



Dave Yost • Auditor of State

CITY OF LORAIN
LORAIN COUNTY

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**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor	Federal	
<i>Pass Through Grantor</i>	CFDA	
Program Title	Number	Disbursements
U.S. Department of Housing and Urban Development		
<i>Direct Funding</i>		
Community Development Block Grant Cluster:		
Community Development Block Grant	14.218	\$2,684,577
ARRA Community Development Block Grant	14.253	<u>269,725</u>
Total Community Development Block Grant Cluster		<u>2,954,302</u>
Community Development Block Grant - Section 108 Loan Guarantees	14.248	15,007
Economic Development Initiative Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	166,269
HOME Investment Partnership Program	14.239	367,300
ARRA Homelessness Prevention and Rapid Re-Housing Program	14.257	122,867
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	62,427
Total U.S. Department of Housing and Urban Development		<u>3,688,172</u>
U.S. Department of Transportation		
<i>Passed Through Ohio Department of Transportation</i>		
ARRA Federal-Aid Highway Program	20.205	33,256
<i>Passed Through Ohio Department of Public Safety</i>		
State and Community Highway Safety	20.600	39,802
Total U.S. Department of Transportation		<u>73,058</u>
U.S. Department of Health and Human Services		
<i>Direct Funding</i>		
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1,080,447
<i>Passed Through Ohio Department of Health</i>		
CDC Investigations, Technical Assistances and Affordable Care Act Projects	93.283	127,704
HIV Prevention Program	93.940	31,419
Total U.S. Department of Health and Human Services		<u>1,239,570</u>
U.S. Department of Justice		
<i>Direct Funding</i>		
Bulletproof Vest Partnership Program	16.607	12,002
ARRA Public Safety Partnership and Community Policing Grant (COPS)	16.710	267,671

**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor	Federal	
<i>Pass Through Grantor</i>	CFDA	
Program Title	Number	Disbursements
CONTINUED		
<i>Passed Through Ohio Department of Public Safety</i>		
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	25,000
Anti-Gang Initiative Grant	16.744	10,000
<i>Passed Through Lorain County Sheriff</i>		
ARRA Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.804	157,561
<i>Passed Through Lorain County</i>		
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	26,529
Total U.S. Department of Justice		<u>498,763</u>
U.S. Department of Homeland Security		
<i>Direct Funding</i>		
Assistance to Firefighters Grant	97.044	697,415
Total U.S. Department of Homeland Security		<u>697,415</u>
U.S. Environmental Protection Agency		
<i>Direct Funding</i>		
Brownsfield Assessments and Cleanup Cooperative Agreements	66.818	202,290
Total U.S. Environmental Protection Agency		<u>202,290</u>
U.S. Department of Energy		
<i>Direct Funding</i>		
ARRA Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	50,227
Total U.S. Department of Energy		<u>50,227</u>
U.S. Department of Commerce		
<i>Direct Funding</i>		
Habitat Conservation	11.463	1,067,438
Total U.S. Department of Commerce		<u>1,067,438</u>
U.S. Department of the Interior		
<i>Direct Funding</i>		
Fish and Wildlife Management Assistance	15.608	233,669
Total U.S. Department of the Interior		<u>233,669</u>
Total Federal Disbursements		<u>\$7,750,602</u>

The accompanying notes are an integral part of this schedule.

**CITY OF LORAIN
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the City of Lorain's (the City's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The City passes certain federal awards received from the U.S. Department of Housing and Urban Development and the U.S. Department of Health and Human Services to other governments or not-for-profit agencies (subrecipients). As Note A describes, the City reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE C - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the properties.

Activity in the CDBG revolving loan fund during 2011 is as follows:

Beginning loans receivable balance as of January 1, 2011	\$15,194,649
Loans made	929,479
Loan principal repaid	2,725,569
Loans written off during year	20,008
Ending loans receivable balance as of December 31, 2011	\$13,378,551
Cash balance on hand in the revolving loan fund as of December 31, 2011	\$632,328
Administrative costs expended during 2011	32,632

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2011, the City estimates \$457,453 to be uncollectible.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Lorain
Lorain County
200 West Erie Avenue
Lorain, Ohio 44052

To the City Council:

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, Lorain County, Ohio (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2012, wherein we noted the City implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and restated the December 31, 2010 fund balances due to a change in fund structure, and we also noted the City restated the December 31, 2010 Net Assets of the Business-Type Activities to properly account for the City's capital assets. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 27, 2012.

We intend this report solely for the information and use of management, City Council, the Finance Committee, federal awarding agencies and pass-through entities and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 27, 2012



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND ON THE SCHEDULE OF FEDERAL AWARD EXPENDITURES

City of Lorain
Lorain County
200 West Erie Avenue
Lorain, Ohio 44052

To the City Council:

Compliance

We have audited the compliance of the City of Lorain (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 could directly and materially affect each of the City of Lorain's major federal programs for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings and questioned costs identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the City's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with these requirements.

As described in findings 2011-01 and 2011-02 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding cash management and reporting applicable to its Assistance to Firefighters major federal program. Compliance with these requirements is necessary, in our opinion, for the City to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Lorain complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

The City's management 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 directly and materially affect a major federal program, 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 opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2011-01 and 2011-02 to be material weaknesses.

Federal Awards Expenditures Schedule

We have also audited and issued our unqualified opinion on 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 (the City) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 27, 2012, wherein we noted the City restated the December 31, 2010 Net Assets of the Business-Type Activities to properly account for the City's capital assets. Our opinion also explained that the City adopted *Governmental Accounting Standard No. 54* during the year. The accompanying federal awards expenditures schedule provides additional information required by the 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 basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

City of Lorain
Lorain County
Independent Accountants' Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by OMB Circular A-133 and on the
Schedule of Federal Awards Expenditures
Page 3

We intend this report solely for the information and use of management, City Council, the Finance Committee, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 27, 2012

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CITY OF LORAIN
LORAIN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified – Cash Management and Reporting – Assistance to Firefighters Grant; Unqualified – All other requirements
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant Cluster – CFDA #14.218 and 14.253; HOME Investment Partnerships Program – CFDA #14.239; Substance Abuse and Mental Health Services: Projects of Regional and National Significance – CFDA #93.243; Assistance to Firefighters – CFDA #97.044; Habitat Conservation – CFDA #11.463
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Cash Management – Noncompliance, Material Weakness and Questioned Cost

Finding Number	2011-01
CFDA Title and Number	#97.044 Assistance to Firefighters Grant
Federal Award Number / Year	2011
Federal Agency	United States Department of Homeland Security
Pass-Through Agency	None

U.S. Department of Treasury regulations at 31 CFR part 205 require State recipients to enter into agreements that prescribe specific methods of drawing down Federal funds for selected large programs. The Assistance to Firefighters Grant (CFDA #97.044) is a reimbursement type grant. The grant agreement states that "There is no limit imposed on any funded position other than the fact that the reimbursable costs must be actual costs incurred."

During our testing of the Assistance to Firefighters Grant, we noted a reimbursement request was made by the City based on budgeted salaries and benefits for the firefighters that were hired and re-hired rather than the actual salaries and benefits incurred during the reimbursement period for the reimbursement tested. We tested one of three reimbursement requests made during the year. In this case, the budgeted amount was higher than actual costs incurred by \$61,607, resulting in an overpayment of \$61,607.

While the City did not draw down more funds than were available for the grant, if the City continues to draw down funds based on budgeted amounts, there is a risk of requesting more funds than are available for the grant, and thus, spending more funds than were available.

We recommend the City calculate actual quarterly expenditures and request reimbursements based on the actual amounts as the grant requires rather than using budgeted amounts and issue a questioned cost of \$61,607.

Officials' Response:

Management will ensure that all future requests for reimbursement are based on actual expenditures.

CITY OF LORAIN
LORAIN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2011

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)

Reporting – Noncompliance and Material Weakness

Finding Number	2011-02
CFDA Title and Number	#97.044 Assistance to Firefighters Grant
Federal Award Number / Year	2011
Federal Agency	United States Department of Homeland Security
Pass-Through Agency	None

A-102 Common Rule, 44 CFR section 13 and OMB Circular A-110, 2 CFR section 215.52 set forth financial reporting requirements for Federal grants. The Assistance to Firefighters Grant (CFDA #97.044) requires a semi-annual submission of a Federal Financial Report (FFR, SF-425). The FFR is to be submitted using the online e-grant system based on the calendar year beginning with the period after the award is made.

During our testing of the City's semi-annual FFR submissions, we noted the FFR for the period ending December 31, 2011, the City only reported disbursements through September 30, 2011, which resulted in an incorrect unobligated fund balance being reported to the granting agency. The City reported cash disbursements of \$481,383 as of December 31, 2011, while we recalculated actual disbursements of \$697,415. This resulted in an understatement of reported expenditures and an overstatement of available fund balance of \$216,032.

Incorrect reporting of federal disbursements and unobligated fund balance could result in the City spending and requesting more funds than are allowed in the grant agreement. Improper reporting could also result in a loss of funding and fewer opportunities for grants in the future.

We recommend the City ensure the accuracy of information reported to granting agencies prior to submission.

Officials' Response:

Management will review the FFR reports for accuracy and verify amounts before filing in the future.

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**CITY OF LORAIN
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	The City made unallowable advances from the Water Works Enterprise and Water Pollution Control Enterprise Funds to the General Fund.	Yes	Corrected
2010-002	ARRA expenditures were not accounted for in separate expense line items than non-ARRA expenditures.	Yes	Corrected

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City of Lorain, Ohio



Comprehensive Annual Financial Report

For the Year Ended December 31, 2011

City of Lorain, Ohio



Comprehensive Annual Financial Report

For the Year Ended December 31, 2011

Ronald L. Mantini
Lorain City Auditor

City of Lorain, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2011
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Comprehensive Annual Financial Report
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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 27, 2012

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, 2011.

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 basic 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. The Office of the Auditor of State has issued an unqualified ("clean") opinion on the City of Lorain's financial statements for the year ended December 31, 2011. The Auditor of State report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent accountants' 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 City

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 64,097 based on the most recent data from the United States Census Bureau for the year 2010. 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 11th most populous of twenty in the country.

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

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

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

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

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

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

Lorain has two Municipal Judges and a Clerk of 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.

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: Mercy Regional Medical Center, 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; Lorain City School District; Lorain Tubular, a division of United States Steel Corporation, is a leading manufacturer of seamless steel pipe; Industrias CH, S.A. (Republic Steel) is North America's leading supplier of high quality bar steel; CAMACO Inc., an automotive seating systems supplier; Wal-Mart; Grace Management Services which operates the Sprenger Health Care Systems; The Nord Center, a health care facility; Lake Point Health Center; K-mart, Kohl's Department Store, Home Depot, Lowe's, Lorain National Bank and Emerson Network Power, a major global telecommunications service provider.

In November 2011 Republic Steel announced a planned \$85.2 million investment in its Lorain facilities which will go toward installing a new electric arc furnace and supporting equipment. Republic makes highly engineered steel at the plant which has the strength needed for automotive and industrial applications. The additional capacity created by the furnace is expected to increase production by one million tons of steel per year and create an estimated 449 new jobs at the Lorain facility and add more than \$1 billion in annual economic activity to Ohio. Construction of the electric arc furnace is scheduled to begin in 2012 and to be completed in mid 2013.

In relation to the Republic Steel investment, FirstEnergy Corporation broke ground in May 2012 for a substation and associated transmission lines in Lorain designed to support the new electric arc furnace. The Black River substation will provide 138 kilovolt (or 138,000 volt) power to support future operations at Republic Steel's Lorain plant. The new substation will also have the capacity to supply power to much of the City. It eventually is expected to replace the existing Edgewater substation and transmission lines along the Lake Erie waterfront. FirstEnergy said the Black River substation will involve more than 75 FirstEnergy employees and local contractors. The new substation is expected to be online by June 2013.

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. 140 units have been built to date. 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 being discussed for 2012.
- *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, Home Depot, Applebee's Restaurant, and a Super Wal-Mart. Currently 700 jobs have been created with an annual payroll of approximately \$10.2 million. Construction began in April 2012 on a new 34,181 square foot building at the site which will hold up to 11 retail stores with 154 new parking spaces.
- *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. Plans have been presented to relocate the Black River wastewater treatment plant, and the Lorain Port Authority is working with the City and FirstEnergy Corp. on relocating overhead electric transmission lines along the waterfront. The first

step of the process has begun with the groundbreaking for the new Black River substation and transmission lines which will eventually replace the waterfront lines. The City continues to make progress in its efforts to strengthen its economic base and community development.

New and existing residential projects have been sluggish. Similar to other political subdivisions in Ohio and throughout the nation, the demand for new housing construction has considerably decreased since the housing market and the national and global economy slowed in late 2008.

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 2012 are estimated to be down from 2011 collections due mainly to the expiration of the income tax credit reduction. The City, in an attempt to maintain services in this challenging economy, has instituted a policy of setting aside a general fund balance reserve for budget stabilization of a minimum of one million dollars over the course of the next four years. The City reserved \$25,000 in 2010, \$250,000 in 2011 and a reservation of \$250,000 has been included in the 2012 budget. The City is also committed to the sound fiscal policy of maintaining a balanced budget for all City funds in 2012 and all future years.

Major Initiatives

Lorain Fire Department The fire department was awarded a 1.7 million dollar Staffing for Adequate Fire and Emergency Response (SAFER) grant from the Department of Homeland Security in March 2011. The grant runs for two years and has allowed the department to hire seven additional firefighters. The department is also currently in the process of obtaining financing for the purchase of new equipment including a new class A pumper and command vehicle in 2012.

Lorain Utilities Department The utilities department commitment to upgrade the City's aging infrastructure continued in 2011 with the continued work on the Pearl Avenue water main replacement and the start of the 28th Street waterline replacement project. The design phase of the Black River wastewater storage and conveyance tunnel, the final phase of the SSO elimination program and a first step in moving the Black River Wastewater Treatment plant location, has been completed. The first phase of the Black River tunnel construction will begin in 2012 with an estimated completion date of 2015.

The utilities department has also undertaken the Black River Restoration project. This project consists of restoration of the Black River's habitat to a condition that existed prior to the operation of the adjacent steel mills and improving the quality and functionality of the water system. The City has received a grant for \$6.3 million through the Ohio Water Development Authority funded by the American Recovery and Reinvestment Act, \$3.1 million from the U.S. Department of Commerce, National Oceanic and Atmospheric Administration (NOAA), \$339,900 from the U.S. Department of the Interior, Fish and Wildlife Service and \$101,867 from the Ohio Environmental Protection Agency to fund this project. This enterprise will continue into 2014.

