Indigent<br>Drivers     | Park<br>Land           |
|---|-----------------------|---------------------------|---------------------------|-------------------------|------------------------|
| <b>Revenues</b>   |                       |                           |                           |                         |                        |
| Property Taxes  | \$0                   | \$107,789                 | \$148,542                 | \$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                                   | 7,956                 | 0                         | 0                         | 22,470                  | 0                      |
| Intergovernmental                                       | 0                     | 18,352                    | 24,524                    | 0                       | 0                      |
| Miscellaneous   | 0                     | 0                         | 0                         | 0                       | 1,100                  |
| <i>Total Revenues</i>                                   | <u>7,956</u>          | <u>126,141</u>            | <u>173,066</u>            | <u>22,470</u>           | <u>1,100</u>           |
| <b>Expenditures</b>                                     |                       |                           |                           |                         |                        |
| Current:  |                       |                           |                           |                         |                        |
| General Government                                      | 0                     | 0                         | 0                         | 46,856                  | 0                      |
| Security of Persons and Property                        | 10,850                | 281,929                   | 138,369                   | 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                       | 7,471                  |
| Debt Service:   |                       |                           |                           |                         |                        |
| Principal Retirement                                    | 0                     | 22,750                    | 42,250                    | 0                       | 0                      |
| Interest and Fiscal Charges                             | 0                     | 29,043                    | 53,938                    | 0                       | 0                      |
| <i>Total Expenditures</i>                               | <u>10,850</u>         | <u>333,722</u>            | <u>234,557</u>            | <u>46,856</u>           | <u>7,471</u>           |
| <i>Excess of Revenues Over<br/>(Under) Expenditures</i> | <u>(2,894)</u>        | <u>(207,581)</u>          | <u>(61,491)</u>           | <u>(24,386)</u>         | <u>(6,371)</u>         |
| <b>Other Financing Sources (Uses)</b>                   |                       |                           |                           |                         |                        |
| Inception of Capital Leases                             | 0                     | 0                         | 0                         | 0                       | 0                      |
| 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>                      | <u>(2,894)</u>        | <u>(207,581)</u>          | <u>(61,491)</u>           | <u>(24,386)</u>         | <u>(6,371)</u>         |
| <i>Fund Balances (Deficit)</i>                          |                       |                           |                           |                         |                        |
| <i>Beginning of Year</i>                                | <u>12,267</u>         | <u>11,796</u>             | <u>(153,549)</u>          | <u>128,880</u>          | <u>20,474</u>          |
| <i>Fund Balances (Deficit) End of Year</i>              | <u><u>\$9,373</u></u> | <u><u>(\$195,785)</u></u> | <u><u>(\$215,040)</u></u> | <u><u>\$104,494</u></u> | <u><u>\$14,103</u></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                       | \$256,331                            |
| 0              | 0                | 0                        | 0               | 0                        | 0                         | 1,944,702                            |
| 0              | 0                | 0                        | 0               | 0                        | 0                         | 349,659                              |
| 0              | 0                | 0                        | 0               | 0                        | 0                         | 317,210                              |
| 0              | 151,515          | 31,128                   | 13,687          | 66,747                   | 94,722                    | 388,225                              |
| 0              | 0                | 0                        | 0               | 0                        | 0                         | 3,142,754                            |
| 0              | 0                | 0                        | 0               | 0                        | 0                         | 17,090                               |
| <u>0</u>       | <u>151,515</u>   | <u>31,128</u>            | <u>13,687</u>   | <u>66,747</u>            | <u>94,722</u>             | <u>6,415,971</u>                     |
| 0              | 0                | 159,801                  | 47,004          | 71,338                   | 0                         | 324,999                              |
| 0              | 119,571          | 0                        | 0               | 0                        | 120,054                   | 2,798,586                            |
| 0              | 0                | 0                        | 0               | 0                        | 0                         | 2,620,162                            |
| 0              | 0                | 0                        | 0               | 0                        | 0                         | 1,419,265                            |
| 0              | 0                | 0                        | 0               | 0                        | 0                         | 222,857                              |
| 0              | 0                | 0                        | 0               | 0                        | 0                         | 7,471                                |
| 0              | 0                | 0                        | 0               | 0                        | 0                         | 480,233                              |
| 0              | 0                | 0                        | 0               | 0                        | 0                         | 253,685                              |
| <u>0</u>       | <u>119,571</u>   | <u>159,801</u>           | <u>47,004</u>   | <u>71,338</u>            | <u>120,054</u>            | <u>8,127,258</u>                     |
| <u>0</u>       | <u>31,944</u>    | <u>(128,673)</u>         | <u>(33,317)</u> | <u>(4,591)</u>           | <u>(25,332)</u>           | <u>(1,711,287)</u>                   |
| 0              | 0                | 0                        | 0               | 0                        | 0                         | 15,713                               |
| 0              | 0                | 0                        | 0               | 10,000                   | 25,000                    | 1,162,738                            |
| 0              | 0                | 0                        | 0               | 0                        | (58,095)                  | (481,402)                            |
| <u>0</u>       | <u>0</u>         | <u>0</u>                 | <u>0</u>        | <u>10,000</u>            | <u>(33,095)</u>           | <u>697,049</u>                       |
| 0              | 31,944           | (128,673)                | (33,317)        | 5,409                    | (58,427)                  | (1,014,238)                          |
| <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>                     |
| <u>\$2,558</u> | <u>\$952,425</u> | <u>\$161,238</u>         | <u>\$73,403</u> | <u>\$6,471</u>           | <u>\$3,152</u>            | <u>\$1,483,870</u>                   |

**City of Lorain, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2009*

|  | <u>General<br/>Sewer</u>    | <u>Municipal<br/>Court<br/>Improvements</u> | <u>Total<br/>Nonmajor<br/>Capital Projects<br/>Funds</u> |
|--|-----------------------------|---|--|
| <b>Assets</b>                                  |                             |   |  |
| Equity in Pooled Cash and<br>Cash Equivalents  | \$399,523                   | \$94,094                                    | \$493,617  |
| Accounts Receivable                            | 42,300                      | 0   | 42,300   |
| Interfund Receivable                           | <u>0</u>                    | <u>4,343</u>                                | <u>4,343</u>   |
| <i>Total Assets</i>                            | <u><u>\$441,823</u></u>     | <u><u>\$98,437</u></u>                      | <u><u>\$540,260</u></u>                                  |
| <br>   |                             |   |  |
| <b>Liabilities and Fund Balances</b>           |                             |   |  |
| <b>Liabilities</b>                             |                             |   |  |
| Accounts Payable                               | \$2,790                     | \$511                                       | \$3,301  |
| Contracts Payable                              | 0                           | 3,100                                       | 3,100  |
| Intergovernmental Payable                      | 0                           | 45,643                                      | 45,643   |
| Accrued Interest Payable                       | <u>1,776</u>                | <u>0</u>                                    | <u>1,776</u>   |
| <i>Total Liabilities</i>                       | <u>4,566</u>                | <u>49,254</u>                               | <u>53,820</u>  |
| <br>   |                             |   |  |
| <b>Fund Balances</b>                           |                             |   |  |
| Reserved for Encumbrances                      | 0                           | 4,314                                       | 4,314  |
| Unreserved, Undesignated                       | <u>437,257</u>              | <u>44,869</u>                               | <u>482,126</u>   |
| <i>Total Fund Balances</i>                     | <u>437,257</u>              | <u>49,183</u>                               | <u>486,440</u>   |
| <br><i>Total Liabilities and Fund Balances</i> | <br><u><u>\$441,823</u></u> | <br><u><u>\$98,437</u></u>                  | <br><u><u>\$540,260</u></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, 2009*

|   | General<br>Sewer | Lighthouse<br>Urban<br>Renewal | Riverfront<br>Urban<br>Renewal | Municipal<br>Court<br>Improvements | Total<br>Nonmajor<br>Capital Projects<br>Funds |
|---|------------------|--------------------------------|--------------------------------|------------------------------------|--|
| <b>Revenues</b>   |                  |                                |                                |                                    |  |
| Charges for Services                                    | \$597,761        | \$0                            | \$0                            | \$0                                | \$597,761                                      |
| Fines and Forfeitures                                   | 0                | 0                              | 0                              | 98,086                             | 98,086   |
| Interest  | 0                | 37                             | 904                            | 13                                 | 954  |
| <i>Total Revenues</i>                                   | <u>597,761</u>   | <u>37</u>                      | <u>904</u>                     | <u>98,099</u>                      | <u>696,801</u>                                 |
| <b>Expenditures</b>                                     |                  |                                |                                |                                    |  |
| Capital Outlay  | 138,334          | 32,433                         | 19,770                         | 305,507                            | 496,044  |
| Debt Service:   |                  |                                |                                |                                    |  |
| Principal Retirement                                    | 50,963           | 0                              | 0                              | 0                                  | 50,963   |
| Interest and Fiscal Charges                             | 8,152            | 0                              | 0                              | 0                                  | 8,152  |
| <i>Total Expenditures</i>                               | <u>197,449</u>   | <u>32,433</u>                  | <u>19,770</u>                  | <u>305,507</u>                     | <u>555,159</u>                                 |
| <i>Excess of Revenues Over<br/>(Under) Expenditures</i> | 400,312          | (32,396)                       | (18,866)                       | (207,408)                          | 141,642  |
| <b>Other Financing Uses</b>                             |                  |                                |                                |                                    |  |
| Transfers Out   | (270,412)        | (130)                          | (165,101)                      | (103,768)                          | (539,411)                                      |
| <i>Net Change in Fund Balances</i>                      | 129,900          | (32,526)                       | (183,967)                      | (311,176)                          | (397,769)                                      |
| <i>Fund Balances Beginning of Year</i>                  | <u>307,357</u>   | <u>32,526</u>                  | <u>183,967</u>                 | <u>360,359</u>                     | <u>884,209</u>                                 |
| <i>Fund Balances End of Year</i>                        | <u>\$437,257</u> | <u>\$0</u>                     | <u>\$0</u>                     | <u>\$49,183</u>                    | <u>\$486,440</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, 2009*

|   | Garage    | Hospitalization | Totals    |
|---|-----------|-----------------|-----------|
| <b>Assets</b>   |           |                 |           |
| <i>Current Assets</i>                                 |           |                 |           |
| Equity in Pooled Cash and Cash Equivalents            | \$0       | \$323,066       | \$323,066 |
| Materials and Supplies Inventory                      | 739,128   | 0               | 739,128   |
| Interfund Receivable                                  | 119,547   | 0               | 119,547   |
| Prepaid Items   | 2,083     | 0               | 2,083     |
| <i>Total Current Assets</i>                           | 860,758   | 323,066         | 1,183,824 |
| <i>Noncurrent Assets</i>                              |           |                 |           |
| Depreciable Capital Assets, Net                       | 188,361   | 0               | 188,361   |
| <i>Total Assets</i>                                   | 1,049,119 | 323,066         | 1,372,185 |
| <br>  |           |                 |           |
| <b>Liabilities</b>                                    |           |                 |           |
| <i>Current Liabilities</i>                            |           |                 |           |
| Accounts Payable                                      | 63,707    | 0               | 63,707    |
| Accrued Wages and Benefits                            | 13,108    | 556             | 13,664    |
| Intergovernmental Payable                             | 29,062    | 1,008           | 30,070    |
| Interfund Payable                                     | 57,148    | 0               | 57,148    |
| Claims Payable  | 0         | 337,726         | 337,726   |
| Compensated Absences Payable                          | 25,818    | 0               | 25,818    |
| Bonds Payable   | 19,796    | 0               | 19,796    |
| <i>Total Current Liabilities</i>                      | 208,639   | 339,290         | 547,929   |
| <i>Long-Term Liabilities (Net of Current Portion)</i> |           |                 |           |
| Compensated Absences Payable                          | 63,575    | 6,294           | 69,869    |
| Bonds Payable   | 112,659   | 0               | 112,659   |
| <i>Total Long-Term Liabilities</i>                    | 176,234   | 6,294           | 182,528   |
| <i>Total Liabilities</i>                              | 384,873   | 345,584         | 730,457   |
| <br>  |           |                 |           |
| <b>Net Assets</b>                                     |           |                 |           |
| Invested in capital assets, net of related debt       | 55,906    | 0               | 55,906    |
| Unrestricted (Deficit)                                | 608,340   | (22,518)        | 585,822   |
| <i>Total Net Assets (Deficit)</i>                     | \$664,246 | (\$22,518)      | \$641,728 |

**City of Lorain, Ohio**  
*Combining Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Internal Service Funds*  
*For the Year Ended December 31, 2009*

|   | <u>Garage</u>    | <u>Hospitalization</u> | <u>Totals</u>    |
|---|------------------|------------------------|------------------|
| <b>Operating Revenues</b>                     |                  |                        |                  |
| Charges for Services                          | \$1,455,919      | \$4,546,882            | \$6,002,801      |
| Miscellaneous                                 | <u>0</u>         | <u>12,135</u>          | <u>12,135</u>    |
| <i>Total Operating Revenues</i>               | <u>1,455,919</u> | <u>4,559,017</u>       | <u>6,014,936</u> |
| <b>Operating Expenses</b>                     |                  |                        |                  |
| Personal Services                             | 626,547          | 21,430                 | 647,977          |
| Materials and Supplies                        | 722,816          | 0                      | 722,816          |
| Contractual Services                          | 1,088            | 0                      | 1,088            |
| Claims  | 0                | 4,459,728              | 4,459,728        |
| Other Operating Expenses                      | 2,421            | 0                      | 2,421            |
| Depreciation                                  | <u>4,720</u>     | <u>0</u>               | <u>4,720</u>     |
| <i>Total Operating Expenses</i>               | <u>1,357,592</u> | <u>4,481,158</u>       | <u>5,838,750</u> |
| <i>Operating Income</i>                       | 98,327           | 77,859                 | 176,186          |
| <b>Non-Operating Expenses</b>                 |                  |                        |                  |
| Interest and Fiscal Charges                   | <u>(6,592)</u>   | <u>0</u>               | <u>(6,592)</u>   |
| <i>Change in Net Assets</i>                   | 91,735           | 77,859                 | 169,594          |
| <i>Net Assets (Deficit) Beginning of Year</i> | <u>572,511</u>   | <u>(100,377)</u>       | <u>472,134</u>   |
| <i>Net Assets (Deficit) End of Year</i>       | <u>\$664,246</u> | <u>(\$22,518)</u>      | <u>\$641,728</u> |

**City of Lorain, Ohio**  
*Combining Statement of Cash Flows*  
*Internal Service Funds*  
*For the Year Ended December 31, 2009*

|   | <u>Garage</u>   | <u>Hospitalization</u> | <u>Totals</u>    |
|---|-----------------|------------------------|------------------|
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>           |                 |                        |                  |
| <b>Cash Flows from Operating Activities</b>                       |                 |                        |                  |
| Cash Received from Transactions with Other Funds                  | \$1,347,159     | \$4,546,882            | \$5,894,041      |
| Cash Payments for Goods and Services                              | (824,891)       | 0                      | (824,891)        |
| Cash Payments for Employee Services and Benefits                  | (566,238)       | (22,129)               | (588,367)        |
| Cash Payments for Claims  | 0               | (4,476,440)            | (4,476,440)      |
| Other Operating Revenues  | 0               | 12,135                 | 12,135           |
| <i>Net Cash Provided By (Used for) Operating Activities</i>       | <u>(43,970)</u> | <u>60,448</u>          | <u>16,478</u>    |
| <b>Cash Flows from Noncapital Financing Activities</b>            |                 |                        |                  |
| Advances In   | 57,148          | 0                      | 57,148           |
| Advances Out  | (1,573)         | 0                      | (1,573)          |
| <i>Net Cash Provided by Noncapital Financing Activities</i>       | <u>55,575</u>   | <u>0</u>               | <u>55,575</u>    |
| <b>Cash Flows from Capital and Related Financing Activities</b>   |                 |                        |                  |
| Principal Paid on Bonds   | (19,076)        | 0                      | (19,076)         |
| Interest Paid on Bonds  | (6,592)         | 0                      | (6,592)          |
| <i>Net Cash Used for Capital and Related Financing Activities</i> | <u>(25,668)</u> | <u>0</u>               | <u>(25,668)</u>  |
| Net Increase (Decrease) in Cash and Cash Equivalents              | (14,063)        | 60,448                 | 46,385           |
| <i>Cash and Cash Equivalents Beginning of Year</i>                | <u>14,063</u>   | <u>262,618</u>         | <u>276,681</u>   |
| <i>Cash and Cash Equivalents End of Year</i>                      | <u>\$0</u>      | <u>\$323,066</u>       | <u>\$323,066</u> |

(continued)

**City of Lorain, Ohio**  
*Combining Statement of Cash Flows*  
*Internal Service Funds (continued)*  
For the Year Ended December 31, 2009

|   | <u>Garage</u>            | <u>Hospitalization</u> | <u>Totals</u>          |
|---|--------------------------|------------------------|------------------------|
| <b>Reconciliation of Operating Income to</b>                |                          |                        |                        |
| <b>Net Cash Provided by (Used for) Operating Activities</b> |                          |                        |                        |
| Operating Income  | <u>\$98,327</u>          | <u>\$77,859</u>        | <u>\$176,186</u>       |
| <i>Adjustments:</i>   |                          |                        |                        |
| Depreciation  | 4,720                    | 0                      | 4,720                  |
| <i>(Increase) Decrease in Assets:</i>                       |                          |                        |                        |
| Interfund Receivable  | (108,760)                | 0                      | (108,760)              |
| Materials and Supplies Inventory                            | (58,094)                 | 0                      | (58,094)               |
| Prepaid Items   | 297                      | 0                      | 297                    |
| <i>Increase (Decrease) in Liabilities:</i>                  |                          |                        |                        |
| Accounts Payable  | 22,883                   | 0                      | 22,883                 |
| Accrued Wages and Benefits                                  | 65                       | 62                     | 127                    |
| Claims Payable  | 0                        | (16,712)               | (16,712)               |
| Compensated Absences Payable                                | 4,028                    | (531)                  | 3,497                  |
| Intergovernmental Payable                                   | <u>(7,436)</u>           | <u>(230)</u>           | <u>(7,666)</u>         |
| <i>Total Adjustments</i>                                    | <u>(142,297)</u>         | <u>(17,411)</u>        | <u>(159,708)</u>       |
| <i>Net Cash Provided by (Used for) Operating Activities</i> | <u><u>(\$43,970)</u></u> | <u><u>\$60,448</u></u> | <u><u>\$16,478</u></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, 2009

|   | Beginning<br>Balance<br>12/31/08 | Additions | Deductions | Ending<br>Balance<br>12/31/09 |
|---|----------------------------------|-----------|------------|-------------------------------|
| <b><i>Street Excavation</i></b>               |                                  |           |            |                               |
| <b>Assets</b>                                 |                                  |           |            |                               |
| Equity in Pooled Cash and<br>Cash Equivalents | \$11,810                         | \$0       | \$0        | \$11,810                      |
| <b>Liabilities</b>                            |                                  |           |            |                               |
| Deposits Held and Due to Others               | \$11,810                         | \$0       | \$0        | \$11,810                      |
| <b><i>Allotment Improvement</i></b>           |                                  |           |            |                               |
| <b>Assets</b>                                 |                                  |           |            |                               |
| Equity in Pooled Cash and<br>Cash Equivalents | \$64,355                         | \$2,000   | \$29,100   | \$37,255                      |
| <b>Liabilities</b>                            |                                  |           |            |                               |
| Deposits Held and Due to Others               | \$64,355                         | \$2,000   | \$29,100   | \$37,255                      |
| <b><i>Deposits Held</i></b>                   |                                  |           |            |                               |
| <b>Assets</b>                                 |                                  |           |            |                               |
| Equity in Pooled Cash and<br>Cash Equivalents | \$157,750                        | \$178,677 | \$158,608  | \$177,819                     |
| <b>Liabilities</b>                            |                                  |           |            |                               |
| Deposits Held and Due to Others               | \$157,750                        | \$178,677 | \$158,608  | \$177,819                     |
| <b><i>Contracts Trust</i></b>                 |                                  |           |            |                               |
| <b>Assets</b>                                 |                                  |           |            |                               |
| Equity in Pooled Cash and<br>Cash Equivalents | \$8,567                          | \$1,975   | \$1,613    | \$8,929                       |
| <b>Liabilities</b>                            |                                  |           |            |                               |
| Deposits Held and Due to Others               | \$8,567                          | \$1,975   | \$1,613    | \$8,929                       |
| <b><i>Vital Statistics</i></b>                |                                  |           |            |                               |
| <b>Assets</b>                                 |                                  |           |            |                               |
| Equity in Pooled Cash and<br>Cash Equivalents | \$21,240                         | \$87,626  | \$84,272   | \$24,594                      |
| <b>Liabilities</b>                            |                                  |           |            |                               |
| Deposits Held and Due to Others               | \$21,240                         | \$87,626  | \$84,272   | \$24,594                      |

(continued)



**City of Lorain, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds (continued)*  
*For the Year Ended December 31, 2009*

|   | Beginning<br>Balance<br>12/31/08 | Additions | Deductions | Ending<br>Balance<br>12/31/09 |
|---|----------------------------------|-----------|------------|-------------------------------|
| <b><i>Flexible Spending</i></b>               |                                  |           |            |                               |
| <b>Assets</b>                                 |                                  |           |            |                               |
| Equity in Pooled Cash and<br>Cash Equivalents | \$35,855                         | \$147,001 | \$176,489  | \$6,367                       |
| <b>Liabilities</b>                            |                                  |           |            |                               |
| Deposits Held and Due to Others               | \$35,855                         | \$147,001 | \$176,489  | \$6,367                       |
| <br><b><i>County User Fee</i></b>             |                                  |           |            |                               |
| <b>Assets</b>                                 |                                  |           |            |                               |
| Equity in Pooled Cash and<br>Cash Equivalents | \$95                             | \$57,606  | \$57,642   | \$59                          |
| <b>Liabilities</b>                            |                                  |           |            |                               |
| Deposits Held and Due to Others               | \$95                             | \$57,606  | \$57,642   | \$59                          |
| <br><b><i>State Highway Patrol</i></b>        |                                  |           |            |                               |
| <b>Assets</b>                                 |                                  |           |            |                               |
| Equity in Pooled Cash and<br>Cash Equivalents | \$0                              | \$18,621  | \$18,621   | \$0                           |
| <b>Liabilities</b>                            |                                  |           |            |                               |
| Deposits Held and Due to Others               | \$0                              | \$18,621  | \$18,621   | \$0                           |
| <br><b><i>Total - All Agency Funds</i></b>    |                                  |           |            |                               |
| <b>Assets</b>                                 |                                  |           |            |                               |
| Equity in Pooled Cash and<br>Cash Equivalents | \$299,672                        | \$493,506 | \$526,345  | \$266,833                     |
| <b>Liabilities</b>                            |                                  |           |            |                               |
| Deposits Held and Due to Others               | \$299,672                        | \$493,506 | \$526,345  | \$266,833                     |