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 is being 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. Through 2011 the department has committed \$900,000 to the acquisition of property for the landbanking program and over \$580,000 toward its demolition program. The NSP program will continue into 2012.

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, 2010. This was the seventeenth consecutive year that the City has achieved this prestigious award.

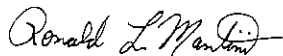
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. The CAFR is judged by an impartial 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 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. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2010

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.



Linda C. Danson

President

Jeffrey R. Emer

Executive Director

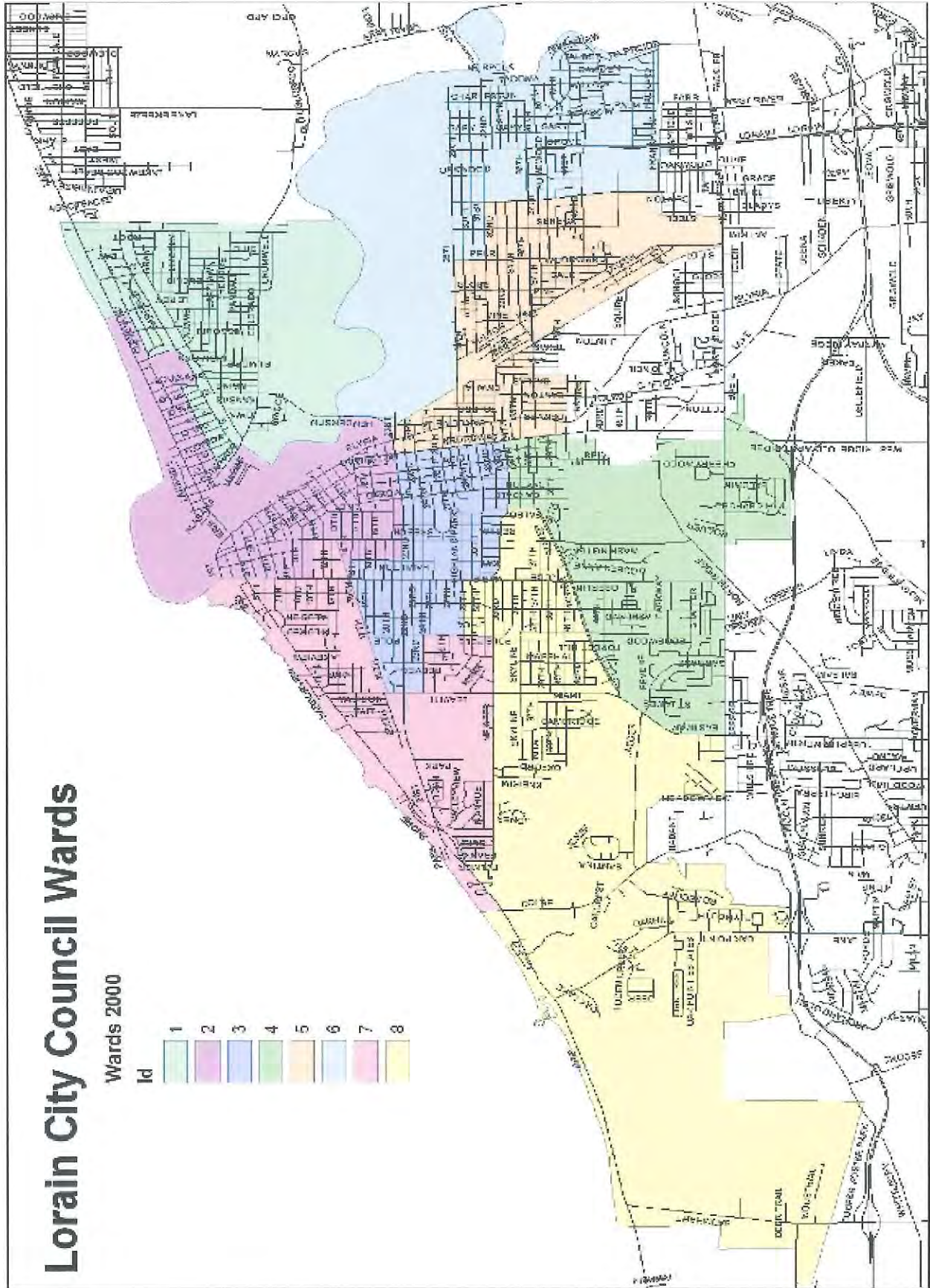
CITY OF LORAIN, OHIO
ELECTED OFFICIALS

<u>TITLE</u>	<u>NAME</u>	<u>YEARS OF SERVICE IN OFFICE</u>	<u>YEARS OF SERVICE WITH THE CITY</u>
Mayor	Tony Krasienko	4	16
City Auditor	Ronald L. Mantini	12	12
City Treasurer	Karen Shawver	2	25
Director of Law	Patrick D. Riley	3	3
Clerk of Courts	Lori Maiorana	6	31
Judge	Mark Mihok	10	23
Judge	Thomas Elwell	8	8
<i>Members of Council:</i>			
Council President	Joel Arrendondo	4	4
Council at Large	Mitchell Fallis	4	4
Council at Large	Daniel Given	6	18
Council at Large	Anne Molnar	4	12
1 ST Ward	Brian Gates	2	2
2 nd Ward	Andy Drwal	2	2
3 rd Ward	Tim D. Howard	4	4
4 th Ward	Bret Schuster	6	6
5 th Ward	Eddie Edwards	14	14
6 th Ward	Richard Lucente	2	2
7 th Ward	Myroslaw Silecky	6	6
8 th Ward	Craig Snodgrass	6	6

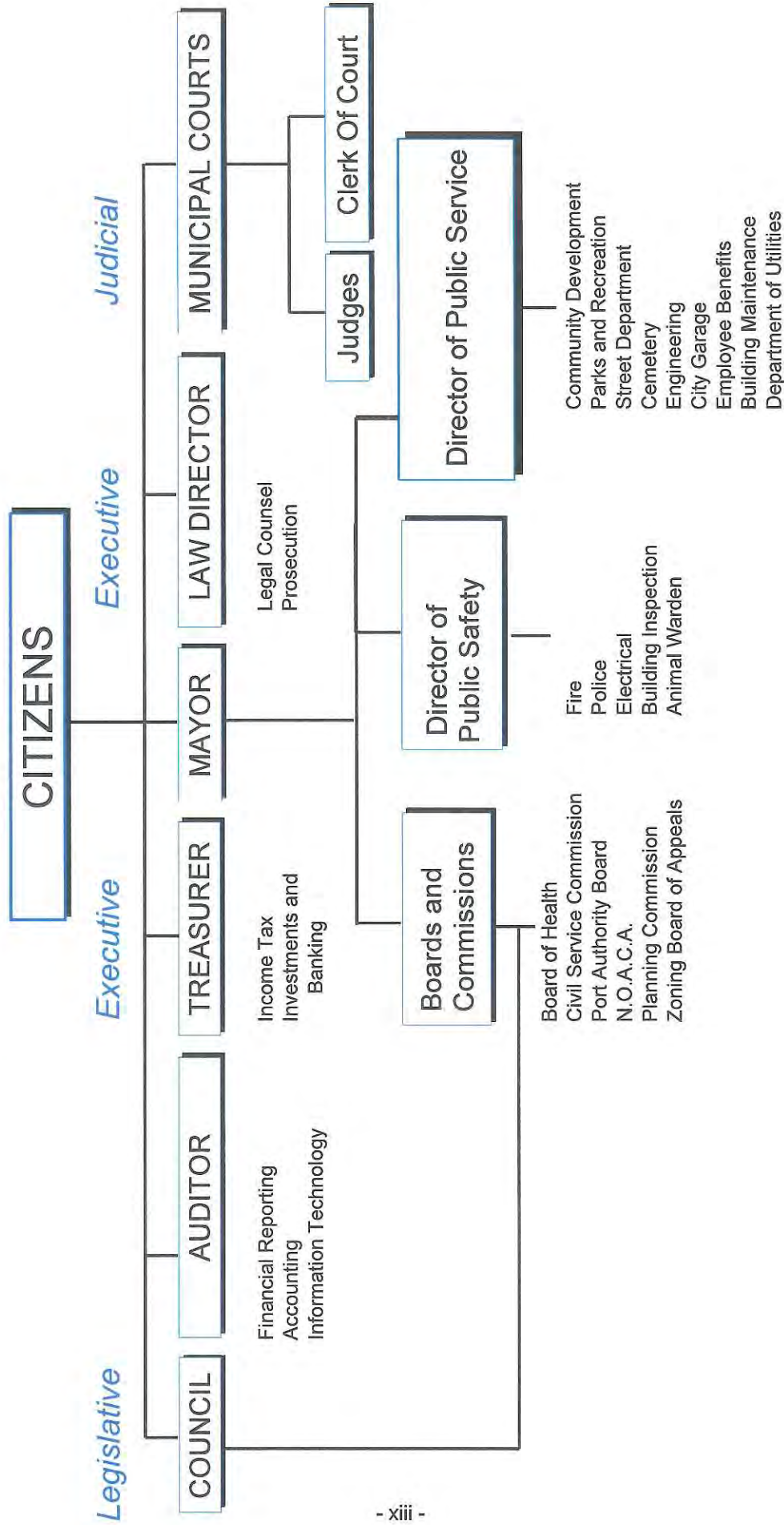
APPOINTED OFFICIALS

<u>TITLE</u>	<u>NAME</u>	<u>YEARS OF SERVICE IN OFFICE</u>	<u>YEARS OF SERVICE WITH THE CITY</u>
Director of Public Safety	Philip Dore	4	34
Director of Public Service	Joseph Arendt	1	5
Police Chief	Celestino Rivera	17	41
Fire Chief	Thomas Brown	6	24
Director of Utilities	Corey Timko	8	11
Director of Community Development	Vacant		
Director of Park & Recreation	Vacant		
Street Commissioner	Chuck Camera	21	40
Building Inspector	Richard Klinar	4	18
City Engineer	Dale Vandersommen	1	17
Chief Deputy Auditor	Anita Harper	12	12
IT Director	David Comer	18	18
Clerk of Council	Nancy Greer	17	20

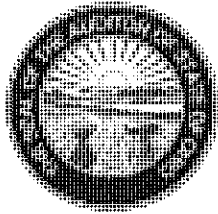
City of Lorain Voting Wards



City of Lorain - Organizational Chart







Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Lorain
Lorain County
200 West Erie Avenue
Lorain, Ohio 44052

To the City Council:

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, Lorain County, Ohio (the City), as of and for the year ended December 31, 2011, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 of Lorain, Lorain County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons 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.

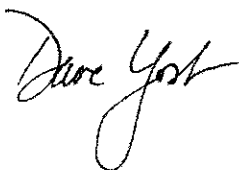
As described in Note 3, during 2011 the City of Lorain adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and restated the December 31, 2010 fund balances due to a change in fund structure.

As also described in Note 3, during 2011 the City restated the December 31, 2010 Net Assets of the Business-Type Activities to properly account for the City's capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential 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 other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

June 27, 2012

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
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, 2011. 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 2011 are:

- The General Fund budget basis fund balance increased by over \$715,000 in 2011.
- The City refinanced over \$5,000,000 in general obligation and revenue bonds to take advantage of the reduced interest rates available.
- The City introduced the implementation of the PRIDE (Partners Realistically Integrating Durable Empowerment) initiative. The PRIDE initiative is a federally funded program that is designed to provide services and resources to residents in the City who have been affected by the economy. Lorain is one of only three cities around the country to receive this four year grant from the Substance Abuse Mental Health Services Administration (SAMHSA), an office of the U.S. Department of Health and Human Services. Some of the goals of the PRIDE initiative include increasing awareness of community resources available to residents, reducing depression, anxiety, and problematic alcohol use, reduce teen depression and suicide, and improve community resilience and reduce the impact of the economic downturn on behavioral health problems.

The SAMHSA grant is funded through the City and is administered by the Alcohol and Drug Addiction Services (ADAS) Board of Lorain County. The City received and spent over \$1,080,000 of the grant funds in 2011. The grant expires September 28, 2014.

- Over \$1.2 million in Federal and State grants were received and used for police and fire equipment and personnel in 2011.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Lorain's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include general government, security of persons and property, transportation, public health, community environment, economic development, and leisure time activities. The business-type activities of the City include two enterprise activities: water works and water pollution control funds.

The government-wide financial statements can be found on pages 17 through 19 of this report

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the community development fund, the general obligation bond retirement fund, and the capital improvements fund, all of which are considered to be major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 20 through 23 of this report.

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

The City of Lorain adopts an annual appropriated budget for each of its funds. A budgetary comparison statement (non-GAAP basis) has been provided for each governmental and proprietary fund to demonstrate budgetary compliance.

Proprietary funds

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water works and water pollution control (sewer) services. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Lorain maintains two internal service funds: the garage fund which accounts for charges to various departments for fuel and maintenance on vehicles and equipment and the hospitalization fund which accounts for the hospital/medical, and prescription drug benefits for the self-insurance program for the employees of the City. The services provided by these funds predominately benefit governmental rather than business-type functions. They have been included within *governmental activities* in government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The *proprietary fund financial statements* provide separate information for the water works and water pollution control operations, both of which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary 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 basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. GASB 54 was implemented for the year 2011. Please see the notes to the basic financial statements concerning data reporting this change and the further clarification of fund balances. The notes to the financial statements can be found on pages 31 through 72 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the basic financial statements, the combining statements referred to earlier in connection with nonmajor governmental funds are presented, as well as individual detailed budgetary comparisons for all nonmajor funds. This information can be found on pages 73 through 130 of this report.

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Certain prior year amounts in this management's discussion and analysis have been reclassified for consistency.

Government-Wide Financial Analysis

The Statement of Net Assets provides the perspective of the City as a whole. Table 1 provides a summary of the City's net assets at December 31, 2011 as compared to December 31, 2010.

TABLE 1
NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and Other Assets	\$51,060,191	\$46,515,182	\$13,767,317	\$13,009,907	\$64,827,508	\$59,525,089
Capital Assets,						
Non-Depreciable	14,298,893	16,548,225	31,630,481	30,527,873	45,929,374	47,076,098
Capital Assets,						
Depreciable, Net	86,671,488	93,459,578	74,402,314	74,769,728	161,073,802	168,229,306
<i>Total Assets</i>	152,030,572	156,522,985	119,800,112	118,307,508	271,830,684	274,830,493
Liabilities						
Current and Other Liabilities	7,899,381	9,707,874	1,747,373	1,636,171	9,646,754	11,344,045
Long-Term Liabilities:						
Due Within One Year	5,307,579	4,623,885	4,221,798	4,949,656	9,529,377	9,573,541
Due in More Than One Year	49,624,669	50,809,507	46,847,928	49,459,932	96,472,597	100,269,439
<i>Total Liabilities</i>	62,831,629	65,141,266	52,817,099	56,045,759	115,648,728	121,187,025
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	60,778,723	68,630,911	56,147,460	51,984,546	116,926,183	120,615,457
Restricted:						
Capital Projects	811,105	1,748,331	0	0	811,105	1,748,331
Debt Service	2,869,661	1,976,270	0	2,763,530	2,869,661	4,739,800
Replacement and Improvement	0	0	0	300,000	0	300,000
Utility Reserve	0	0	1,338,599	1,408,605	1,338,599	1,408,605
Other Purposes	21,263,384	17,810,159	0	0	21,263,384	17,810,159
Unrestricted (Deficit)	3,476,070	1,216,048	9,496,954	5,805,068	12,973,024	7,021,116
<i>Total Net Assets</i>	\$89,198,943	\$91,381,719	\$66,983,013	\$62,261,749	\$156,181,956	\$153,643,468

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 2010 to 2011. The decline in current and other assets resulted mainly from depreciation on capital assets. Total liabilities decreased slightly from 2010 to 2011 as a result of the decrease of long-term liabilities especially outstanding debt.

Table 2 shows the changes in net assets for the years ended December 31, 2011 and 2010 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, 2011
Unaudited

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services and Assessments	\$6,372,000	\$6,058,867	\$22,030,081	\$20,882,424	\$28,402,081	\$26,941,291
Operating Grants and Contributions	12,308,149	7,940,944	0	0	12,308,149	7,940,944
Capital Grants and Contributions	70,872	2,216,642	3,612,676	4,057,648	3,683,548	6,274,290
Total Program Revenues	18,751,021	16,216,453	25,642,757	24,940,072	44,393,778	41,156,525
General Revenues:						
Municipal Income Taxes	19,023,037	17,245,252	0	0	19,023,037	17,245,252
Property Taxes	3,686,028	3,879,008	0	0	3,686,028	3,879,008
Payments in Lieu of Taxes	743,321	903,799	0	0	743,321	903,799
Investment Earnings	21,653	22,265	17	66	21,670	22,331
Grants and Entitlements not Restricted to Specific Programs	5,614,431	6,069,092	0	0	5,614,431	6,069,092
Franchise Fees	625,031	606,987	0	0	625,031	606,987
Gain on Sale of Capital Assets	0	0	0	6,606	0	6,606
Miscellaneous	539,638	1,255,426	47,187	61,891	586,825	1,317,317
Total General Revenues	30,253,139	29,981,829	47,204	68,563	30,300,343	30,050,392
Total Revenues	49,004,160	46,198,282	25,689,961	25,008,635	74,694,121	71,206,917
Program Expense:						
General Government	10,869,025	11,620,641	0	0	10,869,025	11,620,641
Security of Persons and Property	20,983,753	18,236,104	0	0	20,983,753	18,236,104
Transportation	10,920,414	12,699,874	0	0	10,920,414	12,699,874
Public Health	2,355,372	1,352,681	0	0	2,355,372	1,352,681
Community Environment	469,293	461,164	0	0	469,293	461,164
Economic Development	2,813,491	3,020,976	0	0	2,813,491	3,020,976
Leisure Time Activities	566,774	513,928	0	0	566,774	513,928
Interest and Fiscal Charges	2,308,814	2,252,399	0	0	2,308,814	2,252,399
Water Works	0	0	7,447,722	7,551,751	7,447,722	7,551,751
Water Pollution Control	0	0	13,420,975	13,566,764	13,420,975	13,566,764
Total Expenses	51,286,936	50,157,767	20,868,697	21,118,515	72,155,633	71,276,282
Increase (Decrease) in Net Assets Before Extraordinary Items and Transfers						
	(2,282,776)	(3,959,485)	4,821,264	3,890,120	2,538,488	(69,365)
Extraordinary Items	0	0	0	513,574	0	513,574
Transfers	100,000	(931,117)	(100,000)	931,117	0	0
Increase (Decrease) in Net Assets	(2,182,776)	(4,890,602)	4,721,264	5,334,811	2,538,488	444,209
Net Assets, January 1 - Restated (See Note 3)						
	91,381,719	96,272,321	62,261,749	56,926,938	153,643,468	153,199,259
Net Assets, December 31						
	\$89,198,943	\$91,381,719	\$66,983,013	\$62,261,749	\$156,181,956	\$153,643,468

Program revenues increased in 2011. This increase is primarily reflected in operating grants and contributions and corresponds to receipts from the Federal Emergency Management Association (FEMA) assistance to firefighters grant for the purpose of hiring additional firefighters, the startup of the SAMHSA grant project, and

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an increase in loan repayment revenue in the community development fund. While program revenues provide considerable assistance in the provision of governmental services, the burden of governmental support is met by general revenues such as municipal income taxes, property taxes, and unrestricted grants and entitlements. General revenues increased slightly from the prior year. The preponderance of this increase is attributable to a rise in municipal income tax collections.

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 2011, the revenue from income taxes increased as the tax credit reduction in effect for part of 2010 resulted in the additional income tax revenue collected in 2011 for the 2010 tax year. The tax credit reduction (credit reduced from a maximum of 2 percent on wages and other income earned by residents outside the City to 1 percent) that went in to effect on January 1, 2010 was subsequently reversed in November 2010 by a vote of the people of the City. The reversal was not retroactive resulting in a maximum tax credit of 1.083 percent for the 2010 tax year. See note 8 in the basic financial statements for a detailed explanation of the tax credit.

The second largest source of revenue in governmental activities, Operating Grants and Contributions, saw an increase in 2011 due to additional funding from federal and state grants for police, fire and public health 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.

Charges for services increased slightly in 2011 as a result of increased collections of fines, fees, and building permits.

Total governmental program expenses for 2011 were up as compared to 2010 as a result of increased costs associated with utilizing the grant funds received for additional police and fire personnel and the implementation of the SAMHSA grant for public health purposes. 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 2011 the police department purchased sixteen new police cruisers and a repeater radio system.

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 2011, the fire department hired seven new firefighters through funding from the FEMA SAFER grant.

Transportation expenses were for the depreciation, maintenance and repairs to the City's roads and infrastructure. Expenditures for transportation were down in 2011 due to a decrease in infrastructure projects

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undertaken and reduced depreciation expense. 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 due mainly to the collection of delinquent industrial usage charges. The City closely monitors the utility rate structure to insure it meets its operating needs including debt.

The Utilities Department continued work on the Westside relief sewer, a \$24 million upgrade project, and the Black River wastewater storage and containment tunnel design. Work continued on the Black River Restoration project during the year. This \$6.3 million project is designed to improve the river's habitat and water quality. In addition, the Pearl Avenue water mains replacement progressed and the 28th Street waterline replacement project was undertaken in 2011.

The City's Funds

Funds are created and segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Resources that are not restricted, committed, or assigned are accounted for in the general fund.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balances may serve as a useful measure of the City's net resources available for spending at the end of the year. Information about the City's governmental funds begins on page 20. These funds are accounted for using the modified accrual basis of accounting.

As of the end of the current year, the City of Lorain's governmental funds reported combined ending fund balances of \$27,407,028, an increase of \$3.5 million in comparison with the prior year. Nonspendable fund balance of \$2,723,663 includes inventory held for resale, material and supplies inventory and prepaid expenses. Fund balance in the amount of \$20,655,775 is restricted to indicate that it is not available for new spending because it has already been restricted by parties outside of the City or pursuant to enabling legislation. It is restricted for community development, debt service, police and municipal court operations, capital projects and unclaimed monies. Fund balance in the amount of \$815,854 is committed to storm sewer maintenance and improvements and contractual obligations. Assigned fund balance includes \$198,749 for general governmental operations in various departments. There is a surplus of \$3,012,987 that constitutes unassigned fund balance or all balances not previously classified.

The general fund is the main operating fund of the City. The increase in fund balance is the result of various efforts by the City to reduce spending and increase revenues. The reduction of the income tax credit as described earlier generated roughly an additional \$1.4 million in income taxes paid by residents and businesses for the 2010 tax year collected in 2011. Other efforts by management included zero wage increases for all non-bargaining and bargaining units of the City, reducing the revenue budget to limit the amount that could be legally appropriated and continued close monitoring of revenue receipts and expenditures.

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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 continued their efforts 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 accumulated excess payments in lieu of taxes received 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 bond anticipation 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.

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 2011, the City amended its general fund budget numerous times. The actual revenue amount was more than the final budget. Real estate taxes collected were under expected receipts by approximately \$390,000 and accounted for the largest negative variance in the revenue budget. In 2011 amendments of approximately \$2.7 million were made to the original budget to account for the receipt of various federal grants for police and fire personnel and police overtime, a state grant for brownfield remediation at the old ford plant site, various reimbursements, and other unanticipated miscellaneous receipts. The intergovernmental revenue excess was due to the City anticipating and budgeting for a larger reduction in local government funds than was actually realized and accounts for the largest positive variance in revenue.

Corresponding amendments based on the above revenue enhancements were made to the original appropriation budget in various departments with the exception of the local government funds.

In an effort to prevent future economic downturns from negatively affecting general fund operations, City Council passed an ordinance in March 2010 to create and maintain a reserve balance for budget stabilization. The reserve balance was set at a minimum of \$1,000,000 and is to be funded by setting aside \$250,000 per year

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beginning in 2011. The City set aside \$25,000 in 2010 and \$250,000 in 2011. The budget stabilization reserve currently has a balance of \$275,000 and is not available for appropriation in 2012. The ordinance includes provisions for repayment in circumstances where the funds must be used by the general fund. In the event it is necessary to use all or a portion of the reserve, the balance is to be replenished by securing \$250,000 a year until the balance is restored to the \$1,000,000 mark.

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

Capital Assets and Debt Administration

Capital Assets

Table 3
Capitals Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$9,513,239	\$9,513,239	\$660,071	\$660,071	\$10,173,310	\$10,173,310
Construction in Progress	4,785,654	7,034,986	30,970,410	29,867,802	35,756,064	36,902,788
Buildings and Improvements	15,716,734	15,331,627	23,912,014	24,843,222	39,628,748	40,174,849
Machinery and Equipment	9,979,752	9,443,173	6,445,016	4,397,028	16,424,768	13,840,201
Furniture and Fixtures	218,288	232,890	0	0	218,288	232,890
Infrastructure:						
Streets and Sidewalks	60,756,714	68,451,888	0	0	60,756,714	68,451,888
Water Lines	0	0	15,294,476	15,751,255	15,294,476	15,751,255
Sewer Lines	0	0	28,750,808	29,778,223	28,750,808	29,778,223
<i>Total Capital Assets</i>	<u>\$100,970,381</u>	<u>\$110,007,803</u>	<u>\$106,032,795</u>	<u>\$105,297,601</u>	<u>\$207,003,176</u>	<u>\$215,305,404</u>

The most significant decreases in governmental capital assets were in construction in progress, which includes the completion of various street and other infrastructure projects and the completion of the police dispatch and communications center, and infrastructure which is attributed to depreciation.

Business-type activities saw additions to construction in progress, the most significant of which were for the Black River tunnel design, the Pearl Avenue water mains and the 28th Street waterline replacement which began in 2011. The water and sewer departments purchased a number of new vehicles for meter readers and service personnel and large equipment in 2011 including a new Caterpillar backhoe/loader. Construction in progress completed during the year includes the conclusion of the \$1.4 million dollar Philip Q. Maiorana wastewater treatment plant trickling filter screw pump equipment purchase and installation and the completion of the replacement of the variable frequency drive in the water treatment plant at a cost of over \$449,000.

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.

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See Note 9 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, ODOT, installment), capital leases, a long term note, pollution remediation, and compensated absences.

Table 4
Outstanding Long-Term Obligations at Year End

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$32,659,796	\$33,839,835	\$3,296,542	\$683,112	\$35,956,338	\$34,522,947
Special Assessment Bonds	1,566,747	1,058,225	0	0	1,566,747	1,058,225
Revenue Bonds	0	0	0	4,770,430	0	4,770,430
OWDA Loans	0	0	46,587,258	47,799,403	46,587,258	47,799,403
HUD Section 108 Loans	3,635,000	4,095,000	0	0	3,635,000	4,095,000
ODOD Loan	2,247,401	2,296,943	0	0	2,247,401	2,296,943
OPWC Loans	2,501,327	2,543,125	0	0	2,501,327	2,543,125
ODOT Loans	1,898,248	1,880,578	0	0	1,898,248	1,880,578
Installment Loans	869,896	540,340	0	0	869,896	540,340
Capital Leases	1,277,126	1,566,213	74,318	138,146	1,351,444	1,704,359
Long Term Note	240,000	300,000	0	0	240,000	300,000
Pollution Remediation	846,427	846,427	0	0	846,427	846,427
Compensated Absences	7,190,280	6,466,706	1,111,608	1,018,497	8,301,888	7,485,203
<i>Total</i>	<u>\$54,932,248</u>	<u>\$55,433,392</u>	<u>\$51,069,726</u>	<u>\$54,409,588</u>	<u>\$106,001,974</u>	<u>\$109,842,980</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 Health Claims bond issued to defer the cost of the City's self insurance claims and the various purpose refunding bond issued to refinance the City's 1995 Various Purpose, 1999 Accrued Pension Fund Liability and 1995 Water Revenue bonds. The remainder of the bonds were issued for various purposes including infrastructure improvements dating back to 1998. 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 four special assessment bonds consist of various street improvement projects. In 2011, the City issued a \$554,080 special assessment bond for street improvements on Omaha Avenue. The debt service on these loans is paid from real estate assessments on those property owners who benefitted from the improvements.

The sewer revenue bond was paid off and the water revenue bond was refinanced in 2011.

The eighteen 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.

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The HUD Section 108 Loans are Community Development loans for the Head Start building, Riverbend Commerce 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.

The nineteen 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 six Ohio Department of Transportation (ODOT) state infrastructure bank (SIB) loans are for the rehabilitation and repaving of East 36th Street., State Route 58, North Ridge Road, phase I of the Oberlin Avenue project and various local roadways. A portion of the debt service paid is from state gas tax revenue pledged from the streets fund.

The installment loans are for improvements to one of the City's fire stations, engineering services performed by the Lorain County engineer for planned future road widening projects, and the purchase of a vehicle.

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. In 2011 the City entered into a lease for the purchase of fifteen new police cruisers at a cost of \$450,740. The minimum lease payments required are paid from the general fund, streets, health services and police levy special revenue funds, general sewer capital projects fund, and the water works and water pollution control funds.

The long term note is for the purpose of financing a settlement for legal fees related to the City's Community Reinvestment Area (CRA) litigation.

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 14 to the basic financial statements.