**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, 2009

|                            | Budgeted Amounts  |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------|-------------------|-------------------|-------------------|---|
|                            | Original          | Final             |                   |   |
| <b>Revenues:</b>           |                   |                   |                   |   |
| Property Taxes             | \$2,813,109       | \$2,813,109       | \$2,640,989       | (\$172,120)   |
| Municipal Income Taxes     | 15,071,594        | 15,071,594        | 13,956,294        | (1,115,300)   |
| Charges for Services       | 770,613           | 899,693           | 829,521           | (70,172)  |
| Licenses and Permits       | 807,250           | 807,250           | 730,023           | (77,227)  |
| Fines and Forfeitures      | 1,306,500         | 1,315,756         | 1,327,746         | 11,990  |
| Intergovernmental          | 6,607,787         | 9,469,590         | 6,502,484         | (2,967,106)   |
| Franchise Fees             | 580,000           | 580,000           | 600,702           | 20,702  |
| Interest                   | 150,500           | 151,500           | 23,707            | (127,793)   |
| Miscellaneous              | 178,337           | 204,004           | 282,262           | 78,258  |
| <i>Total Revenues</i>      | <u>28,285,690</u> | <u>31,312,496</u> | <u>26,893,728</u> | <u>(4,418,768)</u>                                      |
| <b>Expenditures:</b>       |                   |                   |                   |   |
| Current:                   |                   |                   |                   |   |
| General Government         |                   |                   |                   |   |
| Civil Service:             |                   |                   |                   |   |
| Wages and Benefits         | 91,564            | 101,682           | 97,050            | 4,632   |
| Contractual Services       | 3,000             | 2,755             | 2,755             | 0   |
| Materials and Supplies     | 500               | 427               | 320               | 107   |
| Other                      | 3,000             | 2,000             | 1,145             | 855   |
| <i>Total Civil Service</i> | <u>98,064</u>     | <u>106,864</u>    | <u>101,270</u>    | <u>5,594</u>  |
| Council:                   |                   |                   |                   |   |
| Wages and Benefits         | 339,667           | 324,017           | 323,467           | 550   |
| Contractual Services       | 2,500             | 7,870             | 7,114             | 756   |
| Materials and Supplies     | 250               | 250               | 235               | 15  |
| Capital Outlay             | 500               | 100               | 80                | 20  |
| Other                      | 6,800             | 6,430             | 6,206             | 224   |
| <i>Total Council</i>       | <u>349,717</u>    | <u>338,667</u>    | <u>337,102</u>    | <u>1,565</u>  |
| Mayor:                     |                   |                   |                   |   |
| Wages and Benefits         | 181,506           | 177,506           | 177,433           | 73  |
| Materials and Supplies     | 500               | 500               | 118               | 382   |
| Capital Outlay             | 1,000             | 0                 | 0                 | 0   |
| <i>Total Mayor</i>         | <u>183,006</u>    | <u>178,006</u>    | <u>177,551</u>    | <u>455</u>  |
| Auditor:                   |                   |                   |                   |   |
| Wages and Benefits         | 470,304           | 460,624           | 459,757           | 867   |
| Contractual Services       | 72,978            | 76,658            | 75,214            | 1,444   |
| Materials and Supplies     | 37,959            | 22,959            | 22,319            | 640   |
| Other                      | 2,360             | 2,360             | 1,222             | 1,138   |
| <i>Total Auditor</i>       | <u>\$583,601</u>  | <u>\$562,601</u>  | <u>\$558,512</u>  | <u>\$4,089</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, 2009

|                              | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------|------------------|------------------|------------------|---|
|                              | Original         | Final            |                  |   |
| <b>Treasurer:</b>            |                  |                  |                  |   |
| Wages and Benefits           | \$448,163        | \$450,663        | \$449,558        | \$1,105   |
| Contractual Services         | 16,650           | 17,300           | 15,562           | 1,738   |
| Materials and Supplies       | 2,700            | 2,700            | 1,444            | 1,256   |
| Other                        | 9,996            | 27,396           | 25,496           | 1,900   |
| <i>Total Treasurer</i>       | <u>477,509</u>   | <u>498,059</u>   | <u>492,060</u>   | <u>5,999</u>  |
| <b>Law Director:</b>         |                  |                  |                  |   |
| Wages and Benefits           | 718,605          | 687,105          | 685,257          | 1,848   |
| Contractual Services         | 3,740            | 10,740           | 8,708            | 2,032   |
| Materials and Supplies       | 12,918           | 14,918           | 13,451           | 1,467   |
| Capital Outlay               | 6,607            | 6,607            | 5,675            | 932   |
| Other                        | 3,500            | 4,000            | 3,701            | 299   |
| <i>Total Law Director</i>    | <u>745,370</u>   | <u>723,370</u>   | <u>716,792</u>   | <u>6,578</u>  |
| <b>Judges:</b>               |                  |                  |                  |   |
| Wages and Benefits           | 600,830          | 601,830          | 601,670          | 160   |
| Contractual Services         | 17,171           | 21,771           | 19,944           | 1,827   |
| Materials and Supplies       | 8,600            | 9,200            | 7,487            | 1,713   |
| Other                        | 7,705            | 4,805            | 4,164            | 641   |
| <i>Total Judges</i>          | <u>634,306</u>   | <u>637,606</u>   | <u>633,265</u>   | <u>4,341</u>  |
| <b>Clerk of Courts:</b>      |                  |                  |                  |   |
| Wages and Benefits           | 828,138          | 850,138          | 849,761          | 377   |
| Contractual Services         | 13,668           | 13,668           | 12,441           | 1,227   |
| Materials and Supplies       | 75,654           | 72,259           | 66,724           | 5,535   |
| Other                        | 7,500            | 8,500            | 8,114            | 386   |
| <i>Total Clerk of Courts</i> | <u>924,960</u>   | <u>944,565</u>   | <u>937,040</u>   | <u>7,525</u>  |
| <b>Electrical:</b>           |                  |                  |                  |   |
| Wages and Benefits           | 441,754          | 438,754          | 437,752          | 1,002   |
| Contractual Services         | 32,800           | 32,800           | 27,900           | 4,900   |
| Materials and Supplies       | 37,000           | 23,114           | 21,684           | 1,430   |
| Capital Outlay               | 0                | 3,200            | 3,200            | 0   |
| Other                        | 1,050            | 750              | 431              | 319   |
| <i>Total Electrical</i>      | <u>\$512,604</u> | <u>\$498,618</u> | <u>\$490,967</u> | <u>\$7,651</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, 2009

|   | Budgeted Amounts    |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---------------------|---|
|   | Original            | Final               |                     |   |
| <b>Safety/Service:</b>                        |                     |                     |                     |   |
| Wages and Benefits                            | \$634,905           | \$408,010           | \$405,945           | \$2,065   |
| Contractual Services                          | 459,780             | 3,435,895           | 1,685,856           | 1,750,039   |
| Materials and Supplies                        | 43,820              | 45,970              | 41,372              | 4,598   |
| Capital Outlay                                | 25,273              | 24,273              | 24,273              | 0   |
| Other   | 58,200              | 89,300              | 85,436              | 3,864   |
| <i>Total Safety/Service</i>                   | <u>1,221,978</u>    | <u>4,003,448</u>    | <u>2,242,882</u>    | <u>1,760,566</u>  |
| <b>Engineering:</b>                           |                     |                     |                     |   |
| Wages and Benefits                            | 760,573             | 761,573             | 759,835             | 1,738   |
| Contractual Services                          | 15,156              | 12,156              | 11,378              | 778   |
| Materials and Supplies                        | 23,983              | 14,183              | 10,387              | 3,796   |
| Other   | 2,300               | 4,800               | 3,722               | 1,078   |
| <i>Total Engineering</i>                      | <u>802,012</u>      | <u>792,712</u>      | <u>785,322</u>      | <u>7,390</u>  |
| <b>Data Processing:</b>                       |                     |                     |                     |   |
| Wages and Benefits                            | 208,173             | 208,173             | 207,499             | 674   |
| Contractual Services                          | 221,945             | 196,745             | 191,790             | 4,955   |
| Materials and Supplies                        | 15,500              | 15,500              | 8,144               | 7,356   |
| Capital Outlay                                | 78,043              | 67,043              | 63,668              | 3,375   |
| Other   | 6,700               | 1,700               | 1,400               | 300   |
| <i>Total Data Processing</i>                  | <u>530,361</u>      | <u>489,161</u>      | <u>472,501</u>      | <u>16,660</u>   |
| <i>Total General Government</i>               | <u>7,063,488</u>    | <u>9,773,677</u>    | <u>7,945,264</u>    | <u>1,828,413</u>  |
| <b>Security of Persons and Property</b>       |                     |                     |                     |   |
| <b>Police Department:</b>                     |                     |                     |                     |   |
| Wages and Benefits                            | 8,269,779           | 8,487,758           | 8,522,554           | (34,796)  |
| Contractual Services                          | 267,934             | 272,478             | 262,761             | 9,717   |
| Materials and Supplies                        | 504,864             | 433,299             | 416,900             | 16,399  |
| Capital Outlay                                | 7,840               | 16,170              | 16,168              | 2   |
| Other   | 4,367               | 3,367               | 3,367               | 0   |
| <i>Total Police Department</i>                | <u>9,054,784</u>    | <u>9,213,072</u>    | <u>9,221,750</u>    | <u>(8,678)</u>  |
| <b>Fire Department</b>                        |                     |                     |                     |   |
| Wages and Benefits                            | 6,914,291           | 6,896,291           | 7,153,118           | (256,827)   |
| Contractual Services                          | 111,691             | 194,691             | 177,226             | 17,465  |
| Materials and Supplies                        | 138,094             | 133,537             | 132,396             | 1,141   |
| Capital Outlay                                | 39,104              | 39,104              | 39,104              | 0   |
| Other   | 9,800               | 15,700              | 15,113              | 587   |
| <i>Total Fire Department</i>                  | <u>7,212,980</u>    | <u>7,279,323</u>    | <u>7,516,957</u>    | <u>(237,634)</u>  |
| <i>Total Security of Persons and Property</i> | <u>\$16,267,764</u> | <u>\$16,492,395</u> | <u>\$16,738,707</u> | <u>(\$246,312)</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, 2009

|                                      | Budgeted Amounts    |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|---------------------|---------------------|---------------------|---|
|                                      | Original            | Final               |                     |   |
| Public Health                        |                     |                     |                     |   |
| Cemetery:                            |                     |                     |                     |   |
| Wages and Benefits                   | \$205,701           | \$193,701           | \$192,629           | \$1,072   |
| Contractual Services                 | 3,800               | 9,300               | 8,983               | 317   |
| Materials and Supplies               | 22,700              | 26,500              | 26,152              | 348   |
| <i>Total Cemetery</i>                | <u>232,201</u>      | <u>229,501</u>      | <u>227,764</u>      | <u>1,737</u>  |
| Dog Warden:                          |                     |                     |                     |   |
| Wages and Benefits                   | 71,777              | 57,377              | 56,856              | 521   |
| Materials and Supplies               | 3,760               | 5,760               | 5,479               | 281   |
| <i>Total Dog Warden</i>              | <u>75,537</u>       | <u>63,137</u>       | <u>62,335</u>       | <u>802</u>  |
| <i>Total Public Health</i>           | <u>307,738</u>      | <u>292,638</u>      | <u>290,099</u>      | <u>2,539</u>  |
| Community Environment                |                     |                     |                     |   |
| Building Inspection:                 |                     |                     |                     |   |
| Wages and Benefits                   | 382,033             | 385,033             | 384,399             | 634   |
| Contractual Services                 | 16,166              | 21,166              | 20,217              | 949   |
| Materials and Supplies               | 13,050              | 14,450              | 13,951              | 499   |
| Other                                | 7,600               | 4,300               | 3,753               | 547   |
| <i>Total Community Environment</i>   | <u>418,849</u>      | <u>424,949</u>      | <u>422,320</u>      | <u>2,629</u>  |
| Leisure Time Activities              |                     |                     |                     |   |
| Parks Department:                    |                     |                     |                     |   |
| Wages and Benefits                   | 615,509             | 688,049             | 687,090             | 959   |
| Contractual Services                 | 133,747             | 129,247             | 117,014             | 12,233  |
| Materials and Supplies               | 168,394             | 138,109             | 131,973             | 6,136   |
| Capital Outlay                       | 3,000               | 4,650               | 4,650               | 0   |
| Other                                | 3,900               | 3,900               | 3,037               | 863   |
| <i>Total Leisure Time Activities</i> | <u>924,550</u>      | <u>963,955</u>      | <u>943,764</u>      | <u>20,191</u>   |
| Debt Service:                        |                     |                     |                     |   |
| Principal Retirement                 | 371,349             | 381,681             | 376,515             | 5,166   |
| Interest and Fiscal Charges          | 93,263              | 93,263              | 93,263              | 0   |
| <i>Total Debt Service</i>            | <u>464,612</u>      | <u>474,944</u>      | <u>469,778</u>      | <u>5,166</u>  |
| <i>Total Expenditures</i>            | <u>\$25,447,001</u> | <u>\$28,422,558</u> | <u>\$26,809,932</u> | <u>\$1,612,626</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, 2009

|   | Budgeted Amounts |             | Actual        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-------------|---------------|---|
|   | Original         | Final       |               |   |
| <i>Excess of Revenues Over Expenditures</i>     | \$2,838,689      | \$2,889,938 | \$83,796      | (\$2,806,142)   |
| <b>Other Financing Sources (Uses):</b>          |                  |             |               |   |
| Advances In                                     | 501,573          | 957,763     | 957,763       | 0   |
| Advances Out                                    | (500,000)        | (956,190)   | (953,982)     | 2,208   |
| Transfers In                                    | 126,863          | 128,813     | 128,813       | 0   |
| Transfers Out                                   | (1,509,136)      | (1,479,434) | (1,638,275)   | (158,841)   |
| <i>Total Other Financing Sources (Uses)</i>     | (1,380,700)      | (1,349,048) | (1,505,681)   | (156,633)   |
| <i>Net Change in Fund Balance</i>               | 1,457,989        | 1,540,890   | (1,421,885)   | (2,962,775)   |
| <i>Fund Balance (Deficit) Beginning of Year</i> | (1,392,958)      | (1,392,958) | (1,392,958)   | 0   |
| Prior Year Encumbrances Appropriated            | 254,921          | 254,921     | 254,921       | 0   |
| <i>Fund Balance (Deficit) End of Year</i>       | \$319,952        | \$402,853   | (\$2,559,922) | (\$2,962,775)   |

**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, 2009

|  | Budgeted Amounts |                   | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|-------------------|--------------------|---|
|  | Original         | Final             |                    |   |
| <b>Revenues:</b>                             |                  |                   |                    |   |
| Payments in Lieu of Taxes                    | \$0              | \$7,736           | \$173,288          | \$165,552   |
| Licenses and Permits                         | 0                | 0                 | 244                | 244   |
| Intergovernmental                            | 5,642,460        | 9,492,114         | 4,299,790          | (5,192,324)   |
| Interest                                     | 32,855           | 32,855            | 18,587             | (14,268)  |
| Miscellaneous                                | 2,000            | 2,000             | 33,675             | 31,675  |
| <i>Total Revenues</i>                        | <u>5,677,315</u> | <u>9,534,705</u>  | <u>4,525,584</u>   | <u>(5,009,121)</u>                                      |
| <b>Expenditures:</b>                         |                  |                   |                    |   |
| Current:                                     |                  |                   |                    |   |
| Economic Development                         |                  |                   |                    |   |
| Wages and Benefits                           | 1,388,362        | 1,814,416         | 1,414,107          | 400,309   |
| Contractual Services                         | 2,588,981        | 4,121,356         | 1,895,992          | 2,225,364   |
| Materials and Supplies                       | 146,242          | 146,242           | 20,917             | 125,325   |
| Capital Outlay                               | 596,995          | 2,748,827         | 919,298            | 1,829,529   |
| Other  | 3,058,139        | 3,171,015         | 1,669,153          | 1,501,862   |
| <i>Total Economic Development</i>            | <u>7,778,719</u> | <u>12,001,856</u> | <u>5,919,467</u>   | <u>6,082,389</u>  |
| Debt Service:                                |                  |                   |                    |   |
| Principal Retirement                         | 770,843          | 770,843           | 455,000            | 315,843   |
| Interest and Fiscal Charges                  | 305,599          | 305,599           | 305,599            | 0   |
| <i>Total Debt Service</i>                    | <u>1,076,442</u> | <u>1,076,442</u>  | <u>760,599</u>     | <u>315,843</u>  |
| <i>Total Expenditures</i>                    | <u>8,855,161</u> | <u>13,078,298</u> | <u>6,680,066</u>   | <u>6,398,232</u>  |
| <i>Excess of Revenues Under Expenditures</i> | (3,177,846)      | (3,543,593)       | (2,154,482)        | 1,389,111   |
| <b>Other Financing Uses:</b>                 |                  |                   |                    |   |
| Transfers Out                                | 0                | (9,864)           | (5,000)            | 4,864   |
| <i>Net Change in Fund Balance</i>            | (3,177,846)      | (3,553,457)       | (2,159,482)        | 1,393,975   |
| <i>Fund Balance Beginning of Year</i>        | 3,711,744        | 3,711,744         | 3,711,744          | 0   |
| Prior Year Encumbrances Appropriated         | 432,530          | 432,530           | 432,530            | 0   |
| <i>Fund Balance End of Year</i>              | <u>\$966,428</u> | <u>\$590,817</u>  | <u>\$1,984,792</u> | <u>\$1,393,975</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, 2009

|  | Budgeted Amounts        |                         | Actual                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|-------------------------|-------------------------|---|
|  | Original                | Final                   |                         | (Negative)  |
| <b>Revenues:</b>                             |                         |                         |                         |   |
| Property Taxes                               | \$1,415,605             | \$1,415,605             | \$1,187,937             | (\$227,668)   |
| Payments in Lieu of Taxes                    | 526,000                 | 526,000                 | 515,305                 | (10,695)  |
| Intergovernmental                            | 186,100                 | 186,100                 | 225,407                 | 39,307  |
| Interest                                     | 40,000                  | 40,000                  | 2,227                   | (37,773)  |
| Miscellaneous                                | 306,797                 | 306,797                 | 24,650                  | (282,147)   |
| <i>Total Revenues</i>                        | <u>2,474,502</u>        | <u>2,474,502</u>        | <u>1,955,526</u>        | <u>(518,976)</u>  |
| <b>Expenditures:</b>                         |                         |                         |                         |   |
| Current:                                     |                         |                         |                         |   |
| General Government                           |                         |                         |                         |   |
| Other  | 2,000                   | 2,000                   | 819                     | 1,181   |
| Debt Service:                                |                         |                         |                         |   |
| Principal Retirement                         | 1,682,698               | 1,682,698               | 1,535,600               | 147,098   |
| Interest and Fiscal Charges                  | 1,454,799               | 1,454,799               | 1,401,208               | 53,591  |
| <i>Total Debt Service</i>                    | <u>3,137,497</u>        | <u>3,137,497</u>        | <u>2,936,808</u>        | <u>200,689</u>  |
| <i>Total Expenditures</i>                    | <u>3,139,497</u>        | <u>3,139,497</u>        | <u>2,937,627</u>        | <u>201,870</u>  |
| <i>Excess of Revenues Under Expenditures</i> | (664,995)               | (664,995)               | (982,101)               | (317,106)   |
| <b>Other Financing Sources:</b>              |                         |                         |                         |   |
| Transfers In                                 | 900,042                 | 900,042                 | 983,463                 | 83,421  |
| <i>Net Change in Fund Balance</i>            | 235,047                 | 235,047                 | 1,362                   | (233,685)   |
| <i>Fund Balance Beginning of Year</i>        | <u>330,439</u>          | <u>330,439</u>          | <u>330,439</u>          | <u>0</u>  |
| <i>Fund Balance End of Year</i>              | <u><u>\$565,486</u></u> | <u><u>\$565,486</u></u> | <u><u>\$331,801</u></u> | <u><u>(\$233,685)</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, 2009

|  | Budgeted Amounts   |                    | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|---|
|  | Original           | Final              |                    |   |
| <b>Revenues:</b>                             |                    |                    |                    |   |
| Intergovernmental                            | \$4,434,543        | \$4,534,543        | \$2,864,987        | (\$1,669,556)   |
| Special Assessments                          | 0                  | 23,829             | 23,829             | 0   |
| Interest                                     | 0                  | 0                  | 1,075              | 1,075   |
| Miscellaneous                                | 0                  | 16,081             | 16,081             | 0   |
| <i>Total Revenues</i>                        | <u>4,434,543</u>   | <u>4,574,453</u>   | <u>2,905,972</u>   | <u>(1,668,481)</u>                                      |
| <b>Expenditures:</b>                         |                    |                    |                    |   |
| Current:                                     |                    |                    |                    |   |
| Capital Outlay                               |                    |                    |                    |   |
| Contractual Services                         | 7,240,797          | 7,745,393          | 5,337,527          | 2,407,866   |
| Capital Outlay                               | 1,278,993          | 1,378,993          | 1,238,005          | 140,988   |
| <i>Total Capital Outlay</i>                  | <u>8,519,790</u>   | <u>9,124,386</u>   | <u>6,575,532</u>   | <u>2,548,854</u>  |
| Debt Service:                                |                    |                    |                    |   |
| Principal Retirement                         | 0                  | 2,510,098          | 2,510,098          | 0   |
| Interest and Fiscal Charges                  | 0                  | 67,829             | 67,828             | 1   |
| Bond Issuance Costs                          | 0                  | 28,531             | 28,530             | 1   |
| <i>Total Debt Service</i>                    | <u>0</u>           | <u>2,606,458</u>   | <u>2,606,456</u>   | <u>2</u>  |
| <i>Total Expenditures</i>                    | <u>8,519,790</u>   | <u>11,730,844</u>  | <u>9,181,988</u>   | <u>2,548,856</u>  |
| <i>Excess of Revenues Under Expenditures</i> | <u>(4,085,247)</u> | <u>(7,156,391)</u> | <u>(6,276,016)</u> | <u>880,375</u>  |
| <b>Other Financing Sources:</b>              |                    |                    |                    |   |
| Bonds Issued                                 | 0                  | 390,000            | 390,000            | 0   |
| Notes Issued                                 | 491,098            | 2,706,098          | 2,706,098          | 0   |
| Installment Loan Received                    | 0                  | 0                  | 503,332            | 503,332   |
| ODOT-SIB Loans Received                      | 1,146,747          | 1,637,845          | 1,042,921          | (594,924)   |
| OPWC Loans Received                          | 80,446             | 80,446             | 80,446             | 0   |
| Premium on Bonds Issued                      | 0                  | 12,531             | 12,530             | (1)   |
| Transfers In                                 | 500,000            | 462,515            | 387,515            | (75,000)  |
| <i>Total Other Financing Sources</i>         | <u>2,218,291</u>   | <u>5,289,435</u>   | <u>5,122,842</u>   | <u>(166,593)</u>  |
| <i>Net Change in Fund Balance</i>            | <u>(1,866,956)</u> | <u>(1,866,956)</u> | <u>(1,153,174)</u> | <u>713,782</u>  |
| <i>Fund Balance Beginning of Year</i>        | <u>1,478,573</u>   | <u>1,478,573</u>   | <u>1,478,573</u>   | <u>0</u>  |
| <i>Prior Year Encumbrances Appropriated</i>  | <u>417,748</u>     | <u>417,748</u>     | <u>417,748</u>     | <u>0</u>  |
| <i>Fund Balance End of Year</i>              | <u>\$29,365</u>    | <u>\$29,365</u>    | <u>\$743,147</u>   | <u>\$713,782</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, 2009

|  | Budgeted Amounts   |                    | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|---|
|  | Original           | Final              |                    |   |
| <b>Revenues:</b>   |                    |                    |                    |   |
| Charges for Services   | \$8,802,223        | \$8,198,523        | \$7,587,300        | (\$611,223)   |
| OWDA Loans Received  | 4,454,718          | 4,498,718          | 0                  | (4,498,718)   |
| Interest   | 26,125             | 26,125             | 195                | (25,930)  |
| Miscellaneous  | 23,396             | 23,396             | 33,007             | 9,611   |
| <i>Total Revenues</i>  | <u>13,306,462</u>  | <u>12,746,762</u>  | <u>7,620,502</u>   | <u>(5,126,260)</u>                                      |
| <b>Expenses:</b>   |                    |                    |                    |   |
| Personal Services  | 3,583,017          | 3,687,317          | 3,684,776          | 2,541   |
| Contractual Services   | 1,011,315          | 1,047,315          | 771,602            | 275,713   |
| Materials and Supplies                                       | 663,928            | 913,028            | 856,141            | 56,887  |
| Basic Utilities  | 689,000            | 704,000            | 629,778            | 74,222  |
| Capital Outlay   | 5,652,743          | 4,825,543          | 482,305            | 4,343,238   |
| Other Expense  | 158,081            | 180,081            | 146,403            | 33,678  |
| Debt Service:  |                    |                    |                    |   |
| Principal Retirement   | 1,137,836          | 1,137,836          | 1,137,086          | 750   |
| Interest and Fiscal Charges                                  | 764,902            | 764,902            | 764,779            | 123   |
| <i>Total Expenses</i>  | <u>13,660,822</u>  | <u>13,260,022</u>  | <u>8,472,870</u>   | <u>4,787,152</u>  |
| <i>Excess of Revenues Under Expenses<br/>Before Advances</i> | (354,360)          | (513,260)          | (852,368)          | (339,108)   |
| Advances In  | 250,000            | 1,995,843          | 503,982            | (1,491,861)   |
| Advances Out   | (250,000)          | (1,995,843)        | (506,190)          | 1,489,653   |
| <i>Excess of Revenues Under<br/>Expenses and Advances</i>    | (354,360)          | (513,260)          | (854,576)          | (341,316)   |
| <i>Fund Equity Beginning of Year</i>                         | 2,790,384          | 2,790,384          | 2,790,384          | 0   |
| Prior Year Encumbrances Appropriated                         | 137,042            | 137,042            | 137,042            | 0   |
| <i>Fund Equity End of Year</i>                               | <u>\$2,573,066</u> | <u>\$2,414,166</u> | <u>\$2,072,850</u> | <u>(\$341,316)</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, 2009