The City's general obligation bond rating is A3, based on the global rating scale, issued by Moody's and was assigned this rating May 19, 2010.

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 has encountered in the last several years are still being addressed. The City continues to face many of the same issues as other communities including decreasing revenue sources, rising operating costs, and capital needs that cannot be funded. The December 2011 unemployment rate for the City was 9.4 percent while the unemployment rate for Lorain County was 7.3 percent and the State of Ohio was 7.9 percent (based on the Ohio Job & Family Services, Office of Workforce Development).

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The City's financial condition in 2011, primarily the general fund, has improved slightly over 2010 but continues to require constant and unrelenting attention to maintain a positive financial position. The general fund unassigned balance went from \$1,478,381 in 2010 to \$3,666,804 in 2011 due largely to the revenue enhancements and expense reductions discussed earlier. 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 slightly, 0.5 percent, from 2010 to 2011. Commercial/industrial/public utility property values continued to modestly increase, 1.7 percent, but again has been offset by the values for residential/agricultural and public utility properties declining in 2011. Residential properties were once more down by approximately 0.8 percent from the prior year.

Three of the City's largest employers have undergone projects to enhance and upgrade their facilities representing a substantial capital investment in their Lorain properties.

- Mercy (formerly Community Health Partners) is the City's largest employer. In 2010 Mercy Regional Medical Center embarked on a \$20 million capital improvement project to update their facilities. Construction began in the fall of 2010 with the first phase of the construction being completed in the spring of 2011. The anticipated completion date is the winter of 2012.
- The Lorain City School District (the "School District") is the City's second largest employer. In 2010, construction began on one new elementary and one middle school which opened in the 2011 school year with a total estimated cost of \$15,000,000.
- Lorain Tubular, the City's third largest employer, is a division of the United States Steel Corporation ("U.S. Steel") known as United States Steel Tubular Products Division, Lorain Pipes Mill. In November 2010, the Lorain Port Authority approved a \$75 million bond for U.S. Steel as part of a \$93 million upgrade to its Lorain facility. The Lorain project includes the design and installation of equipment and machinery necessary to heat, treat and finish tubing and casing products used in the exploration of natural gas fossil fuels. The project was started in early 2011 and has created more than 150 temporary construction jobs and 90 permanent steelworker jobs.

The City's community development department is charged with promoting, developing, and coordinating the City's community and economic development through land use and transportation planning, housing and commercial rehabilitation, historic preservation, recreation, and business assistance programs. It has operated several housing repair programs, as well as business loan and economic development programs as part of City efforts to encourage small businesses to locate in the City and to renovate and construct retail and office space, particularly in the downtown area.

The City is showing some continued signs of recovery in the industrial and commercial components of the local economy but the City expects the economic conditions to continue to be challenging in the near future.

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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

or

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

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

Basic Financial Statements

City of Lorain, Ohio
Statement of Net Assets
 December 31, 2011

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$10,548,443	\$9,625,281	\$20,173,724
Cash and Cash Equivalents:			
In Segregated Accounts	100,188	0	100,188
With Fiscal Agents	270,394	0	270,394
Accounts Receivable	694,287	3,418,161	4,112,448
Inventory Held for Resale	2,219,452	0	2,219,452
Materials and Supplies Inventory	1,322,603	699,048	2,021,651
Internal Balances	582,374	(582,374)	0
Intergovernmental Receivable	11,738,712	181,603	11,920,315
Prepaid Items	131,315	42,754	174,069
Municipal Income Taxes Receivable	2,717,367	0	2,717,367
Property Taxes Receivable	4,608,001	0	4,608,001
Payments in Lieu of Taxes Receivable	392,804	0	392,804
Special Assessments Receivable	1,711,843	0	1,711,843
Loans Receivable	13,089,933	328,281	13,418,214
Deferred Charges	932,475	54,563	987,038
Capital Assets, Non-Depreciable	14,298,893	31,630,481	45,929,374
Capital Assets, Depreciable, Net	86,671,488	74,402,314	161,073,802
<i>Total Assets</i>	<u>152,030,572</u>	<u>119,800,112</u>	<u>271,830,684</u>
Liabilities			
Accounts Payable	551,191	457,142	1,008,333
Contracts Payable	82,307	867,484	949,791
Accrued Wages and Benefits	497,652	178,230	675,882
Matured Compensated Absences Payable	96,105	989	97,094
Vacation Benefits Payable	18,941	0	18,941
Intergovernmental Payable	1,122,660	201,743	1,324,403
Deferred Revenue	3,716,297	0	3,716,297
Retainage Payable	0	29,425	29,425
Accrued Interest Payable	301,073	12,360	313,433
Notes Payable	1,140,000	0	1,140,000
Claims Payable	371,377	0	371,377
Claims and Judgements Payable	1,778	0	1,778
Long-Term Liabilities:			
Due Within One Year	5,307,579	4,221,798	9,529,377
Due In More Than One Year	49,624,669	46,847,928	96,472,597
<i>Total Liabilities</i>	<u>62,831,629</u>	<u>52,817,099</u>	<u>115,648,728</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	60,778,723	56,147,460	116,926,183
Restricted for:			
Capital Projects	811,105	0	811,105
Debt Service	2,869,661	0	2,869,661
Utility Reserve	0	1,338,599	1,338,599
Community Development	18,081,736	0	18,081,736
Police	1,449,202	0	1,449,202
Streets	594,117	0	594,117
Other Purposes	1,138,329	0	1,138,329
Unrestricted	3,476,070	9,496,954	12,973,024
<i>Total Net Assets</i>	<u>\$89,198,943</u>	<u>\$66,983,013</u>	<u>\$156,181,956</u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Activities
For the Year Ended December 31, 2011

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$10,869,025	\$3,991,164	\$184,470	\$0
Security of Persons and Property	20,983,753	816,728	2,441,235	70,872
Transportation	10,920,414	94,597	2,579,889	0
Public Health	2,355,372	785,070	1,596,028	0
Community Environment	469,293	647,154	0	0
Economic Development	2,813,491	19,812	5,456,527	0
Leisure Time Activities	566,774	17,475	50,000	0
Interest and Fiscal Charges	2,308,814	0	0	0
<i>Total Governmental Activities</i>	<u>51,286,936</u>	<u>6,372,000</u>	<u>12,308,149</u>	<u>70,872</u>
Business-Type Activities				
Water Works	7,447,722	7,983,612	0	0
Water Pollution Control	13,420,975	14,046,469	0	3,612,676
<i>Total Business-Type Activities</i>	<u>20,868,697</u>	<u>22,030,081</u>	<u>0</u>	<u>3,612,676</u>
<i>Total</i>	<u>\$72,155,633</u>	<u>\$28,402,081</u>	<u>\$12,308,149</u>	<u>\$3,683,548</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

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year - Restated (See Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activity	Total
(\$6,693,391)	\$0	(\$6,693,391)
(17,654,918)	0	(17,654,918)
(8,245,928)	0	(8,245,928)
25,726	0	25,726
177,861	0	177,861
2,662,848	0	2,662,848
(499,299)	0	(499,299)
(2,308,814)	0	(2,308,814)
(32,535,915)	0	(32,535,915)
0	535,890	535,890
0	4,238,170	4,238,170
0	4,774,060	4,774,060
(32,535,915)	4,774,060	(27,761,855)
2,193,536	0	2,193,536
276,173	0	276,173
276,257	0	276,257
940,062	0	940,062
16,691,300	0	16,691,300
2,331,737	0	2,331,737
743,321	0	743,321
5,614,431	0	5,614,431
625,031	0	625,031
21,653	17	21,670
539,638	47,187	586,825
30,253,139	47,204	30,300,343
100,000	(100,000)	0
30,353,139	(52,796)	30,300,343
(2,182,776)	4,721,264	2,538,488
91,381,719	62,261,749	153,643,468
<u>\$89,198,943</u>	<u>\$66,983,013</u>	<u>\$156,181,956</u>

City of Lorain, Ohio

Balance Sheet

Governmental Funds

December 31, 2011

	General	Community Development	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$1,966,555	\$3,538,939	\$470,691	\$947,355	\$2,985,581	\$9,909,121
Cash and Cash Equivalents:						
In Segregated Accounts	100,188	0	0	0	0	100,188
With Fiscal Agents	0	270,394	0	0	0	270,394
Accounts Receivable	162,904	0	346,627	0	184,756	694,287
Inventory Held for Resale	0	2,219,452	0	0	0	2,219,452
Materials and Supplies Inventory	129,482	4,178	0	0	239,406	373,066
Interfund Receivable	603,291	0	0	0	46,966	650,257
Intergovernmental Receivable	3,925,726	5,947,467	74,143	382,821	1,408,555	11,738,712
Prepaid Items	93,028	7,337	0	0	30,780	131,145
Municipal Income Taxes Receivable	2,377,469	0	0	0	339,898	2,717,367
Property Taxes Receivable	2,961,362	0	1,029,149	0	617,490	4,608,001
Payments in Lieu of Taxes Receivable	0	95,446	226,892	70,466	0	392,804
Special Assessments Receivable	161,478	0	0	0	1,550,365	1,711,843
Loans Receivable	0	12,921,099	168,834	0	0	13,089,933
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	43,373	0	0	0	0	43,373
Total Assets	\$12,524,856	\$25,004,312	\$2,316,336	\$1,400,642	\$7,403,797	\$48,649,943
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$332,842	\$81,643	\$0	\$0	\$118,307	\$532,792
Contracts Payable	0	0	0	60,894	21,413	82,307
Accrued Wages and Benefits	377,728	14,508	0	0	91,126	483,362
Matured Compensated Absences Payable	90,789	0	0	0	5,316	96,105
Intergovernmental Payable	964,350	44,428	0	0	96,421	1,105,199
Interfund Payable	73,768	1,187	0	0	660,346	735,301
Claims and Judgements Payable	1,778	0	0	0	0	1,778
Accrued Interest Payable	1,127	0	0	12,311	7,971	21,409
Notes Payable	0	0	0	1,140,000	0	1,140,000
Deferred Revenue	6,252,791	5,903,949	1,499,018	219,706	3,169,198	17,044,662
Total Liabilities	8,095,173	6,045,715	1,499,018	1,432,911	4,170,098	21,242,915
Fund Balances						
Nonspendable	222,510	2,230,967	0	0	270,186	2,723,663
Restricted	125,018	16,727,630	817,318	0	2,985,809	20,655,775
Committed	216,602	0	0	0	599,252	815,854
Assigned	198,749	0	0	0	0	198,749
Unassigned (Deficit)	3,666,804	0	0	(32,269)	(621,548)	3,012,987
Total Fund Balances (Deficit)	4,429,683	18,958,597	817,318	(32,269)	3,233,699	27,407,028
Total Liabilities and Fund Balances	\$12,524,856	\$25,004,312	\$2,316,336	\$1,400,642	\$7,403,797	\$48,649,943

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, 2011*

Total Governmental Fund Balances	\$27,407,028
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	100,970,381
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Special Assessments	\$1,711,843
Delinquent Property Taxes	1,060,538
Intergovernmental	9,712,674
Municipal Income Taxes	450,506
Payments in Lieu of Taxes	<u>392,804</u>
Total	13,328,365
Bond issuance costs will be amortized over the life of the bonds on the statement of net assets.	932,475
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	(3,404,552)
Capital Assets	(184,643)
Bonds Payable	4,887,143
Unamortized Financing Costs	(107,798)
Compensated Absences	92,037
Internal Balances	<u>509,360</u>
Total	1,791,547
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due.	(279,664)
Vacation benefits payable is not due and payable with expendable available financial resources and therefore are not reported in the funds.	(18,941)
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	(32,659,796)
Special Assessment Bonds	(1,566,747)
HUD Section 108 Loans	(3,635,000)
OPWC Loans	(2,501,327)
Notes Payable	(240,000)
Other Loans	(5,015,545)
Compensated Absences	(7,190,280)
Capital Leases	(1,277,126)
Pollution Remediation	<u>(846,427)</u>
Total	<u>(54,932,248)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$89,198,943</u></u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Community Development	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$1,940,127	\$0	\$851,868	\$0	\$499,514	\$3,291,509
Payments in Lieu of Taxes	0	86,375	524,527	136,667	0	747,569
Municipal Income Taxes	16,741,833	0	0	0	2,338,833	19,080,666
Charges for Services	773,190	0	0	0	1,242,123	2,015,313
Licenses and Permits	822,098	0	0	0	285,452	1,107,550
Fines and Forfeitures	1,218,823	0	0	0	783,143	2,001,966
Intergovernmental	7,419,563	2,857,646	161,941	753,255	4,101,904	15,294,309
Franchise Fees	625,031	0	0	0	0	625,031
Special Assessments	0	0	0	0	43,949	43,949
Interest	8,784	2,667	10,088	0	114	21,653
Contributions and Donations	99,910	0	0	0	0	99,910
Miscellaneous	111,075	54,450	357,190	11,691	5,232	539,638
<i>Total Revenues</i>	<u>29,760,434</u>	<u>3,001,138</u>	<u>1,905,614</u>	<u>901,613</u>	<u>9,300,264</u>	<u>44,869,063</u>
Expenditures						
Current:						
General Government	7,305,864	0	681	0	368,128	7,674,673
Security of Persons and Property	17,072,096	0	0	0	2,849,477	19,921,573
Transportation	0	0	0	0	2,494,279	2,494,279
Public Health	185,897	0	0	0	2,023,513	2,209,410
Community Environment	376,237	0	0	0	37,138	413,375
Economic Development	150,833	2,490,988	0	0	0	2,641,821
Leisure Time Activities	332,550	0	0	0	0	332,550
Capital Outlay	0	0	0	2,328,850	436,557	2,765,407
Debt Service:						
Principal Retirement	605,235	509,542	1,548,563	102,355	783,625	3,549,320
Interest and Fiscal Charges	107,576	211,154	1,188,207	66,132	238,580	1,811,649
Bond Issuance Costs	0	0	38,866	43,173	0	82,039
<i>Total Expenditures</i>	<u>26,136,288</u>	<u>3,211,684</u>	<u>2,776,317</u>	<u>2,540,510</u>	<u>9,231,297</u>	<u>43,896,096</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,624,146</u>	<u>(210,546)</u>	<u>(870,703)</u>	<u>(1,638,897)</u>	<u>68,967</u>	<u>972,967</u>
Other Financing Sources (Uses)						
Inception of Capital Leases	0	0	0	0	450,740	450,740
Bonds Issued	0	0	0	1,010,000	0	1,010,000
Refunding Bonds Issued	0	0	2,074,175	0	0	2,074,175
Loans Received	0	0	0	991,510	0	991,510
Discount on Debt Issuance	0	0	(2,930)	(10,930)	0	(13,860)
Payment to Refunded Bond Escrow Agent	0	0	(2,031,297)	0	0	(2,031,297)
Transfers In	100,000	6,238	1,007,805	102,355	891,064	2,107,462
Transfers Out	(1,472,627)	(101,490)	0	0	(433,345)	(2,007,462)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,372,627)</u>	<u>(95,252)</u>	<u>1,047,753</u>	<u>2,092,935</u>	<u>908,459</u>	<u>2,581,268</u>
<i>Net Change in Fund Balances</i>	<u>2,251,519</u>	<u>(305,798)</u>	<u>177,050</u>	<u>454,038</u>	<u>977,426</u>	<u>3,554,235</u>
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 3)</i>	<u>2,178,164</u>	<u>19,264,395</u>	<u>640,268</u>	<u>(486,307)</u>	<u>2,256,273</u>	<u>23,852,793</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$4,429,683</u>	<u>\$18,958,597</u>	<u>\$817,318</u>	<u>(\$32,269)</u>	<u>\$3,233,699</u>	<u>\$27,407,028</u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2011*