|   | Budgeted Amounts          |                           | Actual                    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------------|---------------------------|---------------------------|---|
|   | Original                  | Final                     |                           |   |
| <b>Revenues:</b>  |                           |                           |                           |   |
| Charges for Services  | \$12,424,737              | \$11,630,988              | \$11,534,383              | (\$96,605)  |
| OWDA Loans Received   | 3,882,396                 | 3,882,396                 | 1,643,145                 | (2,239,251)   |
| Intergovernmental   | 67,604                    | 433,354                   | 433,354                   | 0   |
| Interest  | 16,574                    | 16,574                    | 963                       | (15,611)  |
| Miscellaneous   | 44,531                    | 44,531                    | 66,776                    | 22,245  |
| <i>Total Revenues</i>   | <u>16,435,842</u>         | <u>16,007,843</u>         | <u>13,678,621</u>         | <u>(2,329,222)</u>                                      |
| <b>Expenses:</b>  |                           |                           |                           |   |
| Personal Services   | 4,046,407                 | 4,319,407                 | 4,317,293                 | 2,114   |
| Contractual Services  | 2,377,118                 | 2,359,578                 | 2,020,929                 | 338,649   |
| Materials and Supplies  | 549,325                   | 515,725                   | 438,407                   | 77,318  |
| Basic Utilities   | 785,000                   | 785,000                   | 735,769                   | 49,231  |
| Capital Outlay  | 3,889,804                 | 3,256,744                 | 2,146,672                 | 1,110,072   |
| Other Operating Expense   | 277,885                   | 350,618                   | 289,284                   | 61,334  |
| Debt Service:   |                           |                           |                           |   |
| Principal Retirement  | 2,782,494                 | 2,782,494                 | 2,782,493                 | 1   |
| Interest and Fiscal Charges   | 1,541,342                 | 1,541,342                 | 1,541,340                 | 2   |
| <i>Total Expenses</i>   | <u>16,249,375</u>         | <u>15,910,908</u>         | <u>14,272,187</u>         | <u>1,638,721</u>  |
| <i>Excess of Revenues Over (Under) Expenses<br/>Before Advances</i> | 186,467                   | 96,935                    | (593,566)                 | (690,501)   |
| Advances In   | 250,000                   | 1,995,843                 | 450,000                   | (1,545,843)   |
| Advances Out  | <u>(250,000)</u>          | <u>(1,995,843)</u>        | <u>(450,000)</u>          | <u>1,545,843</u>  |
| <i>Excess of Revenues Over (Under)<br/>Expenses and Advances</i>    | 186,467                   | 96,935                    | (593,566)                 | (690,501)   |
| <i>Fund Equity Beginning of Year</i>                                | 2,777,493                 | 2,777,493                 | 2,777,493                 | 0   |
| Prior Year Encumbrances Appropriated                                | <u>783,728</u>            | <u>783,728</u>            | <u>783,728</u>            | <u>0</u>  |
| <i>Fund Equity End of Year</i>                                      | <u><u>\$3,747,688</u></u> | <u><u>\$3,658,156</u></u> | <u><u>\$2,967,655</u></u> | <u><u>(\$690,501)</u></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, 2009

|  | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------|---|
|  | Original         | Final            |                  |   |
| <b>Revenues:</b>                             |                  |                  |                  |   |
| Intergovernmental                            | \$2,285,000      | \$2,285,000      | \$2,216,153      | (\$68,847)  |
| Other  | 500              | 500              | 2,252            | 1,752   |
| <i>Total Revenues</i>                        | <u>2,285,500</u> | <u>2,285,500</u> | <u>2,218,405</u> | <u>(67,095)</u>   |
| <b>Expenditures:</b>                         |                  |                  |                  |   |
| Current:                                     |                  |                  |                  |   |
| Transportation                               |                  |                  |                  |   |
| Wages and Benefits                           | 1,246,881        | 1,524,881        | 1,524,072        | 809   |
| Contractual Services                         | 38,576           | 38,576           | 37,910           | 666   |
| Materials and Supplies                       | 801,556          | 774,002          | 766,155          | 7,847   |
| Other  | 25,374           | 22,374           | 22,366           | 8   |
| <i>Total Transportation</i>                  | <u>2,112,387</u> | <u>2,359,833</u> | <u>2,350,503</u> | <u>9,330</u>  |
| Debt Service:                                |                  |                  |                  |   |
| Principal Retirement                         | 245,076          | 245,076          | 245,075          | 1   |
| Interest and Fiscal Charges                  | 52,972           | 52,972           | 52,972           | 0   |
| <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>2,410,435</u> | <u>2,657,881</u> | <u>2,648,550</u> | <u>9,331</u>  |
| <i>Excess of Revenues Under Expenditures</i> | <u>(124,935)</u> | <u>(372,381)</u> | <u>(430,145)</u> | <u>(57,764)</u>   |
| <b>Other Financing Sources (Uses):</b>       |                  |                  |                  |   |
| Transfers In                                 | 587,979          | 717,979          | 775,247          | 57,268  |
| Transfers Out                                | (421,357)        | (346,357)        | (346,357)        | 0   |
| <i>Total Other Financing Sources (Uses)</i>  | <u>166,622</u>   | <u>371,622</u>   | <u>428,890</u>   | <u>57,268</u>   |
| <i>Net Change in Fund Balance</i>            | 41,687           | (759)            | (1,255)          | (496)   |
| <i>Fund Balance Beginning of Year</i>        | 143              | 143              | 143              | 0   |
| Prior Year Encumbrances Appropriated         | <u>1,112</u>     | <u>1,112</u>     | <u>1,112</u>     | <u>0</u>  |
| <i>Fund Balance End of Year</i>              | <u>\$42,942</u>  | <u>\$496</u>     | <u>\$0</u>       | <u>(\$496)</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, 2009

|   | Budgeted Amounts |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-----------|-----------|---|
|   | Original         | Final     |           |   |
| <b>Revenues:</b>                            |                  |           |           |   |
| Intergovernmental                           | \$255,000        | \$255,000 | \$246,265 | (\$8,735)   |
| <b>Expenditures:</b>                        |                  |           |           |   |
| Current:                                    |                  |           |           |   |
| Transportation                              |                  |           |           |   |
| Materials and Supplies                      | 203,908          | 203,908   | 200,095   | 3,813   |
| <i>Excess of Revenues Over Expenditures</i> | 51,092           | 51,092    | 46,170    | (4,922)   |
| <b>Other Financing Sources (Uses):</b>      |                  |           |           |   |
| Transfers In                                | 0                | 0         | 892       | 892   |
| Transfers Out                               | (75,000)         | (75,000)  | (75,000)  | 0   |
| <i>Total Other Financing Sources (Uses)</i> | (75,000)         | (75,000)  | (74,108)  | 892   |
| <i>Net Change in Fund Balance</i>           | (23,908)         | (23,908)  | (27,938)  | (4,030)   |
| <i>Fund Balance Beginning of Year</i>       | 14,030           | 14,030    | 14,030    | 0   |
| Prior Year Encumbrances Appropriated        | 13,908           | 13,908    | 13,908    | 0   |
| <i>Fund Balance End of Year</i>             | \$4,030          | \$4,030   | \$0       | (\$4,030)   |

**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, 2009

|  | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget |
|--|------------------|------------------|------------------|-------------------------------|
|  | Original         | Final            |                  | Positive<br>(Negative)        |
| <b>Revenues:</b>                             |                  |                  |                  |                               |
| Charges for Services                         | \$528,396        | \$528,396        | \$346,090        | (\$182,306)                   |
| Licenses and Permits                         | 395,030          | 395,030          | 317,210          | (77,820)                      |
| Intergovernmental                            | 336,000          | 336,000          | 446,272          | 110,272                       |
| <i>Total Revenues</i>                        | <u>1,259,426</u> | <u>1,259,426</u> | <u>1,109,572</u> | <u>(149,854)</u>              |
| <b>Expenditures:</b>                         |                  |                  |                  |                               |
| Current:                                     |                  |                  |                  |                               |
| Public Health                                |                  |                  |                  |                               |
| Wages and Benefits                           | 1,166,173        | 1,166,173        | 1,109,704        | 56,469                        |
| Contractual Services                         | 247,231          | 247,231          | 228,489          | 18,742                        |
| Materials and Supplies                       | 19,391           | 19,391           | 14,476           | 4,915                         |
| Capital Outlay                               | 12,821           | 12,821           | 12,821           | 0                             |
| Other  | 70,360           | 70,360           | 51,091           | 19,269                        |
| <i>Total Public Health</i>                   | <u>1,515,976</u> | <u>1,515,976</u> | <u>1,416,581</u> | <u>99,395</u>                 |
| Debt Service:                                |                  |                  |                  |                               |
| Principal Retirement                         | 5,158            | 5,158            | 5,158            | 0                             |
| Interest and Fiscal Charges                  | 1,995            | 1,995            | 1,995            | 0                             |
| <i>Total Debt Service</i>                    | <u>7,153</u>     | <u>7,153</u>     | <u>7,153</u>     | <u>0</u>                      |
| <i>Total Expenditures</i>                    | <u>1,523,129</u> | <u>1,523,129</u> | <u>1,423,734</u> | <u>99,395</u>                 |
| <i>Excess of Revenues Under Expenditures</i> | (263,703)        | (263,703)        | (314,162)        | (50,459)                      |
| <b>Other Financing Sources:</b>              |                  |                  |                  |                               |
| Transfers In                                 | 250,000          | 250,000          | 299,605          | 49,605                        |
| <i>Net Change in Fund Balance</i>            | (13,703)         | (13,703)         | (14,557)         | (854)                         |
| <i>Fund Balance Beginning of Year</i>        | 853              | 853              | 853              | 0                             |
| <i>Prior Year Encumbrances Appropriated</i>  | <u>13,704</u>    | <u>13,704</u>    | <u>13,704</u>    | <u>0</u>                      |
| <i>Fund Balance End of Year</i>              | <u>\$854</u>     | <u>\$854</u>     | <u>\$0</u>       | <u>(\$854)</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, 2009

|                                       | Budgeted Amounts |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|------------------|-----------|-----------|---|
|                                       | Original         | Final     |           | (Negative)  |
| <b>Revenues:</b>                      |                  |           |           |   |
| Intergovernmental                     | \$226,690        | \$226,690 | \$226,690 | \$0   |
| <b>Expenditures:</b>                  |                  |           |           |   |
| Current:                              |                  |           |           |   |
| Community Environment                 |                  |           |           |   |
| Materials and Supplies                | 20,000           | 20,000    | 18,001    | 1,999   |
| Capital Outlay                        | 256,544          | 256,544   | 118,241   | 138,303   |
| Other                                 | 137,690          | 137,690   | 87,341    | 50,349  |
| <i>Total Expenditures</i>             | 414,234          | 414,234   | 223,583   | 190,651   |
| <i>Net Change in Fund Balance</i>     | (187,544)        | (187,544) | 3,107     | 190,651   |
| <i>Fund Balance Beginning of Year</i> | 180,177          | 180,177   | 180,177   | 0   |
| Prior Year Encumbrances Appropriated  | 7,367            | 7,367     | 7,367     | 0   |
| <i>Fund Balance End of Year</i>       | \$0              | \$0       | \$190,651 | \$190,651   |



**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, 2009

|   | Budgeted Amounts |                  | Actual            | Variance with<br>Final Budget |
|---|------------------|------------------|-------------------|-------------------------------|
|   | Original         | Final            |                   | Positive<br>(Negative)        |
| <b>Revenues:</b>                              |                  |                  |                   |                               |
| Municipal Income Taxes                        | \$2,120,942      | \$2,120,942      | \$1,969,735       | (\$151,207)                   |
| Miscellaneous                                 | 500              | 12,380           | 13,738            | 1,358                         |
| <i>Total Revenues</i>                         | <u>2,121,442</u> | <u>2,133,322</u> | <u>1,983,473</u>  | <u>(149,849)</u>              |
| <b>Expenditures:</b>                          |                  |                  |                   |                               |
| Current:                                      |                  |                  |                   |                               |
| Security of Persons and Property              |                  |                  |                   |                               |
| Wages and Benefits                            | 1,667,033        | 1,667,033        | 1,721,613         | (54,580)                      |
| Contractual Services                          | 89,209           | 91,709           | 69,052            | 22,657                        |
| Materials and Supplies                        | 190,981          | 190,981          | 162,791           | 28,190                        |
| Capital Outlay                                | 263,751          | 281,592          | 270,932           | 10,660                        |
| Other   | 84,542           | 84,933           | 67,535            | 17,398                        |
| <i>Total Security of Persons and Property</i> | <u>2,295,516</u> | <u>2,316,248</u> | <u>2,291,923</u>  | <u>24,325</u>                 |
| Debt Service:                                 |                  |                  |                   |                               |
| Principal Retirement                          | 165,001          | 165,001          | 165,000           | 1                             |
| Interest and Fiscal Charges                   | 48,956           | 117,995          | 117,995           | 0                             |
| <i>Total Debt Service</i>                     | <u>213,957</u>   | <u>282,996</u>   | <u>282,995</u>    | <u>1</u>                      |
| <i>Total Expenditures</i>                     | <u>2,509,473</u> | <u>2,599,244</u> | <u>2,574,918</u>  | <u>24,326</u>                 |
| <i>Excess of Revenue Under Expenditures</i>   | <u>(388,031)</u> | <u>(465,922)</u> | <u>(591,445)</u>  | <u>(125,523)</u>              |
| <b>Other Financing Sources (Uses):</b>        |                  |                  |                   |                               |
| Transfers In                                  | 17,394           | 17,394           | 51,994            | 34,600                        |
| Transfers Out                                 | 0                | (1,950)          | (1,950)           | 0                             |
| <i>Total Other Financing Sources (Uses)</i>   | <u>17,394</u>    | <u>15,444</u>    | <u>50,044</u>     | <u>34,600</u>                 |
| <i>Net Change in Fund Balance</i>             | <u>(370,637)</u> | <u>(450,478)</u> | <u>(541,401)</u>  | <u>(90,923)</u>               |
| <i>Fund Balance Beginning of Year</i>         | 396,585          | 396,585          | 396,585           | 0                             |
| Prior Year Encumbrances Appropriated          | 75,374           | 75,374           | 75,374            | 0                             |
| <i>Fund Balance (Deficit) End of Year</i>     | <u>\$101,322</u> | <u>\$21,481</u>  | <u>(\$69,442)</u> | <u>(\$90,923)</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, 2009

|                                       | Budgeted Amounts |                 | Actual          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|------------------|-----------------|-----------------|---|
|                                       | Original         | Final           |                 |   |
| <b>Revenues:</b>                      |                  |                 |                 |   |
| Fines and Forfeitures                 | \$15,000         | \$15,000        | \$7,956         | (\$7,044)   |
| <b>Expenditures:</b>                  |                  |                 |                 |   |
| Current:                              |                  |                 |                 |   |
| Security of Persons and Property      |                  |                 |                 |   |
| Other                                 | 8,000            | 13,000          | 10,053          | 2,947   |
| <i>Net Change in Fund Balance</i>     | 7,000            | 2,000           | (2,097)         | (4,097)   |
| <i>Fund Balance Beginning of Year</i> | 12,267           | 12,267          | 12,267          | 0   |
| <i>Fund Balance End of Year</i>       | <u>\$19,267</u>  | <u>\$14,267</u> | <u>\$10,170</u> | <u>(\$4,097)</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, 2009

|                                       | Budgeted Amounts |                 | Actual          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|------------------|-----------------|-----------------|---|
|                                       | Original         | Final           |                 |   |
| <b>Revenues:</b>                      |                  |                 |                 |   |
| Property Taxes                        | \$114,879        | \$114,879       | \$107,789       | (\$7,090)   |
| Intergovernmental                     | 38,074           | 38,074          | 18,343          | (19,731)  |
| Other Local Tax                       | 138,916          | 41,936          | 0               | (41,936)  |
| <i>Total Revenues</i>                 | <u>291,869</u>   | <u>194,889</u>  | <u>126,132</u>  | <u>(68,757)</u>   |
| <b>Expenditures:</b>                  |                  |                 |                 |   |
| Current:                              |                  |                 |                 |   |
| Security of Persons and Property      |                  |                 |                 |   |
| Wages and Benefits                    | <u>0</u>         | <u>65,680</u>   | <u>65,680</u>   | <u>0</u>  |
| Debt Service:                         |                  |                 |                 |   |
| Principal Retirement                  | 22,750           | 22,750          | 22,750          | 0   |
| Interest and Fiscal Charges           | <u>29,044</u>    | <u>29,044</u>   | <u>29,043</u>   | <u>1</u>  |
| <i>Total Debt Service</i>             | <u>51,794</u>    | <u>51,794</u>   | <u>51,793</u>   | <u>1</u>  |
| <i>Total Expenditures</i>             | <u>51,794</u>    | <u>117,474</u>  | <u>117,473</u>  | <u>1</u>  |
| <i>Net Change in Fund Balance</i>     | 240,075          | 77,415          | 8,659           | (68,756)  |
| <i>Fund Balance Beginning of Year</i> | <u>11,796</u>    | <u>11,796</u>   | <u>11,796</u>   | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u>\$251,871</u> | <u>\$89,211</u> | <u>\$20,455</u> | <u>(\$68,756)</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, 2009

|                                       | Budgeted Amounts       |                        | Actual                | Variance with<br>Final Budget |
|---------------------------------------|------------------------|------------------------|-----------------------|-------------------------------|
|                                       | Original               | Final                  |                       | Positive<br>(Negative)        |
| <b>Revenues:</b>                      |                        |                        |                       |                               |
| Property Taxes                        | \$114,879              | \$114,879              | \$148,542             | \$33,663                      |
| Intergovernmental                     | 37,073                 | 37,073                 | 24,510                | (12,563)                      |
| Other Local Tax                       | 51,618                 | 51,618                 | 0                     | (51,618)                      |
| <i>Total Revenues</i>                 | <u>203,570</u>         | <u>203,570</u>         | <u>173,052</u>        | <u>(30,518)</u>               |
| <b>Expenditures:</b>                  |                        |                        |                       |                               |
| Current:                              |                        |                        |                       |                               |
| Security of Persons and Property      |                        |                        |                       |                               |
| Wages and Benefits                    | 38,916                 | 88,916                 | 88,916                | 0                             |
| Debt Service:                         |                        |                        |                       |                               |
| Principal Retirement                  | 42,250                 | 42,250                 | 42,250                | 0                             |
| Interest and Fiscal Charges           | 53,938                 | 53,938                 | 53,938                | 0                             |
| <i>Total Debt Service</i>             | <u>96,188</u>          | <u>96,188</u>          | <u>96,188</u>         | <u>0</u>                      |
| <i>Total Expenditures</i>             | <u>135,104</u>         | <u>185,104</u>         | <u>185,104</u>        | <u>0</u>                      |
| <i>Net Change in Fund Balance</i>     | 68,466                 | 18,466                 | (12,052)              | (30,518)                      |
| <i>Fund Balance Beginning of Year</i> | <u>19,679</u>          | <u>19,679</u>          | <u>19,679</u>         | <u>0</u>                      |
| <i>Fund Balance End of Year</i>       | <u><u>\$88,145</u></u> | <u><u>\$38,145</u></u> | <u><u>\$7,627</u></u> | <u><u>(\$30,518)</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, 2009

|                                       | Budgeted Amounts |                 | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|------------------|-----------------|------------------|---|
|                                       | Original         | Final           |                  |   |
| <b>Revenues:</b>                      |                  |                 |                  |   |
| Fines and Forfeitures                 | \$15,000         | \$15,000        | \$21,394         | \$6,394   |
| <b>Expenditures:</b>                  |                  |                 |                  |   |
| Current:                              |                  |                 |                  |   |
| General Government                    |                  |                 |                  |   |
| Contractual Services                  | 25,000           | 60,000          | 53,923           | 6,077   |
| <i>Net Change in Fund Balance</i>     | (10,000)         | (45,000)        | (32,529)         | 12,471  |
| <i>Fund Balance Beginning of Year</i> | 141,034          | 141,034         | 141,034          | 0   |
| <i>Fund Balance End of Year</i>       | <u>\$131,034</u> | <u>\$96,034</u> | <u>\$108,505</u> | <u>\$12,471</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, 2009

|                                       | Budgeted Amounts |                 | Actual          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|------------------|-----------------|-----------------|---|
|                                       | Original         | Final           |                 |   |
| <b>Revenues:</b>                      |                  |                 |                 |   |
| Miscellaneous                         | \$10,000         | \$10,000        | \$1,100         | (\$8,900)   |
| <b>Expenditures:</b>                  |                  |                 |                 |   |
| Current:                              |                  |                 |                 |   |
| Leisure Time Activities               |                  |                 |                 |   |
| Contractual Services                  | 0                | 15,000          | 7,471           | 7,529   |
| <i>Net Change in Fund Balance</i>     | 10,000           | (5,000)         | (6,371)         | (1,371)   |
| <i>Fund Balance Beginning of Year</i> | 20,474           | 20,474          | 20,474          | 0   |
| <i>Fund Balance End of Year</i>       | <u>\$30,474</u>  | <u>\$15,474</u> | <u>\$14,103</u> | <u>(\$1,371)</u>  |

**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, 2009

|                                       | Budgeted Amounts |                | Actual         | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|------------------|----------------|----------------|---|
|                                       | Original         | Final          |                |   |
| <b>Revenues:</b>                      | \$0              | \$0            | \$0            | \$0   |
| <b>Expenditures:</b>                  | 0                | 0              | 0              | 0   |
| <i>Net Change in Fund Balance</i>     | 0                | 0              | 0              | 0   |
| <i>Fund Balance Beginning of Year</i> | 2,558            | 2,558          | 2,558          | 0   |
| <i>Fund Balance End of Year</i>       | <u>\$2,558</u>   | <u>\$2,558</u> | <u>\$2,558</u> | <u>\$0</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, 2009

|                                       | Budgeted Amounts |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|------------------|-----------|-----------|---|
|                                       | Original         | Final     |           |   |
| <b>Revenues:</b>                      |                  |           |           |   |
| Fines and Forfeitures                 | \$300,000        | \$300,000 | \$151,515 | (\$148,485)   |
| <b>Expenditures:</b>                  |                  |           |           |   |
| Current:                              |                  |           |           |   |
| Security of Persons and Property      |                  |           |           |   |
| Other                                 | 300,000          | 300,000   | 119,295   | 180,705   |
| <i>Net Change in Fund Balance</i>     | 0                | 0         | 32,220    | 32,220  |
| <i>Fund Balance Beginning of Year</i> | 922,394          | 922,394   | 922,394   | 0   |
| <i>Fund Balance End of Year</i>       | \$922,394        | \$922,394 | \$954,614 | \$32,220  |



**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, 2009

|                                       | Budgeted Amounts |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|------------------|-----------|-----------|---|
|                                       | Original         | Final     |           |   |
| <b>Revenues:</b>                      |                  |           |           |   |
| Fines and Forfeitures                 | \$0              | \$0       | \$35,810  | \$35,810  |
| <b>Expenditures:</b>                  |                  |           |           |   |
| Current:                              |                  |           |           |   |
| General Government                    |                  |           |           |   |
| Wages and Benefits                    | 68,805           | 70,405    | 70,368    | 37  |
| Contractual Services                  | 5,000            | 5,000     | 3,565     | 1,435   |
| Materials and Supplies                | 4,950            | 4,950     | 1,670     | 3,280   |
| Capital Outlay                        | 62,709           | 61,109    | 31,501    | 29,608  |
| Other                                 | 55,630           | 55,630    | 53,730    | 1,900   |
| <i>Total Expenditures</i>             | 197,094          | 197,094   | 160,834   | 36,260  |
| <i>Net Change in Fund Balance</i>     | (197,094)        | (197,094) | (125,024) | 72,070  |
| <i>Fund Balance Beginning of Year</i> | 278,704          | 278,704   | 278,704   | 0   |
| Prior Year Encumbrances Appropriated  | 10,209           | 10,209    | 10,209    | 0   |
| <i>Fund Balance End of Year</i>       | \$91,819         | \$91,819  | \$163,889 | \$72,070  |

**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, 2009

|                                       | Budgeted Amounts |                 | Actual          | Variance with<br>Final Budget |
|---------------------------------------|------------------|-----------------|-----------------|-------------------------------|
|                                       | Original         | Final           |                 | Positive<br>(Negative)        |
| <b>Revenues:</b>                      |                  |                 |                 |                               |
| Fines and Forfeitures                 | \$0              | \$0             | \$16,827        | \$16,827                      |
| <b>Expenditures:</b>                  |                  |                 |                 |                               |
| Current:                              |                  |                 |                 |                               |
| General Government                    |                  |                 |                 |                               |
| Other                                 | 47,004           | 47,004          | 47,004          | 0                             |
| <i>Net Change in Fund Balance</i>     | (47,004)         | (47,004)        | (30,177)        | 16,827                        |
| <i>Fund Balance Beginning of Year</i> | 103,406          | 103,406         | 103,406         | 0                             |
| <i>Fund Balance End of Year</i>       | <u>\$56,402</u>  | <u>\$56,402</u> | <u>\$73,229</u> | <u>\$16,827</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, 2009

|  | Budgeted Amounts |          | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|----------|----------|---|
|  | Original         | Final    |          |   |
| <b>Revenues:</b>                             |                  |          |          |   |
| Fines and Forfeitures                        | \$78,000         | \$78,000 | \$64,632 | (\$13,368)  |
| <b>Expenditures:</b>                         |                  |          |          |   |
| Current:                                     |                  |          |          |   |
| General Government                           |                  |          |          |   |
| Wages and Benefits                           | 75,404           | 75,404   | 71,824   | 3,580   |
| Capital Outlay                               | 3,500            | 3,500    | 0        | 3,500   |
| <i>Total Expenditures</i>                    | 78,904           | 78,904   | 71,824   | 7,080   |
| <i>Excess of Revenues Under Expenditures</i> | (904)            | (904)    | (7,192)  | (6,288)   |
| <b>Other Financing Sources:</b>              |                  |          |          |   |
| Transfers In                                 | 0                | 0        | 10,000   | 10,000  |
| <i>Net Change in Fund Balance</i>            | (904)            | (904)    | 2,808    | 3,712   |
| <i>Fund Balance Beginning of Year</i>        | 1,536            | 1,536    | 1,536    | 0   |
| <i>Fund Balance End of Year</i>              | \$632            | \$632    | \$4,344  | \$3,712   |

**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, 2009

|   | Budgeted Amounts |                | Actual       | Variance with<br>Final Budget |
|---|------------------|----------------|--------------|-------------------------------|
|   | Original         | Final          |              | Positive<br>(Negative)        |
| <b>Revenues:</b>                                    |                  |                |              |                               |
| Fines and Forfeitures                               | \$121,000        | \$121,000      | \$93,932     | (\$27,068)                    |
| <b>Expenditures:</b>                                |                  |                |              |                               |
| Current:  |                  |                |              |                               |
| Security of Persons and Property                    |                  |                |              |                               |
| Wages and Benefits                                  | 119,679          | 122,679        | 122,129      | 550                           |
| <i>Excess of Revenues Over (Under) Expenditures</i> | 1,321            | (1,679)        | (28,197)     | (26,518)                      |
| <b>Other Financing Sources (Uses):</b>              |                  |                |              |                               |
| Transfers In  | 0                | 0              | 25,000       | 25,000                        |
| Transfers Out                                       | (58,095)         | (58,095)       | (58,095)     | 0                             |
| <i>Total Other Financing Sources (Uses)</i>         | (58,095)         | (58,095)       | (33,095)     | 25,000                        |
| <i>Net Change in Fund Balance</i>                   | (56,774)         | (59,774)       | (61,292)     | (1,518)                       |
| <i>Fund Balance Beginning of Year</i>               | 61,490           | 61,490         | 61,490       | 0                             |
| <i>Fund Balance End of Year</i>                     | <u>\$4,716</u>   | <u>\$1,716</u> | <u>\$198</u> | <u>(\$1,518)</u>              |

**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, 2009

|   | Budgeted Amounts |          | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|----------|----------|---|
|   | Original         | Final    |          |   |
| <b>Revenues:</b>                                    |                  |          |          |   |
| Special Assessments                                 | \$44,600         | \$44,600 | \$42,796 | (\$1,804)   |
| <b>Expenditures:</b>                                |                  |          |          |   |
| Current:  |                  |          |          |   |
| General Government                                  |                  |          |          |   |
| Other   | 325              | 325      | 107      | 218   |
| Debt Service:                                       |                  |          |          |   |
| Principal Retirement                                | 22,657           | 22,657   | 22,656   | 1   |
| Interest and Fiscal Charges                         | 21,593           | 21,593   | 21,592   | 1   |
| <i>Total Debt Service</i>                           | 44,250           | 44,250   | 44,248   | 2   |
| <i>Total Expenditures</i>                           | 44,575           | 44,575   | 44,355   | 220   |
| <i>Excess of Revenues Over (Under) Expenditures</i> | 25               | 25       | (1,559)  | (1,584)   |
| <b>Other Financing Sources:</b>                     |                  |          |          |   |
| Transfers In  | 0                | 0        | 1,559    | 1,559   |
| <i>Net Change in Fund Balance</i>                   | 25               | 25       | 0        | (25)  |
| <i>Fund Balance Beginning of Year</i>               | 0                | 0        | 0        | 0   |
| <i>Fund Balance End of Year</i>                     | \$25             | \$25     | \$0      | (\$25)  |

**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, 2009

|   | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|------------------|------------------|---|
|   | Original         | Final            |                  |   |
| <b>Revenues:</b>                            |                  |                  |                  |   |
| Charges for Services                        | \$475,000        | \$474,400        | \$606,720        | \$132,320   |
| <b>Expenditures:</b>                        |                  |                  |                  |   |
| Current:                                    |                  |                  |                  |   |
| Capital Outlay                              |                  |                  |                  |   |
| Contractual Services                        | 110,000          | 110,000          | 72,928           | 37,072  |
| Capital Outlay                              | 100,200          | 100,200          | 65,406           | 34,794  |
| Other                                       | 5,000            | 5,000            | 0                | 5,000   |
| <i>Total Capital Outlay</i>                 | <u>215,200</u>   | <u>215,200</u>   | <u>138,334</u>   | <u>76,866</u>   |
| Debt Service:                               |                  |                  |                  |   |
| Principal Retirement                        | 50,964           | 50,964           | 50,963           | 1   |
| Interest and Fiscal Charges                 | 8,696            | 8,696            | 8,696            | 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>274,860</u>   | <u>274,860</u>   | <u>197,993</u>   | <u>76,867</u>   |
| <i>Excess of Revenues Over Expenditures</i> | 200,140          | 199,540          | 408,727          | 209,187   |
| <b>Other Financing Uses:</b>                |                  |                  |                  |   |
| Transfers Out                               | (270,412)        | (270,412)        | (270,412)        | 0   |
| <i>Net Change in Fund Balance</i>           | (70,272)         | (70,872)         | 138,315          | 209,187   |
| <i>Fund Balance Beginning of Year</i>       | 258,218          | 258,218          | 258,218          | 0   |
| Prior Year Encumbrances Appropriated        | 200              | 200              | 200              | 0   |
| <i>Fund Balance End of Year</i>             | <u>\$188,146</u> | <u>\$187,546</u> | <u>\$396,733</u> | <u>\$209,187</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, 2009

|  | Budgeted Amounts |              | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|--------------|------------|---|
|  | Original         | Final        |            |   |
| <b>Revenues:</b>                             |                  |              |            |   |
| Interest                                     | \$300            | \$300        | \$88       | (\$212)   |
| <b>Expenditures:</b>                         |                  |              |            |   |
| Current:                                     |                  |              |            |   |
| Capital Outlay                               |                  |              |            |   |
| Contractual Services                         | 32,475           | 32,434       | 32,433     | 1   |
| <i>Excess of Revenues Under Expenditures</i> | (32,175)         | (32,134)     | (32,345)   | (211)   |
| <b>Other Financing Uses:</b>                 |                  |              |            |   |
| Transfers Out                                | 0                | (130)        | (130)      | 0   |
| <i>Net Change in Fund Balance</i>            | (32,175)         | (32,264)     | (32,475)   | (211)   |
| <i>Fund Balance Beginning of Year</i>        | 32,475           | 32,475       | 32,475     | 0   |
| <i>Fund Balance End of Year</i>              | <u>\$300</u>     | <u>\$211</u> | <u>\$0</u> | <u>(\$211)</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, 2009

|  | Budgeted Amounts |              | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|--------------|------------|---|
|  | Original         | Final        |            |   |
| <b>Revenues:</b>                             |                  |              |            |   |
| Interest                                     | \$1,000          | \$1,399      | \$1,151    | (\$248)   |
| <b>Expenditures:</b>                         |                  |              |            |   |
| Current:                                     |                  |              |            |   |
| Capital Outlay                               |                  |              |            |   |
| Contractual Services                         | 293,698          | 130,011      | 130,011    | 0   |
| <i>Excess of Revenues Under Expenditures</i> | (292,698)        | (128,612)    | (128,860)  | (248)   |
| <b>Other Financing Uses:</b>                 |                  |              |            |   |
| Transfers Out                                | 0                | (165,086)    | (165,101)  | (15)  |
| <i>Net Change in Fund Balance</i>            | (292,698)        | (293,698)    | (293,961)  | (263)   |
| <i>Fund Balance Beginning of Year</i>        | 293,961          | 293,961      | 293,961    | 0   |
| <i>Fund Balance End of Year</i>              | <u>\$1,263</u>   | <u>\$263</u> | <u>\$0</u> | <u>(\$263)</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, 2009

|  | Budgeted Amounts |                | Actual          | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|----------------|-----------------|---|
|  | Original         | Final          |                 |   |
| <b>Revenues:</b>                             |                  |                |                 |   |
| Fines and Forfeitures                        | \$54,000         | \$54,000       | \$108,821       | \$54,821  |
| Interest                                     | 0                | 0              | 13              | 13  |
| <i>Total Revenues</i>                        | <u>54,000</u>    | <u>54,000</u>  | <u>108,834</u>  | <u>54,834</u>   |
| <b>Expenditures:</b>                         |                  |                |                 |   |
| Current:                                     |                  |                |                 |   |
| Capital Outlay                               |                  |                |                 |   |
| Wages and Benefits                           | 93,491           | 94,791         | 94,729          | 62  |
| Contractual Services                         | 8,022            | 8,022          | 7,234           | 788   |
| Capital Outlay                               | 6,887            | 190,424        | 161,858         | 28,566  |
| Other  | 0                | 3,500          | 2,978           | 522   |
| <i>Total Expenditures</i>                    | <u>108,400</u>   | <u>296,737</u> | <u>266,799</u>  | <u>29,938</u>   |
| <i>Excess of Revenues Under Expenditures</i> | (54,400)         | (242,737)      | (157,965)       | 84,772  |
| <b>Other Financing Uses:</b>                 |                  |                |                 |   |
| Transfers Out                                | (68,768)         | (103,768)      | (103,768)       | 0   |
| <i>Net Change in Fund Balance</i>            | (123,168)        | (346,505)      | (261,733)       | 84,772  |
| <i>Fund Balance Beginning of Year</i>        | 342,476          | 342,476        | 342,476         | 0   |
| Prior Year Encumbrances Appropriated         | 5,409            | 5,409          | 5,409           | 0   |
| <i>Fund Balance End of Year</i>              | <u>\$224,717</u> | <u>\$1,380</u> | <u>\$86,152</u> | <u>\$84,772</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, 2009

|   | Budgeted Amounts      |                        | Actual                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------------|------------------------|--------------------------|---|
|   | Original              | Final                  |                          |   |
| <b>Revenues:</b>  |                       |                        |                          |   |
| Charges for Services  | \$1,700,000           | \$1,700,000            | \$1,347,159              | (\$352,841)   |
| <b>Expenses:</b>  |                       |                        |                          |   |
| Current:  |                       |                        |                          |   |
| Personal Services   | 637,327               | 637,327                | 565,871                  | 71,456  |
| Contractual Services  | 1,800                 | 1,800                  | 791                      | 1,009   |
| Materials and Supplies  | 1,027,422             | 949,820                | 846,273                  | 103,547   |
| Capital Outlay  | 6,300                 | 6,300                  | 6,130                    | 170   |
| Other   | 2,700                 | 2,171                  | 2,421                    | (250)   |
| Debt Service:   |                       |                        |                          |   |
| Principal Retirement  | 19,076                | 19,076                 | 19,076                   | 0   |
| Interest and Fiscal Charges   | 6,592                 | 6,592                  | 6,592                    | 0   |
| <i>Total Expenses</i>   | <u>1,701,217</u>      | <u>1,623,086</u>       | <u>1,447,154</u>         | <u>175,932</u>  |
| <i>Excess of Revenues Over (Under) Expenses<br/>Before Advances</i> | (1,217)               | 76,914                 | (99,995)                 | (176,909)   |
| Advances Out  | <u>(1,573)</u>        | <u>(1,573)</u>         | <u>(1,573)</u>           | <u>0</u>  |
| <i>Net Change in Fund Equity</i>                                    | (2,790)               | 75,341                 | (101,568)                | (176,909)   |
| <i>Fund Equity Beginning of Year</i>                                | 4,268                 | 4,268                  | 4,268                    | 0   |
| Prior Year Encumbrances Appropriated                                | <u>7,665</u>          | <u>7,665</u>           | <u>7,665</u>             | <u>0</u>  |
| <i>Fund Equity (Deficit) End of Year</i>                            | <u><u>\$9,143</u></u> | <u><u>\$87,274</u></u> | <u><u>(\$89,635)</u></u> | <u><u>(\$176,909)</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, 2009

|                                      | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|------------------|------------------|------------------|---|
|                                      | Original         | Final            |                  |   |
| <b>Revenues:</b>                     |                  |                  |                  |   |
| Charges for Services                 | \$5,006,266      | \$5,006,266      | \$4,546,882      | (\$459,384)   |
| Miscellaneous                        | 10,000           | 10,000           | 12,135           | 2,135   |
| <i>Total Revenues</i>                | <u>5,016,266</u> | <u>5,016,266</u> | <u>4,559,017</u> | <u>(457,249)</u>  |
| <b>Expenses:</b>                     |                  |                  |                  |   |
| Personal Services                    | 22,504           | 23,004           | 22,084           | 920   |
| Claims                               | 5,128,800        | 5,128,300        | 4,486,446        | 641,854   |
| <i>Total Expenses</i>                | <u>5,151,304</u> | <u>5,151,304</u> | <u>4,508,530</u> | <u>642,774</u>  |
| <i>Net Change in Fund Equity</i>     | (135,038)        | (135,038)        | 50,487           | 185,525   |
| <i>Fund Equity Beginning of Year</i> | 256,241          | 256,241          | 256,241          | 0   |
| Prior Year Encumbrances Appropriated | 6,300            | 6,300            | 6,300            | 0   |
| <i>Fund Equity End of Year</i>       | <u>\$127,503</u> | <u>\$127,503</u> | <u>\$313,028</u> | <u>\$185,525</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.

| <b><u>Contents</u></b>   | <b><u>Page(s)</u></b> |
|--|-----------------------|
| <b>Financial Trends</b><br>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.   | <b>S2-S9</b>          |
| <b>Revenue Capacity</b><br>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.  | <b>S10-S18</b>        |
| <b>Debt Capacity</b><br>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.                            | <b>S20-S29</b>        |
| <b>Economic and Demographic Information</b><br>These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.                                    | <b>S30-S34</b>        |
| <b>Operating Information</b><br>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. | <b>S36-S41</b>        |

**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 Seven Years**  
*(accrual basis of accounting)*

|  | 2009                 | 2008                 | 2007                 | 2006                 | 2005                 | 2004                 | 2003                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental Activities</b>                   |                      |                      |                      |                      |                      |                      |                      |
| Invested in Capital Assets, Net of Related Debt  | \$77,419,157         | \$85,270,139         | \$97,026,059         | \$112,337,952        | \$124,391,028        | \$138,745,022        | \$150,062,168        |
| Restricted for:                                  |                      |                      |                      |                      |                      |                      |                      |
| Capital Projects                                 | 747,170              | 2,184,529            | 1,235,939            | 1,377,196            | 1,414,714            | 4,745,648            | 10,820,008           |
| Debt Service                                     | 999,595              | 929,267              | 833,898              | 778,135              | 468,373              | 713,569              | 603,071              |
| Community Development                            | 21,696,627           | 18,492,807           | 19,225,551           | 21,519,172           | 25,355,904           | 26,814,060           | 21,419,946           |
| Police Levy                                      | 0                    | 0                    | 1,090,098            | 1,416,719            | 1,307,190            | 1,092,777            | 736,023              |
| Streets  | 0                    | 0                    | 1,022,586            | 1,126,833            | 0                    | 0                    | 0                    |
| Law Enforcement                                  | 0                    | 920,481              | 852,094              | 641,234              | 566,094              | 644,543              | 682,726              |
| Municipal Court Computer                         | 0                    | 0                    | 0                    | 0                    | 372,059              | 362,490              | 385,292              |
| Capital Leases                                   | 0                    | 0                    | 991,591              | 0                    | 0                    | 0                    | 0                    |
| Other Purposes                                   | 694,098              | 234,737              | 753,219              | 1,273,910            | 2,560,789            | 1,169,003            | 1,261,914            |
| Unrestricted (Deficit)                           | <u>(5,325,635)</u>   | <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>   |
| <b>Total Governmental Activities Net Assets</b>  | <u>96,231,012</u>    | <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>   |
| <b>Business-Type Activities</b>                  |                      |                      |                      |                      |                      |                      |                      |
| Invested in Capital Assets, Net of Related Debt  | 48,300,584           | 46,112,133           | 42,339,183           | 38,814,751           | 37,679,295           | 36,496,435           | 35,322,403           |
| Restricted for:                                  |                      |                      |                      |                      |                      |                      |                      |
| Debt Service                                     | 2,707,499            | 2,647,896            | 2,662,538            | 2,621,486            | 2,572,039            | 2,485,022            | 2,454,458            |
| Replacement and Improvement                      | 300,000              | 300,000              | 300,000              | 300,000              | 300,000              | 300,000              | 300,000              |
| Utility Reserve                                  | 1,354,532            | 1,394,584            | 1,305,744            | 334,744              | 1,305,744            | 1,468,618            | 1,364,750            |
| Unrestricted                                     | <u>4,305,632</u>     | <u>4,015,416</u>     | <u>4,389,634</u>     | <u>5,065,097</u>     | <u>3,742,237</u>     | <u>2,453,020</u>     | <u>2,856,795</u>     |
| <b>Total Business-Type Activities Net Assets</b> | <u>56,968,247</u>    | <u>54,470,029</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>    |
| <b>Primary Government</b>                        |                      |                      |                      |                      |                      |                      |                      |
| Invested in Capital Assets, Net of Related Debt  | 125,719,741          | 131,382,277          | 139,365,242          | 151,152,703          | 171,228,705          | 175,241,457          | 185,384,571          |
| Restricted                                       | 28,499,521           | 27,104,301           | 30,273,258           | 31,389,429           | 36,222,906           | 39,795,730           | 37,573,730           |
| Unrestricted (Deficit)                           | <u>(1,020,003)</u>   | <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>   |
| <b>Total Primary Government Net Assets</b>       | <u>\$153,199,259</u> | <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 Seven Years**  
*(accrual basis of accounting)*

| <b>Program Revenues</b>                                | 2009              | 2008              | 2007              | 2006              | 2005              | 2004              | 2003              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Governmental Activities:</b>                        |                   |                   |                   |                   |                   |                   |                   |
| Charges for Services:                                  |                   |                   |                   |                   |                   |                   |                   |
| General Government                                     | \$1,768,208       | \$1,833,887       | \$1,573,146       | \$1,870,561       | \$2,161,128       | \$2,707,135       | \$864,905         |
| Security of Persons and Property                       | 692,478           | 468,592           | 732,371           | 527,665           | 385,001           | 383,545           | 1,730,009         |
| Transportation   | 77,203            | 37,877            | 42,063            | 31,289            | 0                 | 0                 | 0                 |
| Public Health  | 1,471,921         | 1,456,947         | 1,410,674         | 1,540,597         | 808,413           | 760,541           | 972,093           |
| Community Environment                                  | 657,190           | 610,078           | 651,875           | 925,482           | 730,199           | 784,024           | 48,534            |
| Economic Development                                   | 11,823            | 22,507            | 151,841           | 103,089           | 0                 | 0                 | 0                 |
| Leisure Time Activities                                | 35,005            | 84,057            | 80,801            | 37,760            | 27,048            | 27,514            | 105,093           |
| Subtotal Charges for Services                          | <u>4,713,828</u>  | <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                                     | 225,533           | 182,823           | 176,343           | 0                 | 25,028            | 27,153            | 25,028            |
| Security of Persons and Property                       | 315,920           | 332,873           | 244,034           | 351,582           | 58,354            | 214,611           | 101,702           |
| Transportation   | 2,438,807         | 2,527,797         | 2,604,665         | 2,504,273         | 2,516,671         | 2,352,792         | 2,106,496         |
| Public Health  | 389,116           | 387,009           | 489,943           | 404,635           | 492,717           | 442,083           | 473,448           |
| Community Environment                                  | 226,690           | 235,190           | 401,690           | 224,690           | 211,784           | 140,000           | 159,999           |
| Economic Development                                   | 6,430,895         | 2,196,557         | (91,116)          | 2,751,887         | 2,908,573         | 6,195,473         | 3,736,482         |
| Subtotal Operating Grants and Contributions            | <u>10,026,961</u> | <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   | 1,757,274         | 1,478,968         | 752,315           | 1,741,684         | 935,158           | 1,717,034         | 4,035,632         |
| Public Health  | 0                 | 0                 | 159,690           | 0                 | 0                 | 0                 | 0                 |
| Economic Development                                   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 500,000           |
| Subtotal Capital Grants and Contributions              | <u>1,757,274</u>  | <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>  |
| <i>Total Governmental Activities Program Revenues</i>  | <u>16,498,063</u> | <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> |
| <b>Business-Type Activities:</b>                       |                   |                   |                   |                   |                   |                   |                   |
| Charges for Services:                                  |                   |                   |                   |                   |                   |                   |                   |
| Water Works  | 7,813,777         | 8,250,437         | 7,925,938         | 8,145,916         | 8,528,739         | 8,306,689         | 8,211,209         |
| Water Pollution Control                                | 12,046,880        | 11,223,392        | 10,895,096        | 10,210,893        | 9,221,532         | 8,287,136         | 7,708,227         |
| Capital Grants and Contributions:                      |                   |                   |                   |                   |                   |                   |                   |
| Water Pollution Control                                | 0                 | 700,813           | 0                 | 225,000           | 0                 | 0                 | 0                 |
| <i>Total Business-Type Activities Program Revenues</i> | <u>19,860,657</u> | <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> |
| <i>Total Primary Government Program Revenues</i>       | <u>36,358,720</u> | <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 Seven Years**  
*(accrual basis of accounting)*

| <b>Expenses</b>  | 2009                | 2008                | 2007                | 2006                | 2005                | 2004                | 2003                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental Activities:</b>                                |                     |                     |                     |                     |                     |                     |                     |
| General Government   | 12,043,738          | \$12,788,107        | \$12,812,199        | \$12,267,533        | \$13,003,383        | \$11,596,965        | \$18,594,382        |
| Security of Persons and Property                               | 19,793,984          | 22,346,039          | 19,390,489          | 18,573,582          | 19,197,977          | 17,624,224          | 20,151,907          |
| Transportation   | 12,665,797          | 13,855,345          | 14,435,681          | 14,679,897          | 14,881,296          | 15,196,365          | 6,704,576           |
| Public Health  | 1,786,441           | 2,021,791           | 1,995,300           | 2,018,981           | 2,030,073           | 1,799,704           | 1,985,041           |
| Community Environment  | 654,143             | 636,040             | 1,104,662           | 696,834             | 964,323             | 671,404             | 770,420             |
| Economic Development   | 2,222,946           | 4,623,187           | 2,926,740           | 7,417,102           | 3,736,841           | 2,538,197           | 825,936             |
| Leisure Time Activities  | 1,090,661           | 1,582,512           | 501,112             | 1,188,751           | 1,266,922           | 1,139,638           | 1,311,140           |
| Intergovernmental  | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 18,420              |
| Interest and Fiscal Charges                                    | 2,139,598           | 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>52,397,308</u>   | <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>   |
| <b>Business-Type Activities:</b>                               |                     |                     |                     |                     |                     |                     |                     |
| Water Works  | 7,579,138           | 7,594,813           | 7,614,864           | 7,537,738           | 7,161,733           | 7,019,598           | 7,701,592           |
| Water Pollution Control  | 9,856,268           | 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>17,435,406</u>   | <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>69,832,714</u>   | <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>   |
| <b>Net (Expense)/Revenue</b>                                   |                     |                     |                     |                     |                     |                     |                     |
| Governmental Activities  | (35,899,245)        | (48,112,023)        | (45,735,988)        | (45,855,487)        | (45,714,135)        | (36,646,537)        | (37,319,594)        |
| Business-Type Activities                                       | 2,425,251           | 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>(33,473,994)</u> | <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> |
| <b>General Revenues and Other Changes in Net Assets</b>        |                     |                     |                     |                     |                     |                     |                     |
| <b>Governmental Activities:</b>                                |                     |                     |                     |                     |                     |                     |                     |
| Taxes:   |                     |                     |                     |                     |                     |                     |                     |
| Property Taxes Levied For:                                     |                     |                     |                     |                     |                     |                     |                     |
| General Purposes   | 2,679,184           | 2,773,576           | 3,124,027           | 2,368,671           | 2,595,040           | 2,598,358           | 2,594,840           |
| Police Pension   | 138,349             | 257,898             | 310,780             | 270,002             | 291,931             | 260,833             | 239,884             |
| Fire Pension   | 179,102             | 257,898             | 342,860             | 270,001             | 279,497             | 260,833             | 239,884             |
| Debt Service   | 1,151,160           | 998,299             | 984,638             | 876,357             | 866,125             | 861,309             | 799,822             |
| Municipal Income Taxes Levied For:                             |                     |                     |                     |                     |                     |                     |                     |
| General Purposes   | 13,701,298          | 15,938,664          | 16,308,518          | 16,809,771          | 17,087,103          | 15,163,796          | 14,211,737          |
| Police Levy  | 1,934,387           | 2,234,626           | 2,296,810           | 2,367,849           | 2,484,300           | 2,488,604           | 2,346,822           |
| Payments in Lieu of Taxes                                      | 916,189             | 524,641             | 276,499             | 214,280             | 174,536             | 92,639              | 12,661              |
| Grants and Entitlements not Restricted<br>to Specific Programs | 5,221,222           | 7,371,329           | 6,083,171           | 5,719,663           | 5,250,113           | 5,549,380           | 5,341,015           |
| Franchise Fees   | 602,430             | 690,859             | 255,821             | 252,481             | 263,481             | 233,946             | 236,806             |
| Investment Earnings  | 53,381              | 377,061             | 811,699             | 690,650             | 274,833             | 217,102             | 162,478             |
| Miscellaneous  | 524,420             | 460,595             | 435,314             | 793,154             | 366,726             | 347,717             | 814,192             |
| Transfers  | 0                   | 0                   | (2,327,231)         | 0                   | 0                   | 0                   | 0                   |
| <i>Total Governmental Activities</i>                           | <u>\$27,101,122</u> | <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> |

(continued)