Net Change in Fund Balances - Total Governmental Funds \$3,554,235

*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 outlay in the current period:

Capital Asset Additions	\$3,187,451	
Current Year Depreciation	(12,167,472)	
Total		(8,980,021)

In the statement of activities, a gain or loss is reported for each disposal of capital assets. (57,401)

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

Delinquent Property Taxes	394,519	
Intergovernmental	2,599,233	
Municipal Income Taxes	(57,629)	
Special Assessments	737,675	
Payments in Lieu of Taxes	(4,248)	
Total		3,669,550

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	(3,084,175)	
Bond Discount	13,860	
Loans Received	(991,510)	
Capital Lease Proceeds	(450,740)	
Total		(4,512,565)

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	5,580,617	
Internal Service Fund	225,516	
Total		5,806,133

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

Accrued Interest	(419,069)	
Amortization of Bond Premium	1,864	
Amortization of Bond Discount	(6,678)	
Amortization of Loss on Refunding	(12,739)	
Amortization of Bond Issuance Costs	(60,543)	
Total		(497,165)

Bond issuance costs are recognized as deferred charges and will be amortized over the life of the bonds on the statement of activities. 82,039

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	(723,574)	
Vacation Benefits	7,657	
Total		(715,917)

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	(739,377)	
Capital Assets, Net	4,924	
Compensated Absences	(6,093)	
Principal Retirement	(225,516)	
Interest Expense	346,837	
Internal Balance	87,561	
Total		(531,664)

Change in Net Assets of Governmental Activities (82,182,776)

See accompanying notes to the basic financial statements

City of Lorain, Ohio
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
General Fund*
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$2,533,371	\$2,330,268	\$1,940,127	(\$390,141)
Municipal Income Taxes	16,494,666	16,494,666	16,513,868	19,202
Charges for Services	828,600	830,949	773,190	(57,759)
Licenses and Permits	726,050	779,927	822,098	42,171
Fines and Forfeitures	1,256,000	1,256,000	1,227,179	(28,821)
Intergovernmental	3,587,709	6,393,281	7,344,267	950,986
Franchise Fees	600,000	600,000	610,773	10,773
Interest	15,250	15,250	7,560	(7,690)
Contributions and Donations	85,900	120,400	99,910	(20,490)
Miscellaneous	76,601	107,595	112,818	5,223
<i>Total Revenues</i>	<u>26,204,147</u>	<u>28,928,336</u>	<u>29,451,790</u>	<u>523,454</u>
Expenditures:				
Current:				
General Government	6,283,816	7,898,522	7,674,304	224,218
Security of Persons and Property	16,759,908	17,894,010	17,625,490	268,520
Public Health	230,588	199,475	181,737	17,738
Community Environment	388,692	395,238	386,059	9,179
Economic Development	0	24,343	24,343	0
Leisure Time Activities	371,873	356,784	338,034	18,750
Debt Service:				
Principal Retirement	605,235	605,235	605,235	0
Interest and Fiscal Charges	114,899	118,904	108,459	10,445
<i>Total Expenditures</i>	<u>24,755,011</u>	<u>27,492,511</u>	<u>26,943,661</u>	<u>548,850</u>
<i>Excess of Revenues Over Expenditures</i>	<u>1,449,136</u>	<u>1,435,825</u>	<u>2,508,129</u>	<u>1,072,304</u>
Other Financing Uses:				
Advances Out	(205,551)	(205,551)	(205,550)	1
Transfers Out	(1,799,828)	(1,811,094)	(1,586,727)	224,367
<i>Total Other Financing Uses</i>	<u>(2,005,379)</u>	<u>(2,016,645)</u>	<u>(1,792,277)</u>	<u>224,368</u>
<i>Net Change in Fund Balance</i>	(556,243)	(580,820)	715,852	1,296,672
<i>Fund Balance Beginning of Year</i>	677,901	677,901	677,901	0
Prior Year Encumbrances Appropriated	66,443	66,443	66,443	0
<i>Fund Balance End of Year</i>	<u>\$188,101</u>	<u>\$163,524</u>	<u>\$1,460,196</u>	<u>\$1,296,672</u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Community Development Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Payments in Lieu of Taxes	\$54,078	\$81,417	\$86,375	\$4,958
Intergovernmental	8,911,748	11,741,148	5,629,830	(6,111,318)
Interest	3,275	3,300	2,595	(705)
Miscellaneous	55,963	55,963	54,450	(1,513)
<i>Total Revenues</i>	<u>9,025,064</u>	<u>11,881,828</u>	<u>5,773,250</u>	<u>(6,108,578)</u>
Expenditures:				
Current:				
Economic Development	9,618,016	12,631,221	4,507,957	8,123,264
Debt Service:				
Principal Retirement	509,542	509,542	509,542	0
Interest and Fiscal Charges	1,006,361	825,923	211,154	614,769
<i>Total Expenditures</i>	<u>11,133,919</u>	<u>13,966,686</u>	<u>5,228,653</u>	<u>8,738,033</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,108,855)</u>	<u>(2,084,858)</u>	<u>544,597</u>	<u>2,629,455</u>
Other Financing Sources (Uses):				
Transfers In	182,924	136,266	6,238	(130,028)
Transfers Out	(74,151)	(101,490)	(101,490)	0
<i>Total Other Financing Sources (Uses)</i>	<u>108,773</u>	<u>34,776</u>	<u>(95,252)</u>	<u>(130,028)</u>
<i>Net Change in Fund Balance</i>	<u>(2,000,082)</u>	<u>(2,050,082)</u>	<u>449,345</u>	<u>2,499,427</u>
<i>Fund Balance Beginning of Year</i>	<u>1,980,579</u>	<u>1,980,579</u>	<u>1,980,579</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>725,805</u>	<u>725,805</u>	<u>725,805</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$706,302</u></u>	<u><u>\$656,302</u></u>	<u><u>\$3,155,729</u></u>	<u><u>\$2,499,427</u></u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Water Pollution Control	Total	Internal Service Funds
Assets				
<i>Current Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$1,458,016	\$6,828,666	\$8,286,682	\$595,949
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	357,652	980,947	1,338,599	0
Accounts Receivable	1,234,640	2,183,521	3,418,161	0
Materials and Supplies Inventory	481,101	217,947	699,048	949,537
Interfund Receivable	332	2,493	2,825	158,058
Intergovernmental Receivable	0	181,603	181,603	0
Prepaid Items	35,746	7,008	42,754	170
Loans Receivable	0	52,884	52,884	0
<i>Total Current Assets</i>	<u>3,567,487</u>	<u>10,455,069</u>	<u>14,022,556</u>	<u>1,703,714</u>
<i>Noncurrent Assets</i>				
Loans Receivable	0	275,397	275,397	0
Unamortized Bond Issuance Costs	54,563	0	54,563	107,798
Non-Depreciable Capital Assets	3,989,985	27,640,496	31,630,481	0
Depreciable Capital Assets, Net	<u>23,131,248</u>	<u>51,271,066</u>	<u>74,402,314</u>	<u>184,643</u>
<i>Total Noncurrent Assets</i>	<u>27,175,796</u>	<u>79,186,959</u>	<u>106,362,755</u>	<u>292,441</u>
<i>Total Assets</i>	<u>30,743,283</u>	<u>89,642,028</u>	<u>120,385,311</u>	<u>1,996,155</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	145,144	311,998	457,142	18,399
Contracts Payable	53,106	814,378	867,484	0
Accrued Wages and Benefits	85,545	92,685	178,230	14,290
Matured Compensated Absences Payable	0	989	989	0
Intergovernmental Payable	96,302	105,441	201,743	17,461
Retainage Payable	29,425	0	29,425	0
Accrued Interest Payable	10,121	2,239	12,360	0
Interfund Payable	46,626	29,213	75,839	0
Claims Payable	0	0	0	371,377
Capital Leases Payable	3,829	52,181	56,010	0
Compensated Absences Payable	43,256	82,648	125,904	0
Bonds Payable	698,319	24,317	722,636	241,596
OWDA Loans	<u>645,402</u>	<u>2,671,846</u>	<u>3,317,248</u>	<u>0</u>
<i>Total Current Liabilities</i>	<u>1,857,075</u>	<u>4,187,935</u>	<u>6,045,010</u>	<u>663,123</u>
<i>Long-Term Liabilities (Net of Current Portion)</i>				
Capital Leases Payable	8,377	9,931	18,308	0
Compensated Absences Payable	438,342	547,362	985,704	92,037
Bonds Payable	2,494,470	79,436	2,573,906	4,645,547
OWDA Loans	<u>10,378,870</u>	<u>32,891,140</u>	<u>43,270,010</u>	<u>0</u>
<i>Total Long-Term Liabilities</i>	<u>13,320,059</u>	<u>33,527,869</u>	<u>46,847,928</u>	<u>4,737,584</u>
<i>Total Liabilities</i>	<u>15,177,134</u>	<u>37,715,804</u>	<u>52,892,938</u>	<u>5,400,707</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	12,964,749	43,182,711	56,147,460	92,500
Restricted For:				
Utility Reserve	357,652	980,947	1,338,599	0
Unrestricted (Deficit)	<u>2,243,748</u>	<u>7,762,566</u>	<u>10,006,314</u>	<u>(3,497,052)</u>
<i>Total Net Assets</i>	<u>\$15,566,149</u>	<u>\$51,926,224</u>	<u>67,492,373</u>	<u>(\$3,404,552)</u>

Some amounts reported for business-type activities in the statement of net assets are different because internal service fund assets are included with business-type activities (509,360)

Net assets business-type activities \$66,983,013

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, 2011*

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Water Works</u>	<u>Water Pollution Control</u>	<u>Total</u>	<u>Internal Service Funds</u>
Operating Revenues				
Charges for Services	\$7,983,612	\$14,046,469	\$22,030,081	\$5,362,373
Miscellaneous	36,160	11,027	47,187	0
<i>Total Operating Revenues</i>	<u>8,019,772</u>	<u>14,057,496</u>	<u>22,077,268</u>	<u>5,362,373</u>
Operating Expenses				
Personal Services	3,395,422	3,949,454	7,344,876	636,249
Materials and Supplies	996,023	634,466	1,630,489	1,085,081
Contractual Services	693,432	4,737,959	5,431,391	804
Claims	0	0	0	4,025,386
Basic Utilities	569,840	691,239	1,261,079	0
Other Expense	123,221	148,052	271,273	2,469
Depreciation	807,864	1,964,173	2,772,037	4,924
<i>Total Operating Expenses</i>	<u>6,585,802</u>	<u>12,125,343</u>	<u>18,711,145</u>	<u>5,754,913</u>
<i>Operating Income (Loss)</i>	<u>1,433,970</u>	<u>1,932,153</u>	<u>3,366,123</u>	<u>(392,540)</u>
Non-Operating Revenues (Expenses)				
Interest	8	9	17	0
Interest and Fiscal Charges	(819,301)	(1,250,690)	(2,069,991)	(346,837)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(819,293)</u>	<u>(1,250,681)</u>	<u>(2,069,974)</u>	<u>(346,837)</u>
<i>Income (Loss) Before Contributions and Transfers</i>	614,677	681,472	1,296,149	(739,377)
Capital Contributions	0	3,612,676	3,612,676	0
Transfers Out	(50,000)	(50,000)	(100,000)	0
<i>Change in Net Assets</i>	564,677	4,244,148	4,808,825	(739,377)
<i>Net Assets (Deficit) Beginning of Year - Restated (See Note 3)</i>	<u>15,001,472</u>	<u>47,682,076</u>		<u>(2,665,175)</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$15,566,149</u>	<u>\$51,926,224</u>		<u>(\$3,404,552)</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 (87,561)

Change in net assets business-type activities \$4,721,264

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Water Pollution Control	Total	Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$8,628,964	\$15,167,040	\$23,796,004	\$0
Cash Received from Transactions with Other Funds	0	0	0	5,307,901
Cash Payments for Goods and Services	(2,405,431)	(5,590,797)	(7,996,228)	(1,208,521)
Cash Payments for Employee Services and Benefits	(3,457,844)	(3,954,651)	(7,412,495)	(655,122)
Cash Payments for Claims	0	0	0	(4,023,511)
Other Operating Revenues	36,160	64,696	100,856	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>2,801,849</u>	<u>5,686,288</u>	<u>8,488,137</u>	<u>(579,253)</u>
Cash Flows from Noncapital Financing Activities				
Advances In	1,620	203,930	205,550	0
Transfers Out	(50,000)	(50,000)	(100,000)	0
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>(48,380)</u>	<u>153,930</u>	<u>105,550</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(2,112,537)	(1,394,694)	(3,507,231)	0
Bonds Issued	3,140,825	0	3,140,825	0
Premium on Bonds Issued	19,652	0	19,652	0
Payment to Refunded Bond Escrow Agent	(3,855,000)	0	(3,855,000)	0
Bond Issuance Costs	(58,852)	0	(58,852)	0
OWDA Loans Received	1,641,566	292,606	1,934,172	0
Principal Paid on Bonds	(172,514)	(23,101)	(195,615)	(225,516)
Interest Paid on Bonds	(21,004)	(5,519)	(26,523)	(341,001)
Principal Paid on Revenue Bonds	(600,000)	(720,000)	(1,320,000)	0
Interest Paid on Revenue Bonds	(240,705)	(20,160)	(260,865)	0
Principal Paid on OWDA Loans	(553,112)	(2,593,205)	(3,146,317)	0
Interest Paid on OWDA Loans	(485,420)	(1,211,958)	(1,697,378)	0
Principal Paid on Capital Leases	(3,499)	(60,329)	(63,828)	0
Interest Paid on Capital Leases	(1,278)	(6,656)	(7,934)	0
Capital Grant	0	3,557,665	3,557,665	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(3,301,878)</u>	<u>(2,185,351)</u>	<u>(5,487,229)</u>	<u>(566,517)</u>
Cash Flows from Investing Activities				
Interest	8	9	17	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>(548,401)</u>	<u>3,654,876</u>	<u>3,106,475</u>	<u>(1,145,770)</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,364,069</u>	<u>4,154,737</u>	<u>6,518,806</u>	<u>1,741,719</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$1,815,668</u>	<u>\$7,809,613</u>	<u>\$9,625,281</u>	<u>\$595,949</u>