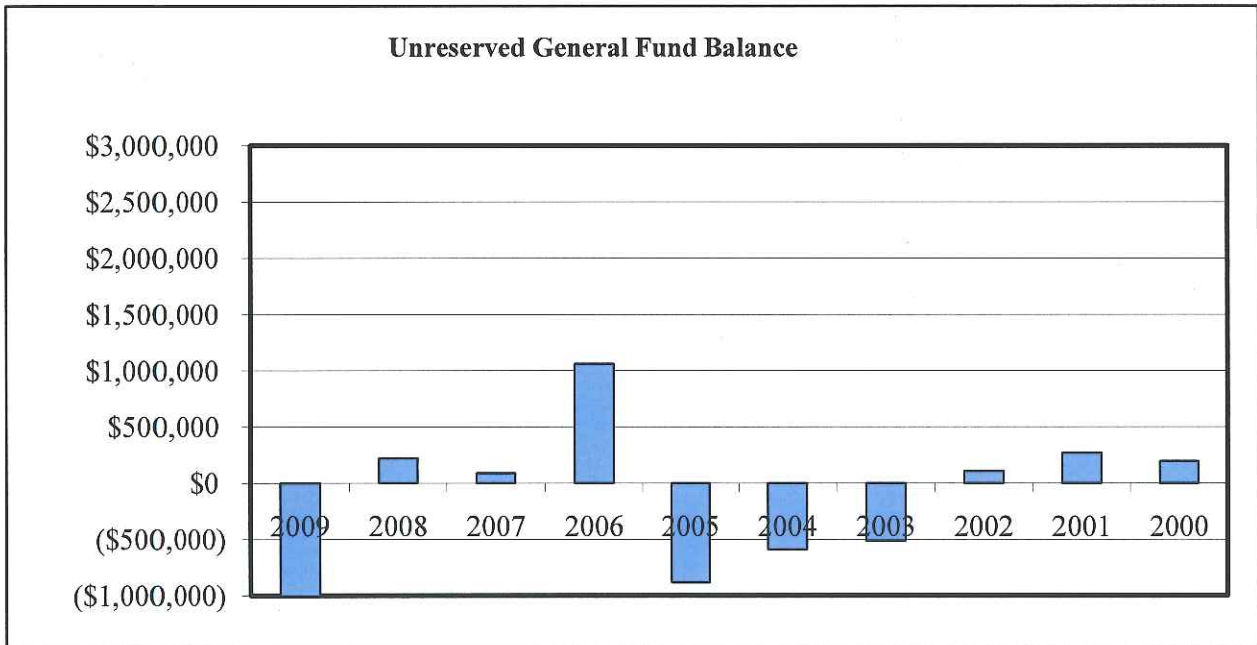


**City of Lorain, Ohio**  
**Changes in Net Assets (continued)**  
**Last Seven Years**  
*(accrual basis of accounting)*

|  | 2009                        | 2008                         | 2007                         | 2006                         | 2005                         | 2004                        | 2003                         |
|--|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|
| <b>Business-Type Activities:</b>                     |                             |                              |                              |                              |                              |                             |                              |
| Investment Earnings                                  | \$1,158                     | \$39,053                     | \$110,225                    | \$104,026                    | \$56,689                     | \$9,621                     | \$88,836                     |
| Miscellaneous  | 71,804                      | 21,555                       | 60,374                       | 56,615                       | 45,502                       | 61,739                      | 58,743                       |
| Extraordinary Items                                  | 0                           | 0                            | (693,389)                    | 0                            | 0                            | 0                           | 0                            |
| Transfers  | 0                           | 0                            | 2,327,231                    | 0                            | 0                            | 0                           | 0                            |
| <i>Total Business-Type Activities</i>                | <u>72,962</u>               | <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>27,174,084</u>           | <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>            |
| <b>Change in Net Assets</b>                          |                             |                              |                              |                              |                              |                             |                              |
| Governmental Activities                              | (8,798,123)                 | (16,226,577)                 | (16,833,082)                 | (15,222,608)                 | (15,780,450)                 | (8,572,020)                 | (10,319,453)                 |
| Business-Type Activities                             | 2,498,213                   | 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><u>(\$6,299,910)</u></u> | <u><u>(\$12,753,642)</u></u> | <u><u>(\$12,972,061)</u></u> | <u><u>(\$13,685,845)</u></u> | <u><u>(\$13,384,230)</u></u> | <u><u>(\$7,667,331)</u></u> | <u><u>(\$11,648,310)</u></u> |

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

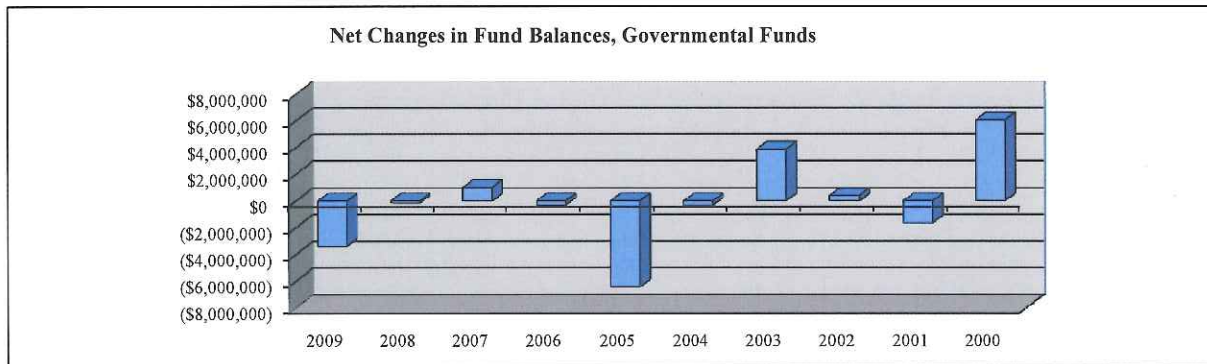
|   | 2009         | 2008         | 2007         | 2006         |
|---|--------------|--------------|--------------|--------------|
| <b>General Fund</b>                       |              |              |              |              |
| Reserved                                  | \$164,743    | \$246,789    | \$687,255    | \$168,006    |
| Designated for Capital Acquisitions       | 0            | 0            | 525,000      | 0            |
| Unreserved                                | (1,398,518)  | 222,753      | 88,414       | 1,061,018    |
| <i>Total General Fund</i>                 | (1,233,775)  | 469,542      | 1,300,669    | 1,229,024    |
| <b>All Other Governmental Funds</b>       |              |              |              |              |
| Reserved                                  | 16,892,525   | 15,034,853   | 17,348,267   | 17,895,624   |
| Undesignated, Reported in:                |              |              |              |              |
| Special Revenue funds                     | 3,886,549    | 6,407,782    | 6,493,381    | 7,034,810    |
| Debt Service funds                        | 454,241      | 330,314      | 219,762      | 188,401      |
| Capital Projects funds                    | (892,831)    | 242,263      | (2,733,331)  | (2,337,652)  |
| <b>Total All Other Governmental Funds</b> | 20,340,484   | 22,015,212   | 21,328,079   | 22,781,183   |
| <i>Total Governmental Funds</i>           | \$19,106,709 | \$22,484,754 | \$22,628,748 | \$24,010,207 |



| <u>2005</u>         | <u>2004</u>         | <u>2003</u>         | <u>2002</u>         | <u>2001</u>         | <u>2000</u>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$659,816           | \$80,690            | \$102,553           | \$187,373           | \$133,037           | \$174,508           |
| 600,000             | 0                   | 0                   | 0                   | 0                   | 0                   |
| <u>(884,514)</u>    | <u>(591,250)</u>    | <u>(512,337)</u>    | <u>109,712</u>      | <u>(270,151)</u>    | <u>1,961,481</u>    |
| <u>375,302</u>      | <u>(510,560)</u>    | <u>(409,784)</u>    | <u>297,085</u>      | <u>(137,114)</u>    | <u>2,135,989</u>    |
| 21,566,305          | 21,184,019          | 18,108,163          | 15,316,367          | 15,951,299          | 11,871,733          |
| 4,454,830           | 5,247,036           | 4,311,495           | 4,011,279           | 6,045,194           | 5,361,983           |
| (4,879,317)         | 213,668             | 124,402             | 35,518              | 232,339             | 726,354             |
| <u>2,802,085</u>    | <u>4,631,159</u>    | <u>8,948,048</u>    | <u>7,569,861</u>    | <u>4,724,622</u>    | <u>8,360,691</u>    |
| <u>23,943,903</u>   | <u>31,275,882</u>   | <u>31,492,108</u>   | <u>26,933,025</u>   | <u>26,953,454</u>   | <u>26,320,761</u>   |
| <u>\$24,319,205</u> | <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> |

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

|  | 2009                 | 2008               | 2007               | 2006               | 2005                 |
|--|----------------------|--------------------|--------------------|--------------------|----------------------|
| <b>Revenues</b>  |                      |                    |                    |                    |                      |
| Property Taxes   | \$4,085,257          | \$4,218,010        | \$4,547,743        | \$4,022,546        | \$4,002,419          |
| Payments in Lieu of Taxes                                      | 688,593              | 524,641            | 276,499            | 214,280            | 174,536              |
| Municipal Income Taxes   | 15,688,501           | 18,161,503         | 18,637,946         | 19,181,559         | 19,546,306           |
| Charges for Services   | 1,780,212            | 1,533,956          | 1,411,545          | 1,623,511          | 1,419,251            |
| Licenses and Permits <i>(includes fines 2002 and prior)</i>    | 1,047,477            | 1,015,843          | 1,188,733          | 1,431,398          | 1,098,063            |
| Fines and Forfeitures  | 1,824,570            | 1,813,678          | 1,781,036          | 1,627,837          | 1,438,755            |
| Intergovernmental  | 15,798,768           | 13,929,093         | 13,432,851         | 15,915,009         | 13,260,054           |
| Franchise Fees   | 602,430              | 690,859            | 255,821            | 252,481            | 263,481              |
| Special Assessments  | 66,625               | 71,717             | 71,842             | 82,614             | 73,280               |
| Interest   | 53,381               | 377,061            | 811,699            | 690,650            | 274,833              |
| Miscellaneous  | 514,802              | 449,983            | 425,077            | 790,843            | 359,769              |
| <b>Total Revenues</b>  | <b>42,150,616</b>    | <b>42,786,344</b>  | <b>42,840,792</b>  | <b>45,832,728</b>  | <b>41,910,747</b>    |
| <b>Expenditures</b>  |                      |                    |                    |                    |                      |
| <b>Current:</b>  |                      |                    |                    |                    |                      |
| General Government   | 8,592,192            | 9,751,483          | 8,817,909          | 7,783,356          | 10,178,686           |
| Security of Persons and Property                               | 19,171,278           | 21,024,167         | 19,449,378         | 19,158,303         | 18,735,767           |
| Transportation   | 2,620,162            | 3,431,181          | 3,284,017          | 2,770,818          | 3,002,534            |
| Public Health  | 1,709,057            | 2,050,837          | 1,992,874          | 2,007,742          | 2,058,113            |
| Community Environment  | 633,603              | 639,207            | 1,095,395          | 792,667            | 869,283              |
| Economic Development   | 2,680,510            | 3,830,250          | 2,882,602          | 7,386,562          | 3,606,065            |
| Leisure Time Activities  | 922,661              | 1,269,838          | 1,178,575          | 1,002,442          | 1,037,882            |
| Intergovernmental  | 0                    | 0                  | 0                  | 0                  | 0                    |
| Capital Outlay   | 6,394,806            | 3,938,553          | 3,227,967          | 5,037,231          | 4,918,114            |
| <b>Debt Service:</b>   |                      |                    |                    |                    |                      |
| Principal Retirement   | 2,920,967            | 2,979,133          | 2,427,744          | 2,297,103          | 11,027,373           |
| Interest and Fiscal Charges                                    | 2,153,744            | 1,970,367          | 1,879,931          | 2,010,962          | 1,950,882            |
| Bond Issuance Costs  | 24,943               | 136,664            | 326,044            | 82,219             | 0                    |
| <b>Total Expenditures</b>                                      | <b>47,823,923</b>    | <b>51,021,680</b>  | <b>46,562,436</b>  | <b>50,329,405</b>  | <b>57,384,699</b>    |
| <b>Excess of Revenues Under Expenditures</b>                   | <b>(5,673,307)</b>   | <b>(8,235,336)</b> | <b>(3,721,644)</b> | <b>(4,496,677)</b> | <b>(15,473,952)</b>  |
| <b>Other Financing Sources (Uses)</b>                          |                      |                    |                    |                    |                      |
| Capital Lease Proceeds   | 266,033              | 23,995             | 1,425,000          | 0                  | 1,849,994            |
| Sale of Fixed Assets   | 0                    | 0                  | 0                  | 20,128             | 0                    |
| Bonds Issued   | 390,000              | 5,440,000          | 2,595,000          | 1,510,000          | 2,297,663            |
| Refunding Bonds Issued   | 0                    | 0                  | 4,970,000          | 0                  | 0                    |
| Notes Issued   | 0                    | 0                  | 0                  | 0                  | 4,750,000            |
| Loans Received   | 1,626,699            | 2,700,683          | 507,572            | 2,652,923          | 130,178              |
| Premium on Debt Issuance                                       | 12,530               | 0                  | 1,072              | 4,628              | 0                    |
| Discount on Debt Issuance                                      | 0                    | (73,336)           | (52,476)           | 0                  | 0                    |
| Payment to Refunded Bond Escrow Agent                          | 0                    | 0                  | (4,715,431)        | 0                  | 0                    |
| Transfers In   | 2,664,088            | 2,188,546          | 2,697,744          | 1,749,236          | 1,995,288            |
| Transfers Out  | (2,664,088)          | (2,188,546)        | (2,697,744)        | (1,749,236)        | (1,995,288)          |
| <b>Total Other Financing Sources (Uses)</b>                    | <b>2,295,262</b>     | <b>8,091,342</b>   | <b>4,730,737</b>   | <b>4,187,679</b>   | <b>9,027,835</b>     |
| <b>Net Change in Fund Balances</b>                             | <b>(\$3,378,045)</b> | <b>(\$143,994)</b> | <b>\$1,009,093</b> | <b>(\$308,998)</b> | <b>(\$6,446,117)</b> |
| <b>Debt Service as a Percentage of Noncapital Expenditures</b> | <b>12.5%</b>         | <b>11.2%</b>       | <b>11.4%</b>       | <b>10.2%</b>       | <b>25.8%</b>         |



| 2004               | 2003               | 2002                | 2001                 | 2000               |
|--------------------|--------------------|---------------------|----------------------|--------------------|
| \$3,957,055        | \$3,659,130        | \$3,163,844         | \$3,284,047          | \$3,760,730        |
| 92,639             | 12,661             | 0                   | 0                    | 0                  |
| 17,680,283         | 16,553,650         | 16,510,556          | 16,784,765           | 17,811,594         |
| 1,343,239          | 1,247,753          | 1,119,774           | 956,437              | 938,448            |
| 1,167,853          | 785,860            | 3,123,925           | 2,378,314            | 2,296,516          |
| 1,619,879          | 1,658,464          | 0                   | 0                    | 0                  |
| 16,814,124         | 12,104,895         | 12,079,479          | 19,313,513           | 13,664,775         |
| 233,946            | 236,806            | 230,473             | 208,316              | 194,439            |
| 122,704            | 174,799            | 324,659             | 158,630              | 179,267            |
| 217,102            | 162,478            | 201,577             | 395,523              | 490,884            |
| 338,478            | 814,192            | 956,052             | 771,020              | 174,536            |
| <u>43,587,302</u>  | <u>37,410,688</u>  | <u>37,710,339</u>   | <u>44,250,565</u>    | <u>39,511,189</u>  |
| 7,472,394          | 6,772,792          | 6,812,397           | 6,675,722            | 7,007,186          |
| 18,334,999         | 16,750,969         | 17,422,517          | 18,345,606           | 17,944,155         |
| 2,261,567          | 2,578,166          | 1,902,093           | 2,552,311            | 3,647,614          |
| 1,872,129          | 1,711,340          | 1,590,199           | 1,723,442            | 1,780,974          |
| 715,893            | 653,685            | 612,126             | 719,872              | 685,051            |
| 2,606,100          | 24,835             | 6,887,067           | 5,171,564            | 4,628,864          |
| 1,009,957          | 1,090,889          | 934,524             | 1,562,013            | 1,483,343          |
| 0                  | 18,420             | 0                   | 0                    | 0                  |
| 8,707,726          | 5,376,919          | 9,240,850           | 6,323,085            | 1,677,727          |
| 5,672,618          | 8,105,592          | 3,037,428           | 3,172,538            | 2,842,366          |
| 1,753,457          | 1,811,630          | 1,531,863           | 1,320,476            | 1,393,106          |
| 0                  | 475,530            | 0                   | 0                    | 0                  |
| <u>50,406,840</u>  | <u>45,370,767</u>  | <u>49,971,064</u>   | <u>47,566,629</u>    | <u>43,090,386</u>  |
| <u>(6,819,538)</u> | <u>(7,960,079)</u> | <u>(12,260,725)</u> | <u>(3,316,064)</u>   | <u>(3,579,197)</u> |
| 0                  | 0                  | 182,910             | 125,096              | 765,827            |
| 0                  | 0                  | 0                   | 558                  | 1,100              |
| 0                  | 6,245,000          | 8,905,000           | 0                    | 4,814,703          |
| 0                  | 0                  | 0                   | 0                    | 0                  |
| 4,150,000          | 4,945,000          | 1,320,000           | 1,550,000            | 1,550,000          |
| 2,352,536          | 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                  |
| 1,853,219          | 2,719,525          | 2,557,146           | 2,270,090            | 2,641,825          |
| <u>(1,853,219)</u> | <u>(2,719,525)</u> | <u>(2,557,146)</u>  | <u>(2,270,090)</u>   | <u>(2,641,825)</u> |
| <u>6,502,536</u>   | <u>11,812,293</u>  | <u>12,674,495</u>   | <u>1,675,654</u>     | <u>9,631,630</u>   |
| <u>(\$317,002)</u> | <u>\$3,852,214</u> | <u>\$413,770</u>    | <u>(\$1,640,410)</u> | <u>\$6,052,433</u> |
| 18.6%              | 25.4%              | 12.6%               | 12.2%                | 11.4%              |

**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/<br>Agricultural | Commercial<br>Industrial/PU |                      |                            | Assessed Value |
| 2009            | \$682,370,300                | \$177,968,350               | \$2,458,110,429      | \$59,104,670               | \$67,164,398   |
| 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     |

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

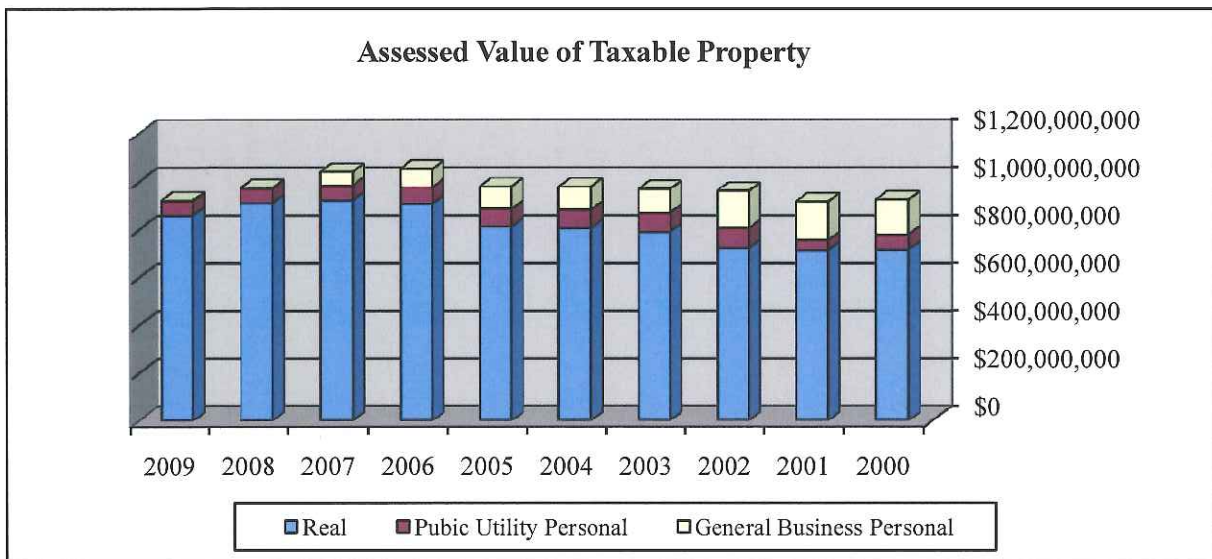
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax was phased out beginning in 2006. Both types of general business tangible personal property were assessed at 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax is 2010).

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 percent, 2 1/2 percent and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property has been eliminated.

Source: Lorain County, Ohio; County Auditor

**Tangible Personal Property**

| General Business  |                            | Total             |                            |        | Tax Rate Per<br>per \$1, 000 of<br>Assessed<br>Value |
|-------------------|----------------------------|-------------------|----------------------------|--------|--|
| Assessed<br>Value | Estimated<br>True<br>Value | Assessed<br>Value | Estimated<br>True<br>Value | Ratio  |  |
| \$2,773,226       | \$44,371,616               | \$922,216,546     | \$2,569,646,442            | 35.89% | \$4.96   |
| 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   |



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

|   | 2009            | 2008            | 2007            | 2006            |
|---|-----------------|-----------------|-----------------|-----------------|
| <b>Unvoted Millage</b>                        |                 |                 |                 |                 |
| Operating                                     | \$3.3600        | \$3.3600        | \$3.3600        | \$3.3600        |
| Bond Retirement                               | 1.0000          | 1.0000          | 1.0000          | 1.0000          |
| Fire Pension                                  | 0.3000          | 0.3000          | 0.3000          | 0.3000          |
| Police Pension                                | 0.3000          | 0.3000          | 0.3000          | 0.3000          |
| <i>Total Unvoted Millage</i>                  | <u>\$4.9600</u> | <u>\$4.9600</u> | <u>\$4.9600</u> | <u>\$4.9600</u> |
| <b>Overlapping Rates by Taxing District</b>   |                 |                 |                 |                 |
| Lorain City School District                   |                 |                 |                 |                 |
| Residential/Agricultural Real                 | \$29.277396     | \$26.620358     | \$26.401790     | \$26.294987     |
| Commerical/Industrial and Public Utility Real | 49.652864       | 49.065013       | 49.460471       | 48.869978       |
| General Business and Public Utility Personal  | 60.030000       | 59.680000       | 59.410000       | 59.410000       |
| Amherst Exempted School District              |                 |                 |                 |                 |
| Residential/Agricultural Real                 | 32.792363       | 31.747243       | 24.664626       | 24.849649       |
| Commerical/Industrial and Public Utility Real | 35.888926       | 35.665123       | 28.879896       | 29.412375       |
| General Business and Public Utility Personal  | 67.830000       | 67.680000       | 60.560000       | 60.660000       |
| Vermilion City School District                |                 |                 |                 |                 |
| Residential/Agricultural Real                 | 30.724270       | 29.877602       | 31.010390       | 30.400024       |
| Commerical/Industrial and Public Utility Real | 54.041340       | 52.644888       | 53.885384       | 50.761422       |
| General Business and Public Utility Personal  | 68.170000       | 67.670000       | 68.800000       | 68.300000       |
| Clearview City School District                |                 |                 |                 |                 |
| Residential/Agricultural Real                 | 37.404938       | 35.298400       | 35.062174       | 28.837199       |
| Commerical/Industrial and Public Utility Real | 37.089070       | 35.665762       | 35.385118       | 28.884064       |
| General Business and Public Utility Personal  | 53.530000       | 52.510000       | 52.290000       | 46.090000       |
| Firelands Local School District               |                 |                 |                 |                 |
| Residential/Agricultural Real                 | 25.029806       | 24.392658       | 24.550690       | 24.210033       |
| Commerical/Industrial and Public Utility Real | 24.270006       | 24.602755       | 24.696224       | 24.210027       |
| General Business and Public Utility Personal  | 47.070000       | 47.020000       | 47.060000       | 47.010000       |
| Elyria City School District                   |                 |                 |                 |                 |
| Residential/Agricultural Real                 | 34.014735       | 31.736220       | 31.509357       | 27.570005       |
| Commerical/Industrial and Public Utility Real | 39.945772       | 38.753910       | 38.253750       | 34.092496       |
| General Business and Public Utility Personal  | 64.320000       | 63.500000       | 63.300000       | 59.400000       |
| Lorain County                                 |                 |                 |                 |                 |
| Residential/Agricultural Real                 | 11.534565       | 10.937983       | 10.961756       | 10.926994       |
| Commerical/Industrial and Public Utility Real | 11.971785       | 11.843570       | 11.906101       | 11.818414       |
| General Business and Public Utility Personal  | 13.390000       | 13.390000       | 13.390000       | 13.490000       |

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.

(1) Information prior to 2002 is not available.



| 2005            | 2004            | 2003            | 2002            |
|-----------------|-----------------|-----------------|-----------------|
| \$3.3600        | \$3.3600        | \$3.3600        | \$3.3600        |
| 1.0000          | 1.0000          | 1.0000          | 1.0000          |
| 0.3000          | 0.3000          | 0.3000          | 0.3000          |
| 0.3000          | 0.3000          | 0.3000          | 0.3000          |
| <u>\$4.9600</u> | <u>\$4.9600</u> | <u>\$4.9600</u> | <u>\$4.9600</u> |

|             |             |             |             |
|-------------|-------------|-------------|-------------|
| \$28.904986 | \$28.986588 | \$29.418314 | \$31.716636 |
| 51.125934   | 50.102276   | 50.206799   | 52.027793   |
| 59.610000   | 59.610000   | 59.960000   | 59.960000   |

|           |           |           |           |
|-----------|-----------|-----------|-----------|
| 26.921603 | 26.982197 | 27.180335 | 27.407719 |
| 32.090072 | 32.488818 | 32.668111 | 32.491424 |
| 60.980000 | 60.980000 | 61.050000 | 59.880000 |

|           |           |           |           |
|-----------|-----------|-----------|-----------|
| 25.550044 | 25.607768 | 25.550035 | 27.787240 |
| 49.070040 | 45.305123 | 44.665976 | 46.069561 |
| 63.450000 | 63.450000 | 63.450000 | 64.100000 |

|           |           |           |           |
|-----------|-----------|-----------|-----------|
| 29.132649 | 29.854798 | 29.611787 | 30.481588 |
| 29.153153 | 30.021832 | 29.800013 | 30.847937 |
| 46.340000 | 47.340000 | 47.100000 | 47.850000 |

|           |           |           |           |
|-----------|-----------|-----------|-----------|
| 24.690030 | 24.690006 | 24.820006 | 28.290016 |
| 27.476008 | 27.556536 | 27.853060 | 32.396895 |
| 47.490000 | 47.490000 | 47.620000 | 51.090000 |

|           |           |           |           |
|-----------|-----------|-----------|-----------|
| 29.977001 | 26.237827 | 26.501241 | 27.423155 |
| 36.500243 | 32.767017 | 33.199831 | 34.402062 |
| 60.230000 | 56.480000 | 56.730000 | 56.810000 |

|           |           |           |           |
|-----------|-----------|-----------|-----------|
| 12.174480 | 10.759740 | 10.121297 | 10.549476 |
| 12.779647 | 12.030494 | 11.667702 | 11.992323 |
| 13.490000 | 13.190000 | 12.890000 | 12.890000 |

**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> |
|-------------|-----------------------------|------------------------------------|--------------------------|---------------------------------------|
| 2009        | \$4,389,496                 | \$4,044,647                        | 92.1%                    | \$321,682                             |
| 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                               |

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.

| <u>Total<br/>Tax<br/>Collections</u> | <u>Percent of<br/>Total<br/>Collections<br/>To Current<br/>Tax Levy</u> | <u>Accumulated<br/>Outstanding<br/>Delinquent<br/>Taxes (2)</u> | <u>Percent of<br/>Delinquent<br/>Taxes<br/>To Current<br/>Tax Levy</u> |
|--------------------------------------|---|---|--|
| \$4,366,329                          | 99.5%   | \$353,563   | 8.1%   |
| 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  |

**City of Lorain, Ohio**  
Principal Real Property Taxpayers  
2009 and 2000

| Taxpayer                               | 2009                             |      |  |
|--|----------------------------------|------|--|
|  | Real Property Assessed Valuation | Rank | Percentage of Total Real Property Assessed Valuation |
| Firstenergy Generation                 | \$35,426,110                     | 1    | 4.12%  |
| Ohio Edison                            | 16,894,670                       | 2    | 1.96   |
| Industrias CH, S.A. de C.V. (REP)      | 6,392,590                        | 3    | 0.74   |
| IRG Lorain LLC                         | 5,978,760                        | 4    | 0.70   |
| American Transmission                  | 5,969,390                        | 5    | 0.69   |
| Oster Construction Inc                 | 4,718,370                        | 6    | 0.55   |
| Cleveland Clinic                       | 4,425,570                        | 7    | 0.51   |
| Lexington Trank Lorain                 | 3,535,670                        | 8    | 0.41   |
| Columbia Gas of Ohio                   | 2,810,000                        | 9    | 0.33   |
| Soccer Ventures LLC                    | 2,801,650                        | 10   | 0.33   |
|  | <u>\$88,952,780</u>              |      | <u>10.34%</u>  |
| Total Real Property Assessed Valuation | <u>\$860,338,650</u>             |      |  |

|   | 2000                             |      |  |
|---|----------------------------------|------|--|
|   | Real Property Assessed Valuation | Rank | Percentage of Total Real Property Assessed Valuation |
| Ohio Edison                             | \$47,436,630                     | 1    | 6.62%  |
| Ford Motor Company                      | 17,433,240                       | 2    | 2.44   |
| Republic Technologies                   | 13,209,850                       | 3    | 1.84   |
| Century Telephone Company               | 11,578,080                       | 4    | 1.62   |
| Columbia Gas of Ohio, Inc.              | 7,558,390                        | 5    | 1.06   |
| Lorain Tubular                          | 6,253,630                        | 6    | 0.87   |
| Key Corporation                         | 3,678,680                        | 7    | 0.51   |
| Marconi Communications                  | 2,174,550                        | 8    | 0.30   |
| Community Health Partners               | 2,188,680                        | 9    | 0.31   |
| South Shore Community Development Corp. | 1,925,000                        | 10   | 0.27   |
|   | <u>\$113,436,730</u>             |      | <u>15.84%</u>  |
| Total Real Property Assessed Valuation  | <u>\$716,163,110</u>             |      |  |

Source: County Auditor

**City of Lorain, Ohio**  
Principal Personal Property Taxpayers  
2009 and 2000

| Taxpayer                                   | 2009                                 |      |  |
|--|--------------------------------------|------|--|
|  | Personal Property Assessed Valuation | Rank | Percentage of Total Personal Property Assessed Valuation |
| CenturyTel of Ohio, Inc                    | \$1,830,640                          | 1    | 2.96%  |
| New Cingular Wireless                      | 70,290                               | 2    | 0.11   |
| Sprintcom Inc.                             | 58,800                               | 3    | 0.10   |
| Alltell Ohio Limited                       | 52,240                               | 4    | 0.09   |
| T Mobile Central LLC                       | 49,320                               | 5    | 0.08   |
| Cleveland Unlimited Inc                    | 29,430                               | 6    | 0.05   |
| New Par                                    | 29,410                               | 7    | 0.05   |
| Sprint Nextel Corporation                  | 20,680                               | 8    | 0.03   |
| TWC Digital Phone LLC                      | 15,220                               | 9    | 0.02   |
| Level 3 Communications                     | 7,990                                | 10   | 0.01   |
|  | <u>\$2,164,020</u>                   |      | <u>3.50%</u>   |
| Total Personal Property Assessed Valuation | <u>\$61,877,896</u>                  |      |  |

|  | 2000                                 |      |  |
|--|--------------------------------------|------|--|
|  | Personal Property Assessed Valuation | Rank | Percentage of Total Personal Property Assessed Valuation |
| Republic Technologies Int'l                | \$57,765,740                         | 1    | 27.63%   |
| Ford Motor Company (Lorain)                | 16,788,950                           | 2    | 8.03   |
| Lorain Tubular                             | 11,583,910                           | 3    | 5.54   |
| Marconi Communications                     | 9,152,750                            | 4    | 4.38   |
| LTV Steel                                  | 4,631,310                            | 5    | 2.22   |
| Parnassos LP                               | 1,909,970                            | 6    | 0.91   |
| PC Campana                                 | 1,736,100                            | 7    | 0.83   |
| K-Mart Corporation                         | 1,718,700                            | 8    | 0.82   |
| Praxair, Inc.                              | 1,469,740                            | 9    | 0.71   |
| National Gypsum Company                    | 1,436,160                            | 10   | 0.69   |
|  | <u>\$108,193,330</u>                 |      | <u>51.76%</u>  |
| Total Personal Property Assessed Valuation | <u>\$209,048,048</u>                 |      |  |

Source: County Auditor

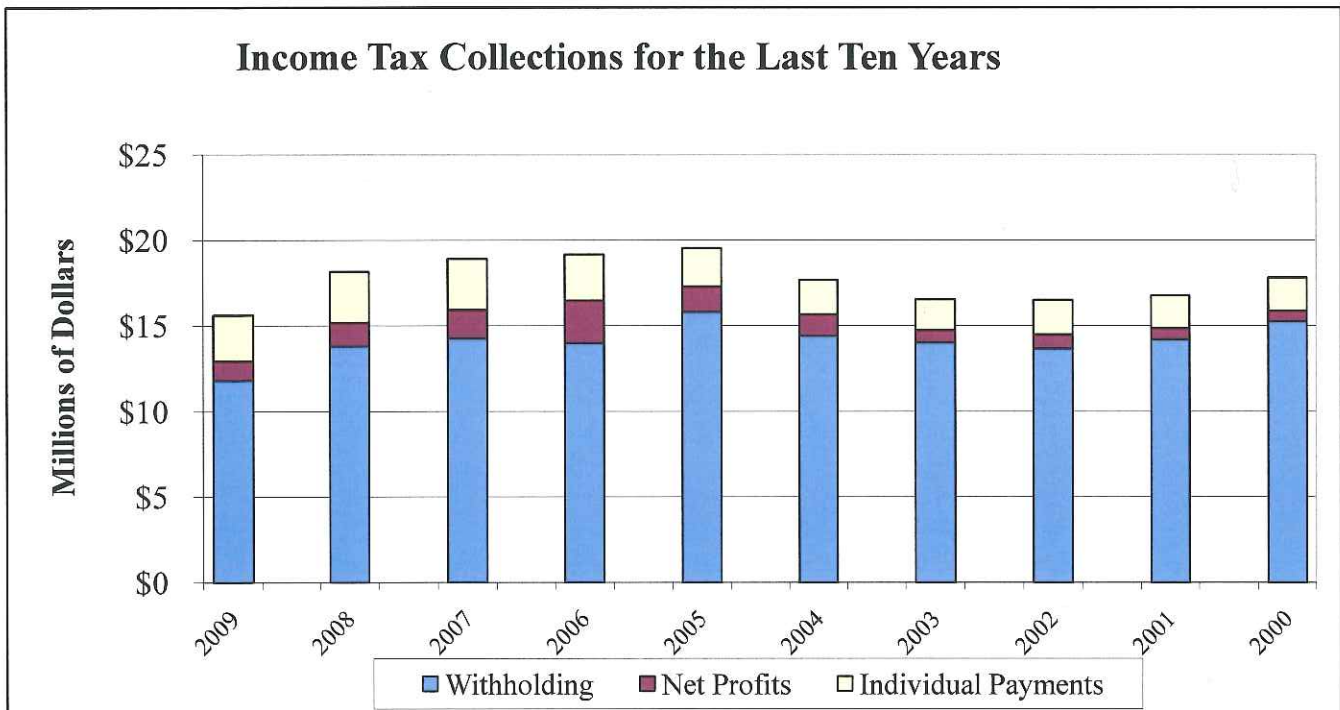
**City of Lorain, Ohio**  
**Income Tax Revenue Base and Collections**  
**Last Ten Years**

*(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 |
|----------|--------------|---------------------|------------------------|--------------------------------------|------------------------|--------------------------------------|--------------------------------|--|
| 2009     | 2.00 %       | \$15,688,501        | \$11,807,763           | 75.26%                               | \$1,131,468            | 7.21%                                | \$2,696,454                    | 17.19%                                       |
| 2008     | 2.00         | 18,161,503          | 13,819,221             | 76.09                                | 1,360,907              | 7.49                                 | 2,993,162                      | 16.48  |
| 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  |

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%.



This page is intentionally left blank

**City of Lorain, Ohio**  
Ratio of Outstanding Debt to  
Total Personal Income and Debt Per Capita  
Last Ten Years

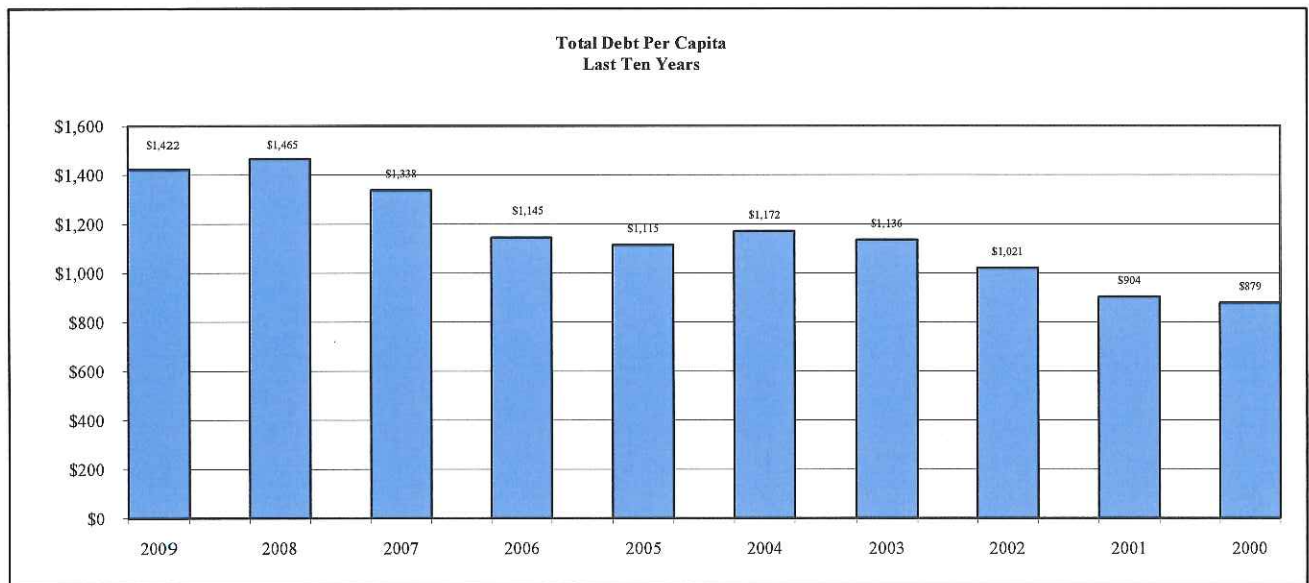
| Year | Governmental Activities        |                                |               |                   |                               |              |                                 | ODOD                             | ODOT |
|------|--------------------------------|--------------------------------|---------------|-------------------|-------------------------------|--------------|---------------------------------|----------------------------------|------|
|      | General<br>Obligation<br>Bonds | Special<br>Assessment<br>Bonds | OPWC<br>Loans | Capital<br>Leases | Bond<br>Anticipation<br>Notes | HUD<br>Loans | Urban<br>Redevelopment<br>Loans | State<br>Infrastructure<br>Loans |      |
| 2009 | \$30,303,361                   | \$847,338                      | \$2,751,664   | \$2,149,225       | \$0                           | \$4,550,000  | \$2,296,943                     | \$2,170,151                      |      |
| 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                                |      |

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 |
|-------------------|--------------------------|------------------------|----------------|--------------|--------------|-------------------------------|------------|
| \$640,498         | \$867,653                | \$5,949,733            | \$157,356      | \$47,212,860 | \$99,896,782 | 7.77%                         | \$1,422    |
| 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 |
|------|----------------|---|--|-----------------------|--|------------------------|
| 2009 | 70,239         | e | \$2,569,646,442                              | \$30,303,361          | 1.18 %   | \$431.43               |
| 2008 | 70,124         | d | 2,722,394,871                                | 31,714,580            | 1.16   | 452.26                 |
| 2007 | 70,592         | c | 3,156,141,252                                | 27,731,792            | 0.88   | 392.85                 |
| 2006 | 67,820         | b | 3,075,995,742                                | 26,222,206            | 0.85   | 386.64                 |
| 2005 | 68,652         | a | 2,814,373,974                                | 25,998,851            | 0.92   | 378.70                 |
| 2004 | 68,652         | a | 2,808,572,338                                | 24,734,873            | 0.88   | 360.29                 |
| 2003 | 68,652         | a | 2,780,380,245                                | 25,967,169            | 0.93   | 378.24                 |
| 2002 | 68,652         | a | 2,835,968,950                                | 21,419,262            | 0.76   | 312.00                 |
| 2001 | 68,652         | a | 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                 |

Sources:

(1) U. S. Bureau of Census, Census of Population.

(a) 2000 Federal Census

(b) 2006 estimate, (c) 2007 estimate, (d) 2008 estimate

(e) 2009 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, 2009

| Jurisdiction                         | Governmental<br>Activities Debt<br>Outstanding | Percentage<br>Applicable<br>to City (1) | Amount<br>Applicable<br>to City |
|--------------------------------------|--|---|---------------------------------|
| <b>Direct - City of Lorain</b>       |  |   |                                 |
| General Obligation Bonds             | \$30,303,361                                   | 100.00 %                                | \$30,303,361                    |
| Special Assessment Bonds             | 847,338  | 100.00                                  | 847,338                         |
| OPWC Loans                           | 2,751,664                                      | 100.00                                  | 2,751,664                       |
| Capital Leases                       | 2,149,225                                      | 100.00                                  | 2,149,225                       |
| HUD Loans                            | 4,550,000                                      | 100.00                                  | 4,550,000                       |
| Public Improvement Installment Loans | 640,498  | 100.00                                  | 640,498                         |
| ODOD Urban Redevelopment Loans       | 2,296,943                                      | 100.00                                  | 2,296,943                       |
| ODOT State Infrastructure Loans      | 2,170,151                                      | 100.00                                  | 2,170,151                       |
| <i>Total Direct Debt</i>             | <u>45,709,180</u>                              |   | <u>45,709,180</u>               |
| <b>Overlapping</b>                   |  |   |                                 |
| Lorain City School District          |  |   |                                 |
| General Obligation Bonds             | 36,055,825                                     | 100.00%                                 | 36,055,825                      |
| Amherst Exempted School District     |  |   |                                 |
| General Obligation Bonds             | 20,899,953                                     | 28.09%                                  | 5,870,797                       |
| Vermilion City School District       |  |   |                                 |
| General Obligation Bonds             | 6,507,229                                      |   |                                 |
| Capital Leases                       | 79,065   | 11.16%                                  | 735,030                         |
| Clearview City School District       |  |   |                                 |
| General Obligation Bonds             | 4,780,000                                      |   |                                 |
| Capital Leases                       | 143,016  | 35.21%                                  | 1,733,394                       |
| Firelands Local School District      |  |   |                                 |
| General Obligation Bonds             | -  |   |                                 |
| Capital Leases                       | 50,093   | 1.65%                                   | 827                             |
| Elyria City School District          |  |   |                                 |
| General Obligation Bonds             | 45,754,133                                     |   |                                 |
| Capital Leases                       | 5,845,974                                      | 0.23%                                   | 118,680                         |
| County                               |  |   |                                 |
| General Obligation Bonds             | 30,465,000                                     | 17.78%                                  | 5,416,677                       |
| <i>Total Overlapping Debt</i>        | <u>150,580,288</u>                             |   | <u>49,931,229</u>               |
| Total                                | <u>\$196,289,468</u>                           |   | <u>\$95,640,409</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

|  | 2009                | 2008                | 2007                | 2006                |
|--|---------------------|---------------------|---------------------|---------------------|
| <b>General Bonded Debt Outstanding:</b>                                  |                     |                     |                     |                     |
| General Obligation Bonds   | \$30,642,312        | \$32,071,189        | \$28,030,011        | \$26,201,525        |
| Special Assessment Bonds   | 835,035             | 467,691             | 567,014             | 664,719             |
| Enterprise Fund General Obligation Bonds                                 | 867,653             | 1,041,120           | 1,207,975           | 1,363,756           |
| Enterprise Fund Revenue Bonds  | 6,070,000           | 7,260,000           | 8,390,000           | 9,465,000           |
| Bond Anticipation Notes  | 2,215,000           | 2,019,000           | 5,385,000           | 5,900,000           |
| OPWC Loans   | 2,751,664           | 2,818,314           | 2,088,849           | 2,159,087           |
| Real Estate Acquisition Loan   | 0                   | 0                   | 0                   | 0                   |
| Public Improvement Installment Loans                                     | 640,498             | 193,716             | 250,000             | 0                   |
| Total Gross Indebtedness   | <u>44,022,162</u>   | <u>45,871,030</u>   | <u>45,918,849</u>   | <u>45,754,087</u>   |
| <br>   |                     |                     |                     |                     |
| Percentage of Estimated Actual   |                     |                     |                     |                     |
| Property Value   | 4.77%               | 4.71%               | 4.41%               | 4.34%               |
| Assessed Property Value  | \$922,216,546       | \$973,780,380       | \$1,040,922,000     | \$1,053,456,928     |
| <br>   |                     |                     |                     |                     |
| Total Debt Per Capita  | \$627               | \$654               | \$650               | \$675               |
| <br>   |                     |                     |                     |                     |
| Population   | 70,239              | 70,124              | 70,592              | 67,820              |
| <br>   |                     |                     |                     |                     |
| <b>Less Exempt Debt:</b>   |                     |                     |                     |                     |
| General Obligation Bonds - Energy Conservation                           | (1,642,347)         | (1,878,880)         | (2,102,025)         | (2,316,244)         |
| General Obligation Bonds - Urban Renewal                                 | (11,965,000)        | (12,165,000)        | (12,225,000)        | (10,420,000)        |
| General Obligation Bonds - Pension                                       | (1,500,000)         | (1,565,000)         | (1,625,000)         | (1,685,000)         |
| Special Assessment Bonds   | (835,035)           | (467,691)           | (567,014)           | (664,719)           |
| Bond Anticipation Notes - Special Assessment Portion                     | (908,525)           | (1,214,439)         | (297,439)           | (297,439)           |
| Enterprise Fund General Obligation Bonds                                 | (867,653)           | (1,041,120)         | (1,207,975)         | (1,363,756)         |
| Enterprise Fund Revenue Bonds  | <u>(6,070,000)</u>  | <u>(7,260,000)</u>  | <u>(8,390,000)</u>  | <u>(9,147,462)</u>  |
| <br>   |                     |                     |                     |                     |
| Total Net Debt Applicable to Debt Limit                                  | 20,233,602          | 20,278,900          | 19,504,396          | 19,859,467          |
| <br>   |                     |                     |                     |                     |
| Overall Legal Debt Limit   |                     |                     |                     |                     |
| 10 1/2% of Assessed Valuation  | <u>96,832,737</u>   | <u>102,246,940</u>  | <u>109,296,810</u>  | <u>110,612,977</u>  |
| <br>   |                     |                     |                     |                     |
| Legal Debt Margin Within 10 1/2% Limitations                             | <u>\$76,599,135</u> | <u>\$81,968,040</u> | <u>\$89,792,414</u> | <u>\$90,753,510</u> |
| <br>   |                     |                     |                     |                     |
| Legal Debt Margin as a Percentage of the Debt Limit                      | 79.10%              | 80.17%              | 82.15%              | 82.05%              |
| <br>   |                     |                     |                     |                     |
| Unvoted Debt Limitation  |                     |                     |                     |                     |
| 5 1/2% of Assessed Valuation   | \$50,721,910        | \$53,557,921        | \$57,250,710        | \$57,940,131        |
| <br>   |                     |                     |                     |                     |
| Net Unvoted Indebtedness Authorized by Council                           | 43,690,361          | 45,540,591          | 45,698,909          | 45,565,686          |
| <br>   |                     |                     |                     |                     |
| <b>Less Exempt Debt:</b>   |                     |                     |                     |                     |
| General Obligation Bonds - Energy Conservation                           | (1,642,347)         | (1,878,880)         | (2,102,025)         | (2,316,244)         |
| General Obligation Bonds - Urban Renewal                                 | (11,965,000)        | (12,165,000)        | (12,225,000)        | (10,420,000)        |
| General Obligation Bonds - Pension                                       | (1,500,000)         | (1,565,000)         | (1,625,000)         | (1,685,000)         |
| Special Assessment Bonds   | (835,035)           | (467,691)           | (567,014)           | (664,719)           |
| Bond Anticipation Notes - Special Assessment Portion                     | (908,525)           | (1,214,439)         | (297,439)           | (297,439)           |
| Enterprise Fund General Obligation Bonds                                 | (867,653)           | (1,041,120)         | (1,207,975)         | (1,363,756)         |
| Enterprise Fund Revenue Bonds  | <u>(6,070,000)</u>  | <u>(7,260,000)</u>  | <u>(8,390,000)</u>  | <u>(9,147,462)</u>  |
| <br>   |                     |                     |                     |                     |
| Net Debt Within 5 1/2% Limitations                                       | <u>19,901,801</u>   | <u>19,948,461</u>   | <u>19,284,456</u>   | <u>19,671,066</u>   |
| <br>   |                     |                     |                     |                     |
| Unvoted Legal Debt Margin Within 5 1/2% Limitations                      | <u>\$30,820,109</u> | <u>\$33,609,460</u> | <u>\$37,966,254</u> | <u>\$38,269,065</u> |
| <br>   |                     |                     |                     |                     |
| Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation | 60.76%              | 62.75%              | 66.32%              | 66.05%              |