(continued)

City of Lorain, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Water Pollution Control	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$1,433,970	\$1,932,153	\$3,366,123	(\$392,540)
<i>Adjustments:</i>				
Depreciation	807,864	1,964,173	2,772,037	4,924
(Increase) Decrease in Assets:				
Accounts Receivable	650,275	1,150,044	1,800,319	0
Interfund Receivable	(133)	(159)	(292)	(54,472)
Intergovernmental Receivable	24,189	(24,524)	(335)	0
Materials and Supplies Inventory	47,402	132,510	179,912	(78,590)
Prepaid Items	4,955	3,937	8,892	2,138
Loans Receivable	0	53,669	53,669	0
Increase (Decrease) in Liabilities:				
Accounts Payable	(84,017)	(6,714)	(90,731)	(42,786)
Contracts Payable	(46,648)	494,196	447,548	0
Accrued Wages and Benefits	(35,012)	(33,744)	(68,756)	(8,279)
Claims Payable	0	(25,280)	(25,280)	1,875
Vacation Benefits Payable	(211)	(1,531)	(1,742)	0
Compensated Absences Payable	(616)	65,413	64,797	(6,093)
Interfund Payable	27,566	17,761	45,327	0
Intergovernmental Payable	(27,735)	(35,616)	(63,351)	(5,430)
<i>Total Adjustments</i>	<u>1,367,879</u>	<u>3,754,135</u>	<u>5,122,014</u>	<u>(186,713)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$2,801,849</u>	<u>\$5,686,288</u>	<u>\$8,488,137</u>	<u>(\$579,253)</u>

Noncash Capital Financing Activities

Amortization of the premium on bonds in the amount of \$1,432

Amortization of the discount on bonds in the amount of \$40,728

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2011

Assets

Equity in Pooled Cash and Cash Equivalents	<u>\$301,744</u>
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Liabilities

Deposits Held and Due to Others	<u>\$301,744</u>
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See accompanying notes to the basic financial statements

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

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. The Auditor of State's Local Government Services Section provides monthly monitoring of cash balances. 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 (NOACA) and the Northeast Ohio Public Energy Council (NOPEC), both jointly governed organizations, the Lorain Port Authority, a related organization, and the Public Entity Risk Consortium (PERC), a shared risk pool. These organizations are presented in Notes 18, 19, and 20 respectively.

The City's management believes these financial statements present all activities for which the City is financially accountable.

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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

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.

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.

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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

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 and report all financial resources except those required to be accounted for and reported 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 and reports State and Federal grants restricted to the acquisition of real property, administrative costs, public facilities, and the rehabilitation of real property.

General Obligation Bond Retirement Fund This fund accounts for and reports the accumulation of resources from real estate taxes, payments in lieu of taxes and transfers from other funds restricted to pay principal and interest on general obligation debt.

Capital Improvements Capital Projects Fund This fund accounts for and reports financial resources from federal and state grants and loans, note proceeds and transfers from other funds restricted 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, committed, or assigned to a particular purpose.

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

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

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

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

Internal Service Funds The internal service funds account for the financing of services provided by one department to other departments of the City on a cost reimbursement basis. The City's internal service funds account for the hospital/medical, and prescription drug benefits for City employees on a self-insured basis and accounts for maintenance costs for equipment and vehicles and the purchase of fuel 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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

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.

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.

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.

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 8). 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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

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, 2011, but which were levied to finance year 2012 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.

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 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.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

Pooled 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 general fund made an advance to the police pension fund, fire pension fund, and the SAMHSA grant fund to cover deficit cash balances. The police pension, fire pension, and SAMHSA grant funds have an interfund payable for the amount received from the general fund and the general 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.

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.

During 2011, investments were limited to repurchase agreements, money market funds and STAR Ohio. Investments are reported at fair value, which is based on quoted market prices, with the exception of repurchase agreements, which are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's net asset value per share price, which is the price the investment could be sold for on December 31, 2011.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the General Fund during 2011 amounted to \$8,784 of which the total amount was assigned from other City funds.

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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, 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.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

Bond Issuance Costs

Bond issuance costs for underwriting fees and bond council fees for various governmental general obligation bonds and various water and sewer enterprise funds' general obligation bonds are being amortized using the straight-line method over the life of the bonds on the government-wide statements and in the City's enterprise funds. The straight-line method of amortization is not materially different from the effective-interest method. Bond issuance costs are recorded as deferred charges on government-wide financial statements. On the governmental fund financial statements 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.

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.

Bond Premiums and Discounts

On the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are receipted in the year the bonds are issued. On the government-wide financial statements, bond discounts are presented as a decrease of the face amount of the general obligation bonds payable. On fund financial statements, bond discounts are expended in the year the bonds are issued.

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.

Restricted assets in the general fund represent money set aside for unclaimed monies. Restricted assets in the water works and water pollution control enterprise funds are for amounts held for operation, maintenance and replacement contingencies per the applicable City ordinance are reported as restricted assets.

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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

in the business-type activities column of the government-wide statement of net assets and in the respective funds. Capital assets used by the internal service funds are reported in the governmental activities column of the statement of net assets and in the internal service column on the statement of fund net assets.

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

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

<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.

Interfund Balances

On fund financial statements, outstanding interfund loans are reported as "interfund receivables/payables." 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.

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.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

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.

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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City ordinance or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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 health services, 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.

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.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

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.

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.

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.

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.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions of events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

Capital Grants

Capital grants reported in the water pollution control fund are for the purpose of restoration of the Black River habitat and are not capital assets of the City.

Note 3 –Changes in Accounting Principles and Restatement of Prior Year’s Fund Balance and Net Assets

Change in Accounting Principles

For fiscal year 2011 the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” and Statement No. 59, “Financial Instruments Omnibus”.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the City's financial statements.

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments by updating and improving existing standards regarding financial reporting of certain financial instruments and external investment pools. The implementation of this statement did not result in any change in the City's financial statements.

Restatement of Prior Year's Fund Balance

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported:

	General Fund	Community Development	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds	Total
Fund Balance (Deficit) at December 31, 2010	\$2,064,026	\$19,361,872	\$640,268	(\$486,307)	\$2,272,934	\$23,852,793
GASB 54 Change in Fund Structure	114,138	(97,477)	0	0	(16,661)	0
Adjusted Fund Balance (Deficit) at December 31, 2010	<u>\$2,178,164</u>	<u>\$19,264,395</u>	<u>\$640,268</u>	<u>(\$486,307)</u>	<u>\$2,256,273</u>	<u>\$23,852,793</u>

Restatement of Prior Year's Net Assets

In 2010 construction in progress was recorded in the water pollution control fund in the amount of \$3,938,287 for the Black River restoration project. It has since been determined that as the City does not own nor is it responsible for maintaining the Black River. This amount is being properly restated as a prior year expense and removed from the construction in progress of the water pollution control fund.

This correction had the following effect on the business-type activities assets and net assets:

	Business-Type Activities - Enterprise Funds		
	Water Works	Water Pollution Control	Total
Net Assets, December 31, 2010	\$15,001,472	\$51,620,363	\$66,621,835
Capital Assets	0	(3,938,287)	(3,938,287)
Adjusted Net Assets, December 31, 2010	<u>\$15,001,472</u>	<u>\$47,682,076</u>	\$62,683,548
Internal Service			<u>(421,799)</u>
Total Adjusted Net Assets, December 31, 2010			<u>\$62,261,749</u>

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

Note 4 – Fund Deficits and Legal Compliance

Fund Deficits

Fund balances at December 31, 2011 included the following individual fund balance deficits:

Major Fund:	Deficit
Capital Improvements	\$32,269
Nonmajor Funds:	
Special Revenue Funds:	
Health Services	14,942
Police Pension	299,704
Fire Pension	292,145
Internal Service Fund:	
Hospitalization	4,520,678

The deficit in the capital improvements fund is a result of the issuance of short term notes. The deficit will be eliminated once bonds are issued and the notes are paid. The deficit in the health services, 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.

Legal Compliance

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

Major Fund:	Final Appropriations	Expenditures Plus Encumbrances	Excess
Water Works			
Debt Service-Interest and Fiscal Charges	705,348	705,562	(214)
Nonmajor Funds:			
Streets			
Transportation Wages and Benefits	1,269,662	1,303,208	(33,546)
Health Services			
Public Health Wages and Benefits	991,715	994,851	(3,136)

Management has indicated that appropriations will be closely monitored to ensure no future violations occur.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

Note 5 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Community Development	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds	Total
<u>Nonspendable:</u>						
Inventory Held for Resale	0	2,219,452	0	0	0	2,219,452
Material and Supplies Inventory	129,482	4,178	0	0	239,406	373,066
Prepays	93,028	7,337	0	0	30,780	131,145
<i>Total Nonspendable</i>	<u>222,510</u>	<u>2,230,967</u>	<u>0</u>	<u>0</u>	<u>270,186</u>	<u>2,723,663</u>
<u>Restricted for:</u>						
Loans Receivable	0	12,158,339	157,105	0	0	12,315,444
Economic Development Projects	0	4,569,291	0	0	0	4,569,291
Law Enforcement	0	0	0	0	1,812,354	1,812,354
Debt Service Payments	0	0	660,213	0	0	660,213
Road Improvements	0	0	0	0	520,159	520,159
Municipal Court Operations	79,087	0	0	0	413,924	493,011
Drug and Alcohol Enforcement	0	0	0	0	87,751	87,751
Public Health Initiatives	0	0	0	0	77,485	77,485
Community Environment Enhancement	0	0	0	0	74,136	74,136
Unclaimed Monies	43,373	0	0	0	0	43,373
Cemetery Operations	2,558	0	0	0	0	2,558
<i>Total Restricted</i>	<u>125,018</u>	<u>16,727,630</u>	<u>817,318</u>	<u>0</u>	<u>2,985,809</u>	<u>20,655,775</u>
<u>Committed to:</u>						
Storm Sewer Maintenance and Repair	0	0	0	0	599,252	599,252
Economic Development Incentives	185,087	0	0	0	0	185,087
Park Operations	14,103	0	0	0	0	14,103
Other Purposes	17,412	0	0	0	0	17,412
<i>Total Committed</i>	<u>216,602</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>599,252</u>	<u>815,854</u>
<u>Assigned to:</u>						
Other Purposes	198,749	0	0	0	0	198,749
Unassigned (Deficit)	<u>3,666,804</u>	<u>0</u>	<u>0</u>	<u>(32,269)</u>	<u>(621,548)</u>	<u>3,012,987</u>
<i>Total Fund Balances (Deficit)</i>	<u>\$4,429,683</u>	<u>\$18,958,597</u>	<u>\$817,318</u>	<u>(\$32,269)</u>	<u>\$3,233,699</u>	<u>\$27,407,028</u>

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

Note 6 - 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. Unrecorded cash represents amounts received but not included as revenue on the budgetary statements, but which are reported on the operating statements prepared using GAAP.
4. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).
5. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. Budgetary revenues and expenditures of the economic development, cemetery and park land funds are classified to the general fund for GAAP reporting.

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.

Net Change in Fund Balance

	General	Community Development
GAAP Basis	\$2,251,519	(\$305,798)
Net Adjustment for Revenue Accruals	(266,701)	46,615
Beginning Unrecorded Cash	3,262	170
Ending Unrecorded Cash	(45,205)	(242)
Loan Repayments	0	2,725,569
Net Adjustment for Expenditure Accruals	(652,911)	(436,815)
Loans Issued	0	(929,479)
Debt Interest and Fiscal Charges	(883)	0
Advances Out	(205,550)	0
Excess of Revenues Under Expenditures		
Economic Development	(131,479)	0
Encumbrances	(236,200)	(650,675)
Budget Basis	\$715,852	\$449,345

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

Note 7 - 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;
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 (STAR Ohio);
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.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

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.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year-end, \$6,733,641 of the City's bank balance of \$7,733,641 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.

Investments

All investments are in an internal investment pool. As of December 31, 2011, the City had \$3,590,000 in Federal Home Loan Bank bonds, which serve as the underlying security for the repurchase agreements which mature daily, and a STAR Ohio investment with fair value of \$6,966,034 and an average maturity of 58 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.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

Description	Fair Value	Investment Maturities Less Than 1 Year	Credit Rating	% of Total Investment
Repurchase Agreements				
Federal Home Loan Bank Bonds	\$3,590,000	\$3,590,000	N/A	33.16%
Money Market Funds	270,394	270,394	AAAm	2.50%
STAR Ohio	6,966,034	6,966,034	AAAm	N/A
Total Investments	<u>\$10,826,428</u>	<u>\$10,826,428</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. STAR Ohio also carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio 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 STAR Ohio 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 33.16 percent of its investments in Repurchase Agreements.

Note 8 – Receivables

Receivables at December 31, 2011, consisted primarily of municipal income taxes, property taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, loans, accrued interest on investments, and accounts (billings for utility service).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except property taxes, special assessments, and loans receivable are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$764,146. At December 31, 2011, the amount of delinquent special assessments was \$947,697.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

The loans receivable at December 31, 2011, are revolving loans made to private enterprises under the United States Department of Housing and Urban Development Community Development Block Grant Program. The loans are due on various dates with a large portion not due until the related property is sold or the debtor becomes deceased. The loans receivable balance of \$12,921,099 on the basic financial statements is stated net of estimated uncollectible of \$457,453 with \$762,760 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, 2011 the fund has recorded a loan receivable balance of \$168,834 as a result of this transaction, with \$11,729 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, 2011 the fund has recorded a loan receivable balance of \$328,281 as a result of these transactions, with \$52,884 collectible in one year.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City of Lorain. Property tax revenues received in 2011 for real and public utility property represent the collection of 2010 taxes.

Real property taxes received in 2011 were levied after October 1, 2010, on the assessed values as of January 1, 2010, the lien date. Real property taxes which were levied in 2011 are collected in and intended to finance 2012. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2011 represent the collection of 2010 taxes. Public utility property taxes received in 2011 became a lien on December 31, 2009, were levied after October 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The full tax rate for all City of Lorain operations for the year ended December 31, 2011, was \$4.96 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2011 property tax receipts were based are as follows:

Real Property	\$852,240,450
Public Utility Personal Property	<u>57,286,180</u>
Total	<u>\$909,526,630</u>

The 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 public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2011, and for which there was an enforceable legal claim. In

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

the governmental funds, the entire receivable has been deferred since current taxes were not levied to finance 2011 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as revenue while on the modified accrual basis the revenue has been deferred.

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 income 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.

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. Residents subsequently circulated initiative petitions to have the ordinance repealed. The residents successfully gathered sufficient signatures to have the item put on the November 2nd ballot as Issue 23. Issue 23 passed resulting in the tax credit returning to a maximum of two percent on wages and other income earned outside the City by residents. Issue 23 was not retroactive which resulted in the measure becoming effective on November 28, 2010. As a result, the pro-rated tax credit for 2010 is 1.083 percent. For 2011 and thereafter, 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.

Intergovernmental Receivables

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

Governmental Activities	Amount
Grants	\$8,350,743
Local Government	2,018,705
Gasoline Tax	862,202
Homestead and Rollback	286,110
Estate Tax	143,820
Permissive Tax	37,793
Motor Vehicle Tax	28,675
Liquor and Beer Tax	10,664
Total Governmental Activities	11,738,712
Business-Type Activities	
Grants	122,173
Utility Charges	59,430
Total Business-Type Activities	181,603
Total	\$11,920,315

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

Note 9 - Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	Balance 12/31/2010	Additions	Deletions	Balance 12/31/2011
Governmental Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$9,513,239	\$0	\$0	\$9,513,239
Construction in Progress	7,034,986	2,176,087	(4,425,419)	4,785,654
<i>Total Capital Assets, Not Being Depreciated</i>	16,548,225	2,176,087	(4,425,419)	14,298,893
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	22,800,894	828,425	0	23,629,319
Machinery and Equipment	17,969,178	1,489,752	(194,179)	19,264,751
Furniture and Fixtures	311,482	0	0	311,482
Infrastructure:				
Streets and Sidewalks	1,012,049,954	3,118,606	0	1,015,168,560
<i>Total Capital Assets, Being Depreciated</i>	1,053,131,508	5,436,783	(194,179)	1,058,374,112
Less Accumulated Depreciation:				
Buildings and Improvements	(7,469,267)	(443,318)	0	(7,912,585)
Machinery and Equipment	(8,526,005)	(895,772)	136,778	(9,284,999)
Furniture and Fixtures	(78,592)	(14,602)	0	(93,194)
Infrastructure:				
Streets and Sidewalks	(943,598,066)	(10,813,780)	0	(954,411,846)
<i>Total Accumulated Depreciation</i>	(959,671,930)	(12,167,472) *	136,778	(971,702,624)
Total Capital Assets, Being Depreciated, Net	93,459,578	(6,730,689)	(57,401)	86,671,488
Governmental Activities Capital Assets, Net	\$110,007,803	(\$4,554,602)	(\$4,482,820)	\$100,970,381

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

	Balance 12/31/2010	Additions	Deletions	Balance 12/31/2011
Business - Type Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$660,071	\$0	\$0	\$660,071
Construction in Progress	29,867,802	3,048,010	(1,945,402)	30,970,410
<i>Total Capital Assets, Not Being Depreciated</i>	<u>30,527,873</u>	<u>3,048,010</u>	<u>(1,945,402)</u>	<u>31,630,481</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	52,418,814	14,450	0	52,433,264
Machinery and Equipment	21,980,459	2,390,173	0	24,370,632
Infrastructure:				
Water Lines	27,924,818	0	0	27,924,818
Sewer Lines	61,052,915	0	0	61,052,915
<i>Total Capital Assets, Being Depreciated</i>	<u>163,377,006</u>	<u>2,404,623</u>	<u>0</u>	<u>165,781,629</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(27,575,592)	(945,658)	0	(28,521,250)
Machinery and Equipment	(17,583,431)	(342,185)	0	(17,925,616)
Infrastructure:				
Water Lines	(12,173,563)	(456,779)	0	(12,630,342)
Sewer Lines	(31,274,692)	(1,027,415)	0	(32,302,107)
<i>Total Accumulated Depreciation</i>	<u>(88,607,278)</u>	<u>(2,772,037)</u>	<u>0</u>	<u>(91,379,315)</u>
Total Capital Assets, Being Depreciated, Net	<u>74,769,728</u>	<u>(367,414)</u>	<u>0</u>	<u>74,402,314</u>
Business - Type Activities Capital Assets, Net	<u>\$105,297,601</u>	<u>\$2,680,596</u>	<u>(\$1,945,402)</u>	<u>\$106,032,795</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$2,938,432
Security of Persons and Property	546,192
Transportation	8,331,131
Public Health	34,463
Community Environment	3,058
Economic Development	75,345
Leisure Time Activities	238,851
Total Depreciation Expense	<u>\$12,167,472</u>

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

Note 10 - Risk Management

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 20) 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 Genesis 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	\$211,641,000
Liability:	10,000,000
General Liability	
Law Enforcement Liability	
Automobile Liability	
Public Officials Errors & Omissions	
Crime:	
Employee Dishonesty	500,000
Depositors Forgery	50,000
Money & Securities	50,000
Boiler & Machinery	50,000,000

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

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.

Health Insurance Benefits

The City manages the hospital/medical, and prescription drug benefits for its employees on a self-insured basis through the hospitalization self insurance internal service fund. Rates for 2011 were \$820/single and \$780/family. Employees covered under separate ordinances for non-bargaining, management, United Steelworkers Local 6621, Police, Dispatchers, Corrections Officers, Fire and elected officials paid \$80 per month for family coverage and \$40 a month for single coverage per month. The Plan Administrator for the City determines these rates. Medical Mutual of Ohio, the third party administrator, processes and pays the medical and prescription drug claims. An excess coverage insurance (stop loss) policy covers

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

claims in excess of \$125,000 per employee and an aggregate of \$5,540,290 per year. The \$125,000 specific threshold was exceeded by \$38,932. The City received an invoice credit for the excess. The aggregate was not exceeded.

Vision benefits for its employees are fully insured by Vision Service Plan (VSP). It should be noted, by bargaining contract, the Police and Dispatchers no longer receive dental coverage.

The claims liability of \$371,377 reported in the hospitalization fund at December 31, 2011 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 2010 and 2011 were:

	<u>of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>Year</u>
2010	\$337,726	\$3,970,253	\$3,938,477	\$369,502
2011	369,502	4,025,386	4,023,511	371,377

Note 11 – Note Debt

A summary of note transactions for the year ended December 31, 2011 follows:

	<u>Balance</u>		<u>Balance</u>
GOVERNMENTAL FUNDS	12/31/10	<u>Additions</u>	12/31/11
2010, 3.625% Street Improvements-Series A	\$2,045,000	\$0	\$0
2011, 3.875% Street Improvements	0	1,140,000	1,140,000
Total Governmental Funds	<u>\$2,045,000</u>	<u>\$1,140,000</u>	<u>\$1,140,000</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 20, 2012. 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 \$274,221. 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
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For The Year Ended December 31, 2011

Note 12 – Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i>General Obligation Bonds:</i>			
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
2010 Health Claims	6.50-7.00	5,000,000	December 1, 2025
2011 Street Improvements (G.O. Portion)	2.00-5.45	455,920	December 1, 2031
2011 Various Purpose Refunding (G.O. Portion)	3.00-4.75	2,074,175	December 1, 2024
<i>Special Assessment Bonds with Government Commitment:</i>			
2003 Park and Street Improvements	2.00-5.00	574,500	December 1, 2023
2009 Street Improvement	5.00-7.25	390,000	December 1, 2029
2010 Street Improvement	4.00-5.875	245,000	December 1, 2030
2011 Street Improvement	2.00-5.45	554,080	December 1, 2031
<i>HUD Section 108 Loans:</i>			
Community Development - Series 2002-A (B-92-MC-39-0016)	4.64-7.90	100,000	August 1, 2012
Head Start - Series 2002-A (B-92-MC-39-0016-A)	4.64-7.90	1,100,000	August 1, 2012
Head Start - Series 2000-A (B-99-MC-0016)	7.50-8.00	2,375,000	August 1, 2019
Colorado Industrial Park - Series 2002-A (B-99-MC-0016)	4.40-6.00	2,000,000	August 1, 2021
Land Aquisition - Series 2004-A (B-03-MC-39-0016)	3.50-6.00	2,200,000	August 1, 2024
<i>Ohio Department of Development Urban Redevelopment Loans:</i>			
Riverbend Commerce Park	0.00-3.00	2,300,000	August 1, 2021
<i>Ohio Public Works Commission Loans:</i>			
1997 Local Roadway Rehab (#CI04A)	0.00	18,040	January 1, 2014
1999 Local Roadway Rehab (#CI13C)	0.00	17,409	July 1, 2011
Oak Point Road Improvements (#CI002)	0.00	405,776	January 1, 2021
Longbrook Bridge Replacement (#CI01D)	0.00	250,000	July 1, 2021
California Avenue (#CI31D)	0.00	483,645	January 1, 2022
Jaeger Road (#CI40E)	0.00	259,191	January 1, 2013
2002 Local Roadway Rehab (#CI22F)	0.00	236,844	July 1, 2014

City of Lorain, Ohio
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For The Year Ended December 31, 2011

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i>Ohio Public Works Commission Loans (Continued):</i>			
Fulmer/Meister Road Improvements (#CI48G)	0.00 %	\$412,449	January 1, 2015
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 (#CI09I)	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	70,314	January 1, 2020
2008 Local Roadway Rehab (#CI11L)	0.00	130,376	January 1, 2021
2010 Local Roadway Rehab (#CI32N)	0.00	223,206	January 1, 2026
<i>Ohio Department of Transportation State Infrastructure Bank Loans:</i>			
E. 36th Street Rehab Phase I (#SB0504)	3.00	144,137	July 20, 2011
E. 36th Street Rehab Phase II (#SB060011)	3.00	449,506	October 25, 2014
2007 Local Roadway Rehab (#SB080001)	3.00	311,060	October 25, 2017
North Ridge Road Project(#SB090002)	3.00	74,815	January 30, 2019
Local Roadway Rehab and State Route 58 (#SB090007)	3.00	1,200,395	August 26, 2019
Oberlin Avenue Phase I (#SB110003)	3.00	109,420	November 4, 2022
<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
Fire Department Vehicle	0.00	9,697	November 14, 2012
Lorain County Engineer - Cooper Foster Park Road	0.00	272,801	September 15, 2020
Lorain County Engineer - Oberlin Avenue Phase I	0.00	220,000	October 13, 2021
<i>Long Term Note:</i>			
Operating Note	7.00	300,000	July 7, 2015
<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
2011 Various Purpose Refunding (Water Fund Portion)	3.00-4.75	3,140,825	December 1, 2016
<i>Enterprise Revenue Bonds:</i>			
1995 Water System Revenue	3.95-5.25	10,000,000	April 1, 2016
1995 Sewer System Refunding Revenue	3.80-5.60	8,035,000	April 1, 2011

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<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	21,855,197	July 1, 2028
2007 Brownell Avenue Waterline (#4775)	4.47	770,575	January 1, 2028
2009 Black River Tunnel Design (#5453)	3.20	3,034,137	July 1, 2015
2010 Pearl Avenue Water Mains (#5628)	3.84	1,700,272	January 1, 2030
2011 28th Street Waterline (#5863)	4.45	1,236,612	January 1, 2026



City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

Changes in bonds and other long-term obligations of the City during 2011 were as follows:

	Principal Outstanding 12/31/10	Additions	Deletions	Principal Outstanding 12/31/11	Due Within One Year
Governmental Activities					
<i>General Obligation Bonds:</i>					
Various Purposes	\$755,000	\$0	\$755,000	\$0	\$0
Capital Purposes	365,000	0	100,000	265,000	105,000
Accrued Pension Fund Liability	1,430,000	0	1,430,000	0	0
Safety/Service Action Plan	6,325,000	0	380,000	5,945,000	400,000
Riverfront Urban Renewal Phase II & III	4,230,000	0	125,000	4,105,000	130,000
Park and Street Improvements	879,240	0	50,726	828,514	54,107
Energy Conservation	1,396,888	0	254,385	1,142,503	267,774
Lighthouse Urban Renewal Phase I	1,510,000	0	0	1,510,000	75,000
2007 Riverfront Urban Renewal Refunding	4,700,000	0	140,000	4,560,000	190,000
Unamortized Discount	(38,811)	0	(2,230)	(36,581)	0
Deferred Loss on Refunding	(229,467)	0	(12,739)	(216,728)	0
2007A Colorado Avenue	450,000	0	20,000	430,000	20,000
2007A US Route 6	660,000	0	45,000	615,000	45,000
2007B Heritage Urban Renewal	1,265,000	0	50,000	1,215,000	50,000
Unamortized Discount	(4,751)	0	(267)	(4,484)	0
2008 Pellet Terminal Improvement	5,195,000	0	165,000	5,030,000	175,000
Unamortized Discount	(65,094)	0	(3,664)	(61,430)	0
2010 Health Claims	5,000,000	0	205,000	4,795,000	220,000
2011 Street Improvements	0	455,920	0	455,920	9,028
Unamortized Discount	0	(4,934)	(101)	(4,833)	0
2011 Various Purpose Refunding	0	2,074,175	0	2,074,175	224,590
Unamortized Discount	0	(2,930)	(82)	(2,848)	0
Unamortized Premium	16,830	0	1,242	15,588	0
Total General Obligation Bonds	33,839,835	2,522,231	3,702,270	32,659,796	1,965,499
<i>Special Assessment Bonds with Government Commitment:</i>					
Park and Street Improvements	420,760	0	24,274	396,486	25,893
Street Improvement	385,000	0	10,000	375,000	10,000
Unamortized Premium	11,681	0	622	11,059	0
Street Improvement	245,000	0	5,000	240,000	10,000
Unamortized Discount	(4,216)	0	(211)	(4,005)	0
Street Improvement	0	554,080	0	554,080	10,972
Unamortized Discount	0	(5,996)	(123)	(5,873)	0
Total Special Assessment Bonds	1,058,225	548,084	39,562	1,566,747	56,865
<i>HUD Section 108 Loans</i>					
Community Development	1,000,000	0	125,000	875,000	125,000
Head Start	20,000	0	10,000	10,000	10,000
Head Start	220,000	0	110,000	110,000	110,000
Colorado Instrustrial Park	1,125,000	0	125,000	1,000,000	125,000
Land Acquisition	1,730,000	0	90,000	1,640,000	95,000
Total HUD Section 108 Loans	4,095,000	0	460,000	3,635,000	465,000
<i>Other Obligations</i>					
ODOD Urban Redevelopment Loans	2,296,943	0	49,542	2,247,401	201,913
OPWC Loans	2,543,125	304,189	345,987	2,501,327	350,766
ODOT State Infrastructure Bank Loans	1,880,578	194,520	176,850	1,898,248	270,336
Installment Loans	540,340	492,801	163,245	869,896	85,525
Capital Leases	1,566,213	450,740	739,827	1,277,126	742,877
Long Term Note	300,000	0	60,000	240,000	60,000
Pollution Remediation	846,427	0	0	846,427	0
Compensated Absences	6,466,706	1,099,790	376,216	7,190,280	1,108,798
Total Governmental Activities	\$55,433,392	\$5,612,355	\$6,113,499	\$54,932,248	\$5,307,579