Source: City Financial Records

| 2005                | 2004                | 2003                | 2002                | 2001                | 2000                |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$25,981,800        | \$24,734,873        | \$25,967,169        | \$21,419,262        | \$13,518,855        | \$14,458,448        |
| 762,423             | 860,127             | 1,012,831           | 565,738             | 693,145             | 820,552             |
| 1,510,777           | 1,550,000           | 1,885,000           | 2,215,000           | 2,540,000           | 2,865,000           |
| 10,398,234          | 11,363,032          | 12,282,802          | 13,152,600          | 13,992,398          | 14,787,196          |
| 5,495,000           | 4,150,000           | 3,625,000           | 4,809,000           | 1,850,000           | 1,550,000           |
| 1,873,525           | 1,904,310           | 1,855,801           | 1,350,995           | 1,193,584           | 60,102              |
| 0                   | 0                   | 17,787              | 63,505              | 108,792             | 78,069              |
| 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| <u>46,021,759</u>   | <u>44,562,342</u>   | <u>46,646,390</u>   | <u>43,576,100</u>   | <u>33,896,774</u>   | <u>34,619,367</u>   |
| 4.69%               | 4.55%               | 4.81%               | 4.53%               | 3.69%               | 3.74%               |
| \$980,705,772       | \$979,203,076       | \$969,147,530       | \$961,389,440       | \$917,592,790       | \$925,211,158       |
| \$670               | \$649               | \$679               | \$635               | \$494               | \$504               |
| 68,652              | 68,652              | 68,652              | 68,652              | 68,652              | 68,652              |
| (2,499,223)         | 0                   | 0                   | 0                   | 0                   | 0                   |
| (9,020,000)         | (9,125,000)         | (9,225,000)         | (4,850,000)         | (4,850,000)         | (4,850,000)         |
| (1,740,000)         | (1,795,000)         | (1,845,000)         | (1,895,000)         | (1,945,000)         | (1,990,000)         |
| (762,423)           | (860,127)           | (1,012,831)         | (565,738)           | (693,145)           | (820,552)           |
| (271,665)           | 0                   | 0                   | (571,830)           | (571,830)           | (417,330)           |
| (1,510,777)         | (1,550,000)         | (1,885,000)         | (2,215,000)         | (2,540,000)         | (2,865,000)         |
| <u>(10,106,765)</u> | <u>(11,465,000)</u> | <u>(12,282,802)</u> | <u>(13,152,600)</u> | <u>(13,992,398)</u> | <u>(14,787,196)</u> |
| 20,110,906          | 19,767,215          | 20,395,757          | 20,325,932          | 9,304,401           | 8,889,289           |
| 102,974,106         | 102,816,323         | 101,760,491         | 100,945,891         | 96,347,243          | 97,147,172          |
| <u>\$82,863,200</u> | <u>\$83,049,108</u> | <u>\$81,364,734</u> | <u>\$80,619,959</u> | <u>\$87,042,842</u> | <u>\$88,257,883</u> |
| 80.47%              | 80.77%              | 79.96%              | 79.86%              | 90.34%              | 90.85%              |
| \$53,938,817        | \$53,856,169        | \$53,303,114        | \$52,876,419        | \$50,467,603        | \$50,886,614        |
| 46,313,228          | 44,695,638          | 46,683,596          | 43,456,331          | 33,896,774          | 33,970,285          |
| (2,499,223)         | 0                   | 0                   | 0                   | 0                   | 0                   |
| (9,020,000)         | (9,125,000)         | (9,225,000)         | (4,850,000)         | (4,850,000)         | (4,850,000)         |
| (1,740,000)         | (1,795,000)         | (1,845,000)         | (1,895,000)         | (1,945,000)         | (1,990,000)         |
| (762,423)           | (860,127)           | (1,012,831)         | (565,738)           | (693,145)           | (820,552)           |
| (271,665)           | 0                   | 0                   | (571,830)           | (571,830)           | (417,330)           |
| (1,510,777)         | (1,550,000)         | (1,885,000)         | (2,215,000)         | (2,540,000)         | (2,865,000)         |
| <u>(10,106,765)</u> | <u>(11,465,000)</u> | <u>(12,282,802)</u> | <u>(13,152,600)</u> | <u>(13,992,398)</u> | <u>(14,787,196)</u> |
| 20,402,375          | 19,900,511          | 20,432,963          | 20,206,163          | 9,304,401           | 8,240,207           |
| <u>\$33,536,442</u> | <u>\$33,955,658</u> | <u>\$32,870,151</u> | <u>\$32,670,256</u> | <u>\$41,163,202</u> | <u>\$42,646,407</u> |
| 62.17%              | 63.05%              | 61.67%              | 61.79%              | 81.56%              | 83.81%              |

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

|                               | 2009             | 2008             | 2007             | 2006             | 2005             |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|
| Net Available Revenue:        |                  |                  |                  |                  |                  |
| Gross Revenues                | \$7,848,394      | \$8,271,992      | \$7,966,168      | \$8,191,235      | \$8,555,713      |
| Less: Operating Expenses (1)  | 6,045,523        | 6,065,246        | 5,963,954        | 5,829,936        | 5,590,805        |
| Net Available Revenue         | <u>1,802,871</u> | <u>2,206,746</u> | <u>2,002,214</u> | <u>2,361,299</u> | <u>2,964,908</u> |
| Debt Service - Revenue Bonds: |                  |                  |                  |                  |                  |
| Principal                     | 540,000          | 510,000          | 485,000          | 465,000          | 440,000          |
| Interest                      | 257,028          | 283,810          | 308,691          | 331,971          | 353,698          |
| Revenue Bond Coverage         | <u>2.26</u>      | <u>2.78</u>      | <u>2.52</u>      | <u>2.96</u>      | <u>3.74</u>      |
| Debt Service OWDA Loans:      |                  |                  |                  |                  |                  |
| Principal                     | 445,100          | 424,661          | 381,205          | 357,855          | 347,012          |
| Interest                      | 459,289          | 480,599          | 464,934          | 483,902          | 502,049          |
| OWDA Coverage                 | <u>1.99</u>      | <u>2.44</u>      | <u>2.37</u>      | <u>2.81</u>      | <u>3.49</u>      |
| Total Debt Service:           |                  |                  |                  |                  |                  |
| Principal                     | 985,100          | 934,661          | 866,205          | 822,855          | 787,012          |
| Interest                      | 716,317          | 764,409          | 773,625          | 815,873          | 855,747          |
| Total Coverage                | <u>1.06</u>      | <u>1.30</u>      | <u>1.22</u>      | <u>1.44</u>      | <u>1.80</u>      |

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

Source: City Auditor

| <u>2004</u>      | <u>2003</u>      | <u>2002</u>      | <u>2001</u>      | <u>2000</u>    |
|------------------|------------------|------------------|------------------|----------------|
| \$8,342,495      | \$8,249,924      | \$7,958,375      | \$7,493,865      | \$5,183,848    |
| 5,407,940        | 6,165,744        | 5,679,672        | 4,122,439        | 4,774,381      |
| <u>2,934,555</u> | <u>2,084,180</u> | <u>2,278,703</u> | <u>3,371,426</u> | <u>409,467</u> |
| 420,000          | 400,000          | 385,000          | 365,000          | 350,000        |
| 365,739          | 393,397          | 411,245          | 428,053          | 443,608        |
| <u>3.73</u>      | <u>2.63</u>      | <u>2.86</u>      | <u>4.25</u>      | <u>0.52</u>    |
| 618,077          | 558,391          | 501,990          | 450,053          | 312,114        |
| 449,519          | 393,056          | 423,719          | 406,864          | 222,525        |
| <u>2.75</u>      | <u>2.19</u>      | <u>2.46</u>      | <u>3.93</u>      | <u>0.77</u>    |
| 1,038,077        | 958,391          | 886,990          | 815,053          | 662,114        |
| 815,258          | 786,453          | 834,964          | 834,917          | 666,133        |
| <u>1.58</u>      | <u>1.19</u>      | <u>1.32</u>      | <u>2.04</u>      | <u>0.31</u>    |

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

|                               | <u>2009</u>             | <u>2008</u>             | <u>2007</u>             | <u>2006</u>             | <u>2005</u>             |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Net Available Revenue:        |                         |                         |                         |                         |                         |
| Gross Revenues                | \$12,084,067            | \$11,223,392            | \$10,915,240            | \$10,222,189            | \$9,240,060             |
| Less: Operating Expenses (1)  | <u>6,429,051</u>        | <u>6,074,308</u>        | <u>6,342,194</u>        | <u>7,093,067</u>        | <u>5,753,128</u>        |
| Net Available Revenue         | <u><u>5,655,016</u></u> | <u><u>5,149,084</u></u> | <u><u>4,573,046</u></u> | <u><u>3,129,122</u></u> | <u><u>3,486,932</u></u> |
| Debt Service - Revenue Bonds: |                         |                         |                         |                         |                         |
| Principal                     | 650,000                 | 620,000                 | 590,000                 | 560,000                 | 535,000                 |
| Interest                      | 95,270                  | 129,250                 | 161,020                 | 190,640                 | 218,295                 |
| Revenue Bond Coverage         | <u>7.59</u>             | <u>6.87</u>             | <u>6.09</u>             | <u>4.17</u>             | <u>4.63</u>             |
| Debt Service OWDA Loans:      |                         |                         |                         |                         |                         |
| Principal                     | 2,060,004               | 1,595,247               | 1,089,047               | 791,991                 | 973,131                 |
| Interest                      | 1,428,335               | 1,136,529               | 726,942                 | 678,730                 | 724,605                 |
| OWDA Coverage                 | <u>1.62</u>             | <u>1.88</u>             | <u>2.52</u>             | <u>2.13</u>             | <u>2.05</u>             |
| Total Debt Service:           |                         |                         |                         |                         |                         |
| Principal                     | 2,710,004               | 2,215,247               | 1,679,047               | 1,351,991               | 1,508,131               |
| Interest                      | 1,523,605               | 1,265,779               | 887,962                 | 869,370                 | 942,900                 |
| Total Coverage                | <u>1.34</u>             | <u>1.48</u>             | <u>1.78</u>             | <u>1.41</u>             | <u>1.42</u>             |

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

Source: City Auditor



| 2004             | 2003           | 2002             | 2001             | 2000             |
|------------------|----------------|------------------|------------------|------------------|
| \$8,313,069      | \$7,728,255    | \$7,673,262      | \$7,963,116      | \$8,739,907      |
| 6,224,953        | 7,399,650      | 6,057,938        | 6,381,124        | 6,347,621        |
| <u>2,088,116</u> | <u>328,605</u> | <u>1,615,324</u> | <u>1,581,992</u> | <u>2,392,286</u> |
| 510,000          | 480,000        | 465,000          | 440,000          | 420,000          |
| 244,165          | 268,180        | 290,547          | 311,675          | 331,245          |
| <u>2.77</u>      | <u>0.44</u>    | <u>2.14</u>      | <u>2.10</u>      | <u>3.18</u>      |
| 826,682          | 735,466        | 708,476          | 497,339          | 125,340          |
| 608,693          | 587,486        | 614,475          | 449,202          | 120,154          |
| <u>1.45</u>      | <u>0.25</u>    | <u>1.22</u>      | <u>1.67</u>      | <u>9.74</u>      |
| 1,336,682        | 1,215,466      | 1,173,476        | 937,339          | 545,340          |
| 852,858          | 855,666        | 905,022          | 760,877          | 451,399          |
| <u>0.95</u>      | <u>0.16</u>    | <u>0.78</u>      | <u>0.93</u>      | <u>2.40</u>      |

**City of Lorain, Ohio**  
Principal Employers  
2009 and 2000

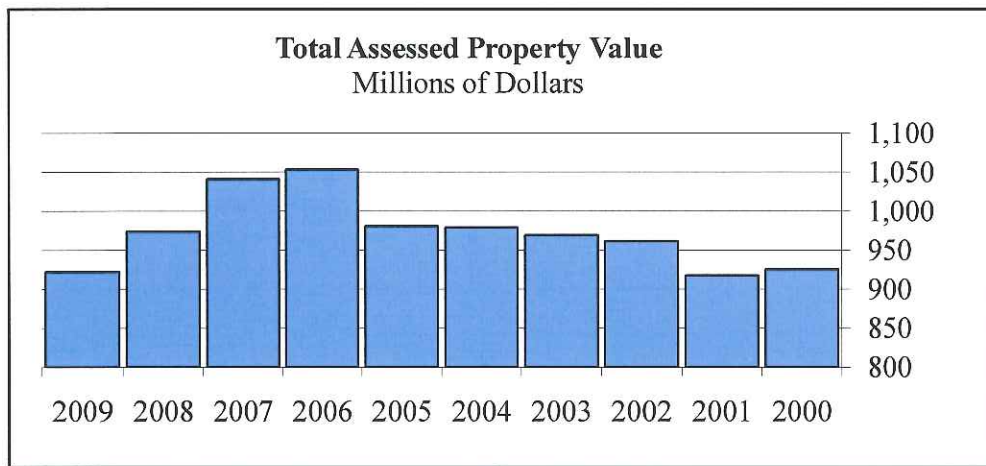
| Employer  | 2009      |                       |
|---|-----------|-----------------------|
|   | Employees | % of Total Employment |
| Community Health Partners *                           | 1,629     | 5.60 %                |
| Lorain City School District                           | 1,022     | 3.51                  |
| City of Lorain  | 538       | 1.85                  |
| Lorain Tubular  | 523       | 1.80                  |
| Industrias CH, S.A. de C.V (REP)                      | 400       | 1.38                  |
| Grace Management Services                             | 298       | 1.02                  |
| The Nord Center                                       | 276       | 0.95                  |
| K-Mart  | 270       | 0.93                  |
| Lorain National Bank                                  | 248       | 0.85                  |
| Cleveland Clinic-Lorain                               | 208       | 0.71                  |
|   | 5,412     | 18.60 %               |
| Total Employment Within the City                      | 29,100    |                       |
|   | 2000      |                       |
|   | Employees | % of Total Employment |
| Lorain Community/St. Joseph<br>Regional Health Center | 2,178     | 7.40                  |
| Ford Motor Company-Lorain Assembly                    | 1,730     | 5.88                  |
| Republic Technologies Int'l                           | 1,585     | 5.39                  |
| Marconi Communications                                | 1,250     | 4.25                  |
| Lorain City School District                           | 1,200     | 4.08                  |
| May Department Stores                                 | 600       | 2.04                  |
| City of Lorain  | 590       | 2.00                  |
| Lorain Tubular  | 500       | 1.70                  |
| P.C. Campana, Inc.                                    | 390       | 1.33                  |
| Lorain County Community Action                        | 290       | 0.99                  |
|   | 10,313    | 35.06 %               |
| Total Employment Within the City                      | 29,416    |                       |

\*Lorain Community/St. Joseph Regional Health Center in 2000

This page is intentionally left blank

**City of Lorain**  
Demographic and Economic Statistics  
Last Ten Years

| Year | Population (1) | Total Personal Income (5) | Personal Income Per Capita | Median Household Income (1) | Median Age (1) |
|------|----------------|---------------------------|----------------------------|-----------------------------|----------------|
| 2009 | 70,239         | \$1,285,233,222           | \$18,298                   | \$38,033                    | 35.1           |
| 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) 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

(e) Year 2009 US Census Bureau estimate

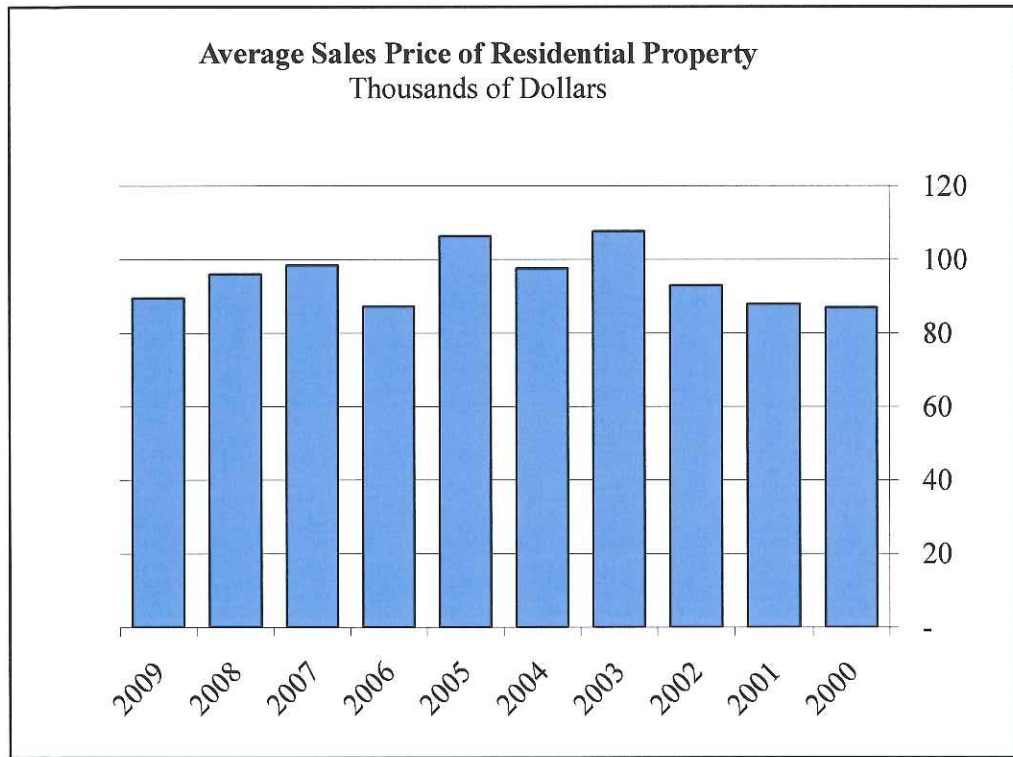
(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"

(3) Ohio Department of Job and Family Services

(4) Source: Lorain County Auditor-Chief Appraiser

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

| Educational Attainment: Bachelor's Degree or Higher (1) | School Enrollment (2) | Unemployment Rate (3) | Average Sales Price of Residential Property (4) | Total Assessed Property Value |
|---|-----------------------|-----------------------|---|-------------------------------|
| 10.8%   | 8,288                 | 10.9%                 | \$89,544  | \$922,216,546                 |
| 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>2009</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> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>General Government</b>               |             |             |             |             |             |             |             |             |             |             |
| Auditor                                 | 7.00        | 7.00        | 7.00        | 7.00        | 7.00        | 7.00        | 7.00        | 9.00        | 9.00        | 9.00        |
| Civil Service                           | 4.00        | 4.00        | 4.00        | 1.00        | 1.00        | 1.00        | 1.00        | 1.00        | 1.00        | 1.00        |
| Clerk of Courts                         | 17.00       | 17.00       | 16.00       | 15.00       | 19.00       | 13.00       | 14.00       | 15.00       | 19.00       | 15.00       |
| Council                                 | 14.00       | 14.00       | 14.00       | 15.00       | 14.00       | 13.00       | 15.00       | 15.00       | 15.00       | 15.00       |
| Electrical                              | 7.00        | 7.00        | 8.00        | 7.00        | 8.00        | 6.00        | 7.00        | 6.00        | 6.00        | 8.00        |
| Engineering                             | 11.00       | 12.00       | 12.00       | 10.00       | 10.00       | 10.00       | 11.00       | 10.00       | 10.00       | 9.00        |
| Income Tax/Treasurer                    | 10.00       | 10.00       | 9.00        | 9.00        | 8.00        | 8.00        | 8.00        | 10.00       | 8.00        | 10.00       |
| Judges                                  | 13.00       | 13.00       | 14.00       | 14.00       | 16.00       | 13.00       | 12.00       | 16.00       | 13.00       | 12.00       |
| Law Department                          | 13.00       | 13.00       | 11.00       | 12.00       | 13.00       | 10.00       | 11.00       | 12.00       | 11.00       | 11.00       |
| 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/Improvement         | 1.00        | 5.00        | 5.00        | 4.00        | 0.00        | 0.00        | 0.00        | 0.00        | 0.00        | 0.00        |
| Muni Court Probation                    | 1.00        | 1.00        | 1.00        | 1.00        | 0.00        | 0.00        | 0.00        | 0.00        | 0.00        | 0.00        |
| Mayor                                   | 2.00        | 2.00        | 2.50        | 2.50        | 2.50        | 2.50        | 2.50        | 2.50        | 3.00        | 3.00        |
| MIS/Data Processing                     | 3.00        | 3.00        | 3.00        | 3.00        | 3.00        | 2.00        | 2.00        | 2.00        | 2.00        | 2.00        |
| Safety/Service Director                 | 6.77        | 8.45        | 6.30        | 6.85        | 7.30        | 6.04        | 7.75        | 8.75        | 10.25       | 11.20       |
| <b>Security of Persons and Property</b> |             |             |             |             |             |             |             |             |             |             |
| Police                                  | 100.00      | 99.00       | 105.00      | 105.00      | 101.00      | 83.00       | 94.00       | 106.00      | 109.50      | 109.00      |
| Police - Corrections                    | 6.00        | 6.00        | -           | -           | 2.00        | 9.00        | 11.00       | 12.00       | 13.50       | 9.00        |
| Police - Dispatchers/Office/Other       | 22.00       | 23.00       | 22.00       | 22.00       | 22.00       | 19.00       | 21.00       | 22.00       | 25.00       | 25.00       |
| Fire                                    | 80.00       | 80.00       | 79.00       | 82.00       | 84.00       | 83.00       | 86.00       | 85.00       | 92.00       | 88.00       |
| Fire - Secretary/Other                  | 1.00        | 1.00        | 1.00        | 1.00        | 1.00        | 1.00        | 1.00        | 1.00        | 1.00        | 1.00        |
| <b>Transportation</b>                   |             |             |             |             |             |             |             |             |             |             |
| Street Department                       | 22.00       | 24.00       | 24.00       | 23.00       | 23.00       | 19.00       | 21.00       | 22.00       | 26.00       | 34.00       |
| <b>Public Health</b>                    |             |             |             |             |             |             |             |             |             |             |
| Cemetery                                | 4.00        | 3.00        | 3.00        | 3.00        | 3.00        | 3.00        | 3.00        | 3.00        | 2.00        | 3.00        |
| Dog Warden                              | 1.00        | 1.00        | 1.00        | 0.00        | 1.00        | 1.00        | 1.00        | 1.00        | 1.00        | 2.00        |
| Health Department                       | 20.00       | 23.00       | 19.00       | 25.00       | 23.00       | 22.00       | 22.00       | 21.00       | 24.00       | 24.00       |
| <b>Community Environment</b>            |             |             |             |             |             |             |             |             |             |             |
| Building Inspection                     | 6.00        | 9.00        | 8.00        | 10.00       | 10.00       | 8.00        | 8.00        | 8.00        | 9.00        | 8.00        |
| <b>Economic Development</b>             |             |             |             |             |             |             |             |             |             |             |
| Community Development                   | 22.00       | 22.00       | 21.00       | 22.00       | 19.00       | 19.71       | 22.00       | 22.00       | 22.00       | 20.00       |
| <b>Leisure Time Activities</b>          |             |             |             |             |             |             |             |             |             |             |
| Parks & Recreation                      | 7.00        | 10.00       | 9.00        | 9.00        | 6.00        | 4.00        | 10.00       | 6.00        | 14.00       | 23.00       |
| <b>Basic Utility Services</b>           |             |             |             |             |             |             |             |             |             |             |
| Water                                   | 62.93       | 57.58       | 55.42       | 56.64       | 59.42       | 56.20       | 64.20       | 71.20       | 73.20       | 58.48       |
| Water Pollution Control                 | 64.00       | 66.67       | 60.48       | 66.71       | 66.48       | 69.25       | 73.25       | 76.25       | 76.25       | 66.52       |
| <b>Internal Services</b>                |             |             |             |             |             |             |             |             |             |             |
| Garage                                  | 9.00        | 9.00        | 9.00        | 11.00       | 13.00       | 10.00       | 9.00        | 7.00        | 9.00        | 11.30       |
| Hospitalization                         | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        | 0.50        |
| Totals:                                 | 538         | 552         | 531         | 545         | 544         | 500         | 546         | 572         | 606         | 590         |

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.

This page is intentionally left blank

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

| Function/program   | 2009   | 2008   | 2007   |
|--|--------|--------|--------|
| <b>General Government (3)</b>                              |        |        |        |
| Purchase Orders Issued                                     | 2,874  | 3,628  | 3,591  |
| <b>Security of Persons and Property</b>                    |        |        |        |
| <b>Police (4) (a)</b>                                      |        |        |        |
| Total Arrests  | 3,784  | 4,115  | 4,043  |
| Offenses (major offenses such as murder and rape)          | 76     | 36     | 24     |
| Offenses (major offenses such as robbery and agg. assault) | 322    | 150    | 295    |
| Offenses (major offenses such as vehicle theft)            | 169    | 46     | 145    |
| DUI Arrests  | 237    | 159    | 166    |
| Prisoners  | 4,139  | 2,427  | 0      |
| Motor Vehicle Accidents                                    | 1,145  | 1,531  | 1,646  |
| Calls for Service  | 59,891 | 50,583 | 59,070 |
| <b>Fire (5)</b>  |        |        |        |
| Emergency responses  | 1,659  | 1,676  | 1,620  |
| Fire Safety Inspections/Re-Inspections                     | 810    | 1,110  | 627    |
| Fire Protection Systems Inspected                          | 64     | 40     | 46     |
| Building/Fire Protection Plan Review                       | 35     | 70     | 30     |
| <b>Transportation (6)</b>                                  |        |        |        |
| Road Maintenance (man hours)*                              | 21,028 | 26,783 | 28,868 |
| Asphalt (hot/cold) used in road maintenance (tons)         | 1,282  | 1,824  | 1,423  |
| Concrete used in road maintenance (yards)                  | 2,529  | 561    | 2,684  |
| Number of Trees Removed                                    | 64     | 41     | 62     |
| Truckloads of leaves picked-up                             | 150    | 132    | 743    |
| Cubic Yards of leaf humus delivered/sold                   | 502    | 486    | 307    |
| Cubic Yards of wood chips delivered/sold                   | 135    | 125    | 241    |
| Tons of snow melting salt purchased                        | 3,671  | 4,898  | 10,081 |
| <b>Public Health</b>                                       |        |        |        |
| Help Me Grow Visits (0-3 years of age) (2)                 | 2,232  | 3,886  | 2,797  |
| Adult Immunizations (2)                                    | 5,280  | 1,180  | 1,032  |
| Children Immunizations (2)                                 | 2,329  | 2,569  | 2,651  |
| Child Health Clinics (0-21 years) (2)                      | 376    | 433    | 440    |
| HIV testing (2)  | 545    | 425    | 561    |
| Number of Births (2)                                       | 1,016  | 1,105  | 1,112  |
| Number of Deaths (2)                                       | 892    | 875    | 896    |

\* 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



| 2006   | 2005   | 2004   | 2003   | 2002   | 2001   | 2000   |
|--------|--------|--------|--------|--------|--------|--------|
| 3,398  | 3,824  | 3,813  | 3,942  | 4,097  | 4,314  | 4,947  |
| 6,455  | 2,536  | 2,345  | 2,801  | 3,139  | 3,205  | 3,214  |
| 10     | 20     | 27     | 15     | 16     | 23     | 26     |
| 283    | 316    | 286    | 261    | 255    | 256    | 253    |
| 146    | 161    | 89     | 100    | 97     | 149    | 140    |
| 123    | 171    | 155    | 175    | 250    | 239    | 289    |
| 0      | 0      | 2,612  | 4,121  | 4,754  | 3,205  | 3,214  |
| 1,521  | 1,620  | 1,683  | 1,805  | 2,018  | 2,011  | 2,095  |
| 64,344 | 46,321 | 45,663 | 43,543 | 45,384 | 43,234 | 41,345 |
| 2,446  | 3,382  | 3,127  | 3,514  | 3,300  | 3,502  | 1,921  |
| 795    | 437    | 763    | 732    | 321    | 841    | 926    |
| 53     | 32     | 37     | 13     | 10     | 33     | 11     |
| n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    |
| 14,932 | 18,364 | 17,844 | 19,830 | 15,882 | 23,592 | 24,545 |
| 1,188  | 1,801  | 1,421  | 1,061  | 873    | 1,160  | 1,917  |
| 1,530  | 965    | 1,721  | 1,670  | 867    | 1,986  | 3,482  |
| 91     | 77     | 66     | 113    | 96     | 93     | 83     |
| 129    | 231    | 223    | 217    | 230    | 227    | 219    |
| 139    | 262    | 209    | 52     | 10     | 175    | n/a    |
| 23     | 177    | 152    | 260    | 221    | 214    | 191    |
| 3,892  | 5,797  | 3,940  | 8,761  | 6,253  | 8,060  | 7,401  |
| 2,257  | 2,459  | 2,170  | 2,758  | 2,464  | n/a    | n/a    |
| 1,783  | 2,660  | 1,700  | 2,625  | 3,100  | n/a    | n/a    |
| 2,681  | 2,616  | 2,831  | 3,014  | 2,476  | n/a    | n/a    |
| 517    | 581    | 700    | 838    | 81     | n/a    | n/a    |
| 561    | 591    | 586    | 557    | 823    | n/a    | n/a    |
| 1,250  | 1,134  | 1,188  | 1,215  | 1,333  | 1,507  | 1,390  |
| 903    | 890    | 954    | 943    | 980    | 891    | 886    |

(Continued)

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

| Function/program                                     | 2009         | 2008         | 2007         |
|--|--------------|--------------|--------------|
| <b>Public Health (continued)</b>                     |              |              |              |
| Number of Environmental Inspections (2)              | 2,047        | 2,884        | 3,287        |
| City of Lorain's Recycling Activity-in tons (10)     | 899          | 1,113        | 1,224        |
| Cemetery Internments (9)                             | 105          | 130          | 149          |
| Cemetery Spaces/Lots purchased (9)                   | \$66,625     | \$72,440     | \$63,075     |
| Internment Fess/Misc. Fees (9)                       | \$117,575    | \$114,175    | \$106,875    |
| <b>Community Environment (1)</b>                     |              |              |              |
| Construction Permits Issued                          | 4,359        | 4,146        | 4,406        |
| Estimated Value of Construction                      | \$56,464,393 | \$31,317,509 | \$40,752,431 |
| Number of Planning Commission docket items           | 43           | 48           | 21           |
| <b>Economic Development (10)</b>                     |              |              |              |
| Number of Loans - Home In-Fill                       | 3            | 0            | 6            |
| Number of Loans - Home Rehab                         | 5            | 7            | 3            |
| Number of Loans - Business                           | 0            | 1            | 4            |
| Number of Loans/Projects - 108                       | 2            | 0            | 1            |
| Number of Loans/Projects - CDBG                      | 0            | 1            | 1            |
| Number of Loans/Projects - EDA Title IX              | 3            | 0            | 3            |
| Number of Loans/Projects - Rental Rehab              | 1            | 0            | 1            |
| Number of Loans/Projects - UDAG                      | 0            | 0            | 0            |
| Economic Development Projects approved (square feet) | 429,000      | 1,200        | 154,538      |
| <b>Leisure Time Activities (7)</b>                   |              |              |              |
| No. of People attending Summer Rec Programs          | 0            | 270          | 206          |
| Attendance at Santa land                             | 3,032        | 2,756        | 2,482        |
| <b>Water/Water Pollution Control</b>                 |              |              |              |
| Water/Sewer Bills mailed (8)                         | 289,409      | 295,357      | 296,971      |
| Number of Loans -Emergency Loan Program (10)         | 0            | 3            | 6            |

\* 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

| 2006         | 2005         | 2004         | 2003         | 2002         | 2001         | 2000         |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 2,761        | 2,805        | 2,693        | 2,770        | 2,417        | 4,278        | 7,679        |
| 953          | 1,178        | 1,218        | 1,133        | 1,092        | 1,265        | 1,283        |
| 153          | 160          | 155          | 160          | 176          | 192          | 151          |
| \$54,300     | \$56,750     | \$62,725     | \$51,580     | \$47,645     | \$48,535     | \$39,570     |
| \$111,682    | \$110,300    | \$74,370     | \$76,680     | \$81,420     | \$85,720     | \$63,975     |
| 5,763        | 5,502        | 5,529        | 6,140        | 6,006        | 6,704        | 4,559        |
| \$68,451,638 | \$48,208,912 | \$92,157,798 | \$67,034,093 | \$48,218,378 | \$39,501,474 | \$33,866,860 |
| 48           | n/a          | 26           | 9            | 18           | 27           | 28           |
| 4            | 12           | 7            | 6            | 4            | 1            | 0            |
| 16           | 5            | 7            | 14           | 7            | 12           | 23           |
| 1            | 2            | 5            | 4            | 5            | 5            | 5            |
| 0            | 1            | 0            | 1            | 6            | 4            | 0            |
| 0            | 1            | 0            | 2            | 3            | 2            | 2            |
| 1            | 2            | 4            | 3            | 4            | 8            | 8            |
| 1            | 2            | 1            | 1            | 1            | 1            | 1            |
| 1            | 0            | 0            | 2            | 2            | 1            | 1            |
| 10,820       | 24,200       | 63,242       | 98,202       | 205,188      | 107,455      | 34,986       |
| 233          | 144          | n/a          | 133          | 121          | 116          | n/a          |
| 2,469        | 3,232        | 1,962        | 1,183        | 2,786        | 2,701        | 1,927        |
| 295,889      | 288,314      | 290,530      | 287,669      | 286,844      | 285,373      | 284,675      |
| 0            | 0            | 0            | 0            | 0            | 0            | 0            |

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

| <b>Function/program</b>                  | <b>2009</b> | <b>2008</b> | <b>2007</b> | <b>2006</b> |
|--|-------------|-------------|-------------|-------------|
| <b>General Government</b>                |             |             |             |             |
| Engineering Vehicles (2)                 | 8           | 8           | 8           | 8           |
| Mayor Vehicles (10)                      | 0           | 0           | 1           | 1           |
| <b>Security of Persons and Property</b>  |             |             |             |             |
| <b>Police (5)</b>                        |             |             |             |             |
| Stations                                 | 2           | 2           | 2           | 4           |
| Vehicles                                 | 113         | 113         | 113         | 111         |
| <b>Fire (6)</b>                          |             |             |             |             |
| Stations                                 | 4           | 4           | 4           | 4           |
| Vehicles                                 | 20          | 20          | 23          | 28          |
| <b>Transportation</b>                    |             |             |             |             |
| Streets (miles) (7)                      | 285         | 285         | 285         | 285         |
| Number of Traffic lights (2)             | 488         | 488         | 410         | 518         |
| Vehicles (7)                             | 78          | 78          | 71          | 52          |
| <b>Community Environment</b>             |             |             |             |             |
| Inspection Vehicles (1)                  | 8           | 8           | 9           | 9           |
| <b>Economic Development</b>              |             |             |             |             |
| Community Development Vehicles (4)       | 8           | 10          | 8           | 7           |
| <b>Leisure Time Activities (8)</b>       |             |             |             |             |
| Number of Parks                          | 56          | 56          | 56          | 56          |
| Number of Pools                          | 3           | 3           | 3           | 3           |
| Vehicles Parks Department                | 17          | 17          | 17          | 18          |
| <b>Water/Water Pollution Control (9)</b> |             |             |             |             |
| Sanitary sewers (miles)                  | 278         | 278         | 277         | 277         |
| Water lines (miles)                      | 294         | 294         | 293         | 293         |
| Vehicles                                 | 90          | 82          | 82          | 85          |

**Sources:**

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

n/a: Information not available

| 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|------|------|------|------|------|------|
| 7    | 6    | 6    | 6    | 6    | 6    |
| 1    | 1    | 1    | 1    | 1    | 1    |
| 3    | 3    | 4    | 2    | 2    | 3    |
| 101  | 92   | 92   | 112  | n/a  | n/a  |
| 4    | 4    | 4    | 4    | 4    | 4    |
| 26   | 27   | 28   | 28   | 27   | 26   |
| 285  | 281  | 279  | 279  | 265  | 220  |
| 528  | 528  | 528  | 528  | 522  | 522  |
| 38   | 44   | 45   | 45   | 43   | 41   |
| 7    | 7    | 6    | 6    | 6    | 6    |
| 8    | 7    | 7    | 7    | 7    | 6    |
| 57   | 57   | 57   | 57   | 57   | 56   |
| 3    | 3    | 3    | 3    | 3    | 3    |
| 22   | n/a  | n/a  | n/a  | 26   | n/a  |
| 280  | 280  | 280  | 271  | 267  | 267  |
| 310  | 310  | 310  | 299  | 297  | 297  |
| 86   | 90   | 90   | 90   | 90   | 85   |



# **City of Lorain, Ohio**

**Single Audit Reports  
December 31, 2009**

# City of Lorain, Ohio

For The Year Ended December 31, 2009

## Table of Contents

---

| <u>Title</u>  | <u>Page</u> |
|---|-------------|
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ..... | 1-2         |
| Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 .....   | 3-4         |
| Schedule of Expenditures of Federal Awards .....  | 5-6         |
| Notes to the Schedule of Expenditures of Federal Awards.....  | 7           |
| Schedule of Findings<br>OMB Circular A-133 Section .505 .....   | 8-11        |
| Schedule of Prior Audit Findings<br>OMB Circular A-133 Section .315(b).....   | 12          |
| Schedule of Responses .....   | 13-14       |



**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, 2009, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 29, 2010, wherein we noted the City adopted *GASB Statement Nos. 52, 53, 55, 56, 57, and 58*. 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2009-006.

Members of the City Council  
City of Lorain, Ohio

### **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 and responses as items 2009-1 through 2009-5.

We noted certain matters that we have reported to management of the City in a separate letter dated June 29, 2010.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. 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.

*Cioni & Parichi, Inc.*

Cleveland, Ohio  
June 29, 2010

**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, 2009. 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, 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, 2009.

**Internal Control over Compliance**

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Members of the City Council  
City of Lorain, Ohio

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, 2009, and have issued our report thereon dated June 29, 2010, which contained unqualified opinions on those financial statements, wherein we noted the City implemented *GASB Statement Nos. 52, 53, 55, 56, 57 and 58*, as disclosed in Note 3. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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.

*Cini & Parichi, Inc.*

Cleveland, Ohio  
June 29, 2010

# City of Lorain, Ohio

## Schedule of Expenditures of Federal Awards

**For The Year Ended December 31, 2009**

| <u>Federal Program</u>  | <u>CFDA<br/>Number</u> | <u>Pass-Through<br/>Agency<br/>Awarding<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|------------------------|--|---------------------------------|
| <b>U.S. Department of Housing<br/>And Urban Development</b>                 |                        |  |                                 |
| Community Development Block Grant (CDBG) Cluster:                           |                        |  |                                 |
| Community Development Block Grant   | 14.218                 |  | \$ 1,929,989                    |
| Community Development Block Grant –<br>Neighborhood Stabilization Program   | 14.218                 |  | 791,542                         |
| Section 108 Program   | 14.248                 |  | 98,786                          |
| ARRA – Community Development Block<br>Grant-Recovery                        | 14.253                 |  | <u>2,800</u>                    |
| Total CDBG Cluster  |                        |  | <u>2,823,117</u>                |
| Economic Development Initiative<br>Special Project, Neighborhood Initiative | 14.251                 | B-06-SP-OH-0782  | 39,526                          |
| HOME Investment Partnership Program   | 14.239                 |  | 534,425                         |
| ARRA – Homelessness Prevention and Rapid<br>Re-Housing Program              | 14.257                 | S-09-MY-39-0016  | <u>44,414</u>                   |
| Total U.S. Department of Housing<br>and Urban Development                   |                        |  | <u>3,441,482</u>                |
| <b>U.S. Department of Health and Human Services</b>                         |                        |  |                                 |
| Passed-through Ohio Department of Health:                                   |                        |  |                                 |
| Public Health Infrastructure Grant  | 93.283                 | 47-1-001-2-PI-0110                                     | 38,768                          |
| Public Health Infrastructure Grant  | 93.283                 | 47-1-001-2-PI-0209                                     | 62,486                          |
| HIV Prevention Grant  | 93.940                 | 07320012HP08   | 29,640                          |
| Cardiovascular Health Grant   | 93.991                 | 47-2-002-4-CH-0108                                     | <u>77,691</u>                   |
| Total U.S. Department of Health and<br>Human Services                       |                        |  | <u>208,585</u>                  |

The accompanying notes are an integral part of this schedule.

# City of Lorain, Ohio

## Schedule of Expenditures of Federal Awards (Continued)

**For The Year Ended December 31, 2009**

| <u>Federal Program</u>   | <u>CFDA<br/>Number</u> | <u>Pass-Through<br/>Agency<br/>Awarding<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|--|------------------------|--|---------------------------------|
| <b>U.S. Department of Justice</b>  |                        |  |                                 |
| COPS Cluster:  |                        |  |                                 |
| ARRA – Public Safety Partnership and Community Policing Grant (COPS)                 | 16.710                 | 2009-RK-WX-0681  | 47,375                          |
| Public Safety Partnership and Community Policing Grant (COPS)                        | 16.710                 | 08-CK-WX-0621  | 233,825                         |
| Public Safety Partnership and Community Policing Grant (COPS)                        | 16.710                 | 09-CK-WX-0320  | <u>28,998</u>                   |
| Total COPS Cluster   |                        |  | 310,198                         |
| Passed-through Ohio Department of Public Safety:                                     |                        |  |                                 |
| Anti Gang Initiative Grant   | 16.744                 | 2003-PS-PSN-399  | 8,890                           |
| Passed-through City of Cleveland:  |                        |  |                                 |
| Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant | 16.579                 | 2007-DD-BX-0650  | 101,330                         |
| Passed-through Lorain County Sherriff:   |                        |  |                                 |
| ARRA – Edward Byrne Memorial Justice Assistance Grant Program                        | 16.804                 | 2009-SB-0548a  | 20,490                          |
| Passed-through Lorain County:  |                        |  |                                 |
| Edward Byrne Memorial Justice Assistance Grant Program                               | 16.738                 | 2008-F4166-OH-DJ                                       | <u>7,840</u>                    |
| Total U.S. Department of Justice   |                        |  | <u>448,748</u>                  |
| <b>U.S. Department of Homeland Security</b>  |                        |  |                                 |
| Assistance to Firefighters Grant   | 97.044                 | FEMA-EMW-2008-FO-06350                                 | <u>65,567</u>                   |
| Total U.S. Department of Homeland Security   |                        |  | <u>65,567</u>                   |
| <b>Environmental Protection Agency</b>   |                        |  |                                 |
| Brownfields Assessment and Cleanup Cooperative Agreements                            | 66.818                 | BF00E438010  | <u>306,050</u>                  |
| Total Environmental Protection Agency  |                        |  | <u>306,050</u>                  |
| Total Federal Awards Expenditures  |                        |  | \$ <u>4,470,432</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, 2009

---

#### 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, 2009 are as follows:

| <u>Loan Date</u>  | <u>Loan Amount</u> | <u>Length of Term</u> | <u>Balance at<br/>December 31, 2009</u> |
|-------------------|--------------------|-----------------------|---|
| December 15, 1992 | \$ 2,200,000       | 20 years              | \$ 330,000                              |
| December 15, 1992 | 200,000            | 20 years              | 30,000                                  |
| June 14, 2000     | 2,500,000          | 19.5 years            | 1,250,000                               |
| August 8, 2002    | 2,000,000          | 19 years              | 1,125,000                               |
| July 6, 2004      | 2,200,000          | 20 years              | 1,815,000                               |

# City of Lorain, Ohio

## Schedule of Findings

December 31, 2009

### 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)? | No  |
| (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   | Community Development Block Grant, CFDA # 14.218, Community Development Block Grant-Neighborhood Stabilization Program, CFDA # 14.218, Section 108 Program, CFDA # 14.248, ARRA – Community Development Block Grant-Recovery, CFDA 14.253, COPS Grant, CFDA #16,710, ARRA – COPS Grant, CFDA #16,710, and Brownfields Assessment and Cleanup Cooperative Agreements, CFDA #66.818 |
| (d)(I)(viii) | Dollar Threshold: Type A/B Programs  | Type A: > \$300,000<br>Type B: All Others   |
| (d)(I)(ix)   | Low Risk Auditee?  | No  |



# City of Lorain, Ohio

## Schedule of Findings (Continued)

**December 31, 2009**

---

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

#### 2009-1 – 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, 2009:

|                        |  |              |
|------------------------|--|--------------|
| Major Fund:            |  |              |
| General Fund           |  | \$ 1,826,925 |
| Nonmajor Fund:         |  |              |
| Special Revenue Funds: |  |              |
| Fire Pension           |  | 215,040      |
| Police Pension         |  | 195,785      |
| Internal Service Fund: |  |              |
| Garage                 |  | 57,148       |

#### 2009-2 – 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, 2009, the City had expenditures plus encumbrances in excess of appropriations as follows:

| <u>Major Funds</u>                              | <u>Excess</u> |
|---|---------------|
| General Fund:                                   |               |
| Police Department                               |               |
| Wages and Benefits                              | \$ 34,796     |
| Fire Department                                 |               |
| Wages and Benefits                              | 256,827       |
| Other Financing Sources                         |               |
| Transfers Out                                   | 158,841       |
| <u>Non-Major Funds</u>                          |               |
| Police Levy Special Revenue Fund:               |               |
| Wages and Benefits                              | 54,580        |
| Riverfront Urban Renewal Capital Projects Fund: |               |
| Transfers Out                                   | 15            |
| Garage Internal Service Fund:                   |               |
| Other Operating                                 | 250           |

# City of Lorain, Ohio

## Schedule of Findings (Continued)

**December 31, 2009**

---

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

#### 2009-3 – Material noncompliance

The Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of a deficiency in receipts will reduce available resources below the current level of appropriation. The total appropriations made during a fiscal year from any fund must not exceed 1) the amount contained in the certificate of estimated resources; 2) the most recently amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation; and 3) actual resources which is the beginning unencumbered fund balance plus actual receipts. Ciuni & Panichi, Inc. noted several funds where appropriations materially exceeded actual resources. We recommend the City decrease appropriations when the amount of actual resources is expected to be less than appropriations due to a deficiency in receipts.

#### 2009-4 – Material noncompliance

Ohio Revised Code Section 723.52 requires that when the cost of construction work on a street exceeds \$30,000, the project must be subject to competitive bidding. The cost of the labor, material, and equipment used by the City to complete the Oberlin Avenue project exceeded this limit. Therefore, the City of Lorain did violate the relevant force account limit for this project. Ohio Revised Code Section 117.16 provides a mandatory penalty when there has been a violation of the force account limits established for a particular political subdivision. The penalty for such a violation by a municipal corporation is that the entity's force account limit shall be reduced to \$10,000 for a period of one year from the date of notification. Because the City of Lorain failed to comply with the statutory force account limits in its completion of the Oberlin Avenue project, the City will be required to abide by a reduced force account limit of \$10,000 until February 9, 2011.

#### 2009-5 – Material noncompliance

Ohio Revised Code Section 5705.10 states that in order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established. During 2009, it was noted that material advances were made from the Water Works Enterprise Fund and the Water Pollution Control Enterprise Fund to the General Fund to cover operating expenses of the City. These advances were repaid during 2009.

# City of Lorain, Ohio

## Schedule of Findings (Continued)

**December 31, 2009**

---

### 2009-6 –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. Adjusted accounts payable 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 2009.

# City of Lorain, Ohio

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

**December 31, 2009**

| Finding No. | Finding Summary   | Fully Corrected | Explanation  |
|-------------|---|-----------------|--|
| 2008-1      | <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, 2008, the City's general fund and fire pension special revenue 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 2009. |
| 2008-2      | <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, 2008, the City had expenditures plus encumbrances in excess of appropriations in multiple 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 2009. |
| 2008-3      | <p>The following audit adjustments were made to the December 31, 2008 financial statements:</p> <ol style="list-style-type: none"> <li>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.</li> <li>3. Adjusted income tax receivable to actual.</li> </ol> <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 2009.   |

## City of Lorain

**200 West Erie Avenue, 6<sup>th</sup> Floor  
Lorain, Ohio 44052  
(440) 204-2090**

Response to Findings Associated With  
Audit Conducted In Accordance With  
*Government Auditing Standards*  
For The Year Ended December 31, 2009

| <b>Finding Number</b> | <b>Management's Response</b>  | <b>Anticipated Completion Date</b> | <b>Responsible Contact Person</b> |
|-----------------------|---|------------------------------------|-----------------------------------|
| 2009-1                | Management will monitor fund balances and properly advance funds to cover deficit fund balances, if necessary.  | N/A                                | Ronald Mantini,<br>Auditor        |
| 2009-2                | Management will monitor expenditures and encumbrances and amend appropriations, if necessary.   | N/A                                | Ronald Mantini,<br>Auditor        |
| 2009-3                | Management will monitor actual revenues and appropriations, and request a reduced certificate if necessary.   | N/A                                | Ronald Mantini,<br>Auditor        |
| 2009-4                | When the cost of construction work on a street exceeds \$30,000, Management will ensure that the project is subject to competitive bidding.   | N/A                                | Ronald Mantini,<br>Auditor        |
| 2009-5                | The City, based on advice given to us by the Auditor of State's office beginning in 2004 used procedures for advancing funds for the purpose of alleviating cash flow issues within the City. The advice was properly followed. The procedures recommended and followed included obtaining legislative approval of the advances which included stating the source of the advance, the source of repayment, and stating the time frame for repayment of the advances. These advances were temporary advances, not permanent transfers, and they were subsequently repaid in full. All funds within the Water Works and Water Pollution Control Funds were used only for the purposes established as stated in Ohio Revised Code Section 5705.10. Finally, know that the City has not been cited for this procedure in any year from 2004 through 2008 and believes firmly that based on the prior Auditor's recommendation that this non-compliance should be rescinded. | N/A                                | Ronald Mantini,<br>Auditor        |

**City of Lorain**

**200 West Erie Avenue, 6<sup>th</sup> Floor  
Lorain, Ohio 44052  
(440) 204-2090**

Response to Findings Associated With  
Audit Conducted In Accordance With  
*Government Auditing Standards*  
For The Year Ended December 31, 2009

|        |  |     |                            |
|--------|--|-----|----------------------------|
| 2009-6 | Management will create and implement written policies and procedures relating to the financial reporting process | N/A | Ronald Mantini,<br>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  
SEPTEMBER 7, 2010**