City of Lorain, Ohio
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For The Year Ended December 31, 2011

	Principal Outstanding 12/31/10	Additions	Deletions	Principal Outstanding 12/31/11	Due Within One Year
Business-Type Activities					
<i>General Obligation Bonds:</i>					
Various Purpose - Water	\$515,000	\$0	\$515,000	\$0	\$0
Energy Conservation - Water	41,258	0	7,514	33,744	7,909
Energy Conservation - Sewer	126,854	0	23,101	103,753	24,317
Various Purpose Refunding - Water	0	3,140,825	0	3,140,825	690,410
Unamortized Premium	0	19,652	1,432	18,220	0
<i>Total General Obligation Bonds</i>	<u>683,112</u>	<u>3,160,477</u>	<u>547,047</u>	<u>3,296,542</u>	<u>722,636</u>
<i>Revenue Bonds:</i>					
Water System Revenue	4,105,000	0	4,105,000	0	0
Unamortized Discount	(40,091)	0	(40,091)	0	0
Sewer System Refunding Revenue	720,000	0	720,000	0	0
Unamortized Discount	(637)	0	(637)	0	0
Deferred Loss on Refunding	(13,842)	0	(13,842)	0	0
<i>Total Revenue Bonds</i>	<u>4,770,430</u>	<u>0</u>	<u>4,770,430</u>	<u>0</u>	<u>0</u>
<i>Ohio Water Development Authority Loans:</i>					
SE Sewer Intercept	95,248	0	95,248	0	0
East Erie Waterlines	1,286,793	0	114,318	1,172,475	120,605
E. 28th St./Pearl Ave. Relief Sewer	622,201	0	57,748	564,453	59,440
Colorado Ave./Root Rd. Waterline	290,475	0	21,807	268,668	23,164
Colorado/Root/E. Erie Waterline	1,645,459	0	134,355	1,511,104	140,304
Westside Waterline Replacement	1,543,662	0	117,124	1,426,538	122,622
Tacoma Avenue Relief Sewer	2,767,063	0	243,271	2,523,792	250,155
Idaho Avenue SSO Elimination	5,982,452	0	476,730	5,505,722	494,339
4W Waterline Replacement	3,180,445	0	74,434	3,106,011	78,126
Kay Drive Retention Basin	1,642,521	0	115,473	1,527,048	119,914
Amherst Township Relief Sewer	630,227	0	47,380	582,847	49,202
Pearl Road & Tacoma Pump Station	948,864	0	63,254	885,610	65,687
East Central Relief Sewer	2,918,774	0	39,257	2,879,517	130,984
Westside Relief Sewer	19,764,307	36,333	869,175	18,931,465	897,564
Brownell Avenue Waterline	693,666	0	27,988	665,678	29,253
Black River Tunnel Design	2,491,928	256,273	585,669	2,162,532	604,561
Pearl Avenuenue Water Main	1,295,318	404,954	63,086	1,637,186	65,531
28th Street Waterline	0	1,236,612	0	1,236,612	65,797
<i>Total Ohio Water Development Authority Loans</i>	<u>47,799,403</u>	<u>1,934,172</u>	<u>3,146,317</u>	<u>46,587,258</u>	<u>3,317,248</u>
Capital Leases	138,146	0	63,828	74,318	56,010
Compensated Absences	1,018,497	97,917	4,806	1,111,608	125,904
<i>Total Business-Type Activities</i>	<u>\$54,409,588</u>	<u>\$5,192,566</u>	<u>\$8,532,428</u>	<u>\$51,069,726</u>	<u>\$4,221,798</u>

General obligation bonds will be paid from the general obligation bond retirement debt service fund. 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.

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In 2007, the City defeased a 2000 riverfront urban renewal general obligation bond in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On December 31, 2011, \$3,820,000 of the defeased bonds is still outstanding.

In 2011, the City issued general obligation bonds, in the amount of \$5,215,000, to currently refund bonds previously issued in fiscal year 1995 for various purposes and water system revenue and 1999 for accrued pension fund liability. The current refunding was undertaken to take advantage of lower interest rates and to eliminate the necessity of maintaining separate accounts held by trustees per the trust agreement the City signed for the water revenue bonds. \$797,860 of the restricted assets held by the trustees in the debt service reserve account was used to pay a portion of the principal due on the water revenue bonds being refunded. The bonds were issued with interest rates varying from 3 percent to 4.75 percent. The general obligation portion of the bonds were issued for a thirteen year period with final maturity during fiscal year 2024 and the water fund portion of the bonds were issued for a five year period with a final maturity during fiscal year 2016. The bonds will be retired through the general obligation bond retirement debt service and the water works enterprise funds.

	1995 Various Purpose (G.O. Portion)	1995 Various Purpose (Water Portion)	1995 Water System Revenue	1999 Accrued Pension Fund Liability
Outstanding at				
December 31, 2010	\$755,000	\$515,000	\$4,105,000	\$1,430,000
Amount Refunded	(620,000)	(350,000)	(2,707,140)	(1,360,000)
Release of Debt Service				
Reserve held by Trustees	0	0	(797,860)	0
Principal Payment on				
Non-Refunded Portion	(135,000)	(165,000)	(600,000)	(70,000)
Outstanding at				
December 31, 2011	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The general obligation portion of the bonds were sold at a discount of \$2,930 and the water fund portion of the bonds were sold at a premium of \$19,652. The proceeds of the refunding bond along with the balance of the debt service reserve fund held by trustees were deposited in an irrevocable trust with an escrow agent to provide for the optional redemption on December 1, 2011 of \$3,505,000 of the outstanding 1995 water revenue bonds, \$970,000 of the 1995 various purpose bonds and \$1,360,000 of the accrued pension fund liability bonds so as to discharge and satisfy the covenants, agreements and other obligations of the City with respect to the 1995 water revenue bonds and that portion of the 1995 various purpose and 1999 accrued pension fund liability bonds identified herein.

The City decreased its aggregated debt service payments by \$210,377 over the next thirteen years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$1,008,237.

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 \$904,703 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

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were projected to use approximately 16 percent of the available gas tax revenue over the life of the loans. Total principal and interest remaining on the loans is \$556,597, payable through 2017. Principal and interest payments for the current year were \$192,107 and total gas tax revenues were \$1,183,619.

Installment loans will be paid from the general fund and the general obligation bond retirement debt service fund.

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

The long term note will be paid from the general 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 \$846,427 as of 2011 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 have historically been, and 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 general obligation bonds for water improvements, OWDA water facility loans, and the capital lease for copiers/scanners will be paid from water user charges. The general obligation bonds for sewer improvements, OWDA sewer facility loans and the capital leases for sewer cleaning equipment and copier/scanners will be paid from sewer user charges.

The City has pledged future revenues to repay 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 47 percent of net revenues and less than 13 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$16,129,295. Principal and interest payments for the current year were \$1,038,532, net revenues were \$2,241,834, and total revenues were \$8,019,772.

The City has pledged future revenues to repay 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 98 percent of net revenues.

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and less than 27 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$45,095,499. Principal and interest payments for the current year were \$3,805,163, net revenues were \$3,896,326, and total revenues were \$14,057,496.

The City's overall legal debt margin was \$71,745,464 at December 31, 2011. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2011 are as follows:

Governmental Activities:

Years	General Obligation Bonds		Special Assessment Bonds		HUD Section 108 Loans		ODOD Urban Redevelopment Loan	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$1,965,499	\$1,679,083	\$56,865	\$90,907	\$465,000	\$170,640	\$201,913	\$70,595
2013	2,085,654	1,578,306	70,094	80,210	306,000	152,627	208,039	63,958
2014	2,053,376	1,490,580	71,712	77,511	308,000	141,577	214,350	57,121
2015	2,152,404	1,398,385	76,073	74,520	313,000	129,630	220,854	50,076
2016	1,757,308	1,300,723	77,692	71,326	318,000	116,637	227,554	42,817
2017-2021	9,312,275	5,124,615	432,725	299,729	1,435,000	360,862	1,174,691	97,289
2022-2026	10,074,346	2,493,130	420,654	178,500	490,000	59,528	0	0
2027-2031	3,280,250	421,271	359,751	58,044	0	0	0	0
2032-2036	290,000	13,050	0	0	0	0	0	0
Total	\$32,971,112	\$15,499,143	\$1,565,566	\$930,747	\$3,635,000	\$1,131,501	\$2,247,401	\$381,856

Years	OPWC	ODOT		Installment Loans		Operating Note		Total	
	Loans	State Infrastructure Bank Loans	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$350,766	\$270,336	\$51,652	\$85,525	\$898	\$60,000	\$17,033	\$3,455,904	\$2,080,808
2013	366,645	288,042	46,693	107,348	583	60,000	12,740	3,491,822	1,935,117
2014	353,085	296,748	37,987	107,677	255	60,000	8,493	3,464,948	1,813,524
2015	303,076	207,503	29,749	99,613	0	60,000	4,247	3,432,523	1,686,607
2016	271,175	213,775	23,477	99,613	0	0	0	2,965,117	1,554,980
2017-2021	815,650	609,379	34,526	370,120	0	0	0	14,149,840	5,917,021
2022-2026	40,930	12,465	282	0	0	0	0	11,038,395	2,731,440
2027-2031	0	0	0	0	0	0	0	3,640,001	479,315
2032-2036	0	0	0	0	0	0	0	290,000	13,050
Total	\$2,501,327	\$1,898,248	\$224,366	\$869,896	\$1,736	\$240,000	\$42,513	\$45,928,550	\$18,211,862

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Business-Type Activities:

Years	GO Bonds		OWDA Loans		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$722,636	\$116,909	\$1,683,795	\$1,040,648	\$2,406,431	\$1,157,557
2013	759,252	84,153	1,751,229	971,968	2,510,481	1,056,121
2014	594,911	55,595	1,821,469	903,217	2,416,380	958,812
2015	611,523	37,276	1,894,637	831,596	2,506,160	868,872
2016	590,000	18,438	1,970,860	756,983	2,560,860	775,421
2017-2021	0	0	9,607,048	2,551,567	9,607,048	2,551,567
2022-2026	0	0	2,280,523	880,956	2,280,523	880,956
2027-2031	0	0	1,076,314	303,647	1,076,314	303,647
2032-2034	0	0	533,588	73,229	533,588	73,229
Total	\$3,278,322	\$312,371	\$22,619,463	\$8,313,811	\$25,897,785	\$8,626,182

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:

<u>Enterprise Funds</u>	<u>December 31, 2011</u>
<i>Water Works:</i>	
Pearl Avenue Water Main	\$1,637,186
28th Street Waterline	1,236,612
<i>Water Pollution Control:</i>	
Westside Relief Sewer	18,931,465
Black River Tunnel Design	2,162,532
Total Loans not Finalized	<u>\$23,967,795</u>

Note 13 - Capital Leases

During 2011, the City entered into a lease for the acquisition of fifteen police cruisers. In prior years, the City entered into leases for the acquisition of street and fire equipment, an IP phone system and software, copier/scanner equipment, 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.

City of Lorain, Ohio
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Capital assets acquired by leases have been capitalized and depreciated as follows:

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>
<i>Capital Assets, Being Depreciated:</i>		
Machinery and Equipment	\$4,883,693	\$503,820
Less Accumulated Depreciation:		
Machinery and Equipment	(1,338,481)	(134,912)
<i>Capital Assets, Net</i>	\$3,545,212	\$368,908

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, 2011:

Year Ending December 31,	Governmental Activities	Business-type Activities
2012	\$798,614	\$60,440
2013	362,927	10,440
2014	200,637	9,570
2015	3,348	0
Total Minimum Lease Payments	1,365,526	80,450
Less: Amount Representing Interest	(88,400)	(6,132)
Present Value of Minimum Lease Payments	\$1,277,126	\$74,318

Note 14 - Compensated Absences

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

Note 15 - Defined Benefit Pension Plans

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

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the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, 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 visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. For the year ended December 31, 2011, members in state and local divisions contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2011, member and employer contribution rates were consistent across all three plans.

The City's 2011 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$1,449,613, \$1,221,743, and \$1,211,710, respectively. For 2011, 87.68 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$37,723 made by the City and \$26,945 made by plan members.

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 – The Ohio Revised Code requires plan members 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 OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$781,322 and

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\$866,671 for the year ended December 31, 2011, \$728,679 and \$800,715 for the year ended December 31, 2010, \$744,220 and \$831,534 for the year ended December 31, 2009, respectively. For 2011, 74.19 percent for police and 74.09 percent for firefighters has been contributed with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

Note 16 - Post Employment Benefits

Ohio Public Employees Retirement System (OPERS)

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the 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, 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 mandate, 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 visiting <https://www.opers.org/investments/cafr.shtml>, 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 administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement 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 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

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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, 2011, 2010, and 2009 were \$579,805, \$708,050, and \$899,140, respectively. For 2011, 87.68 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

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 on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

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 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 by Ohio Revised Code 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. Active members do not make contributions to the OPEB Plan.

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 administrated 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 the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated

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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 Sections 115 and 401(h).

The OP&F Board of Trustees also is 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 \$413,543 and \$339,216 for the year ended December 31, 2011, \$385,679 and \$313,401 for the year ended December 31, 2010, and \$393,905 and \$325,463 for the year ended December 31, 2009. For 2011, 74.19 percent has been contributed for police and 74.09 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

Note 17 – Contractual Commitments

As of December 31, 2011, the open construction contracts for the water department and the water pollution control department were \$1,064,188 and \$3,478,627 respectively.

The water department open construction contracts include \$618,578 with Underground Utilities for construction and \$101,024 with CT Consultants for engineering services and construction oversight of the 28th Street waterline project and \$211,143 with CT Consultants for engineering services and construction oversight of the Oberlin Avenue water main project. The water department also has an open contract in the amount of \$127,200 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 Mark Haynes Construction for the Black River Restoration project in the amount of \$737,252 and Malcolm-Pirnie in the amount of \$171,622 for engineering and construction oversight on the project. For the design, engineering services, and construction oversight of the Black River wastewater storage and conveyance tunnel the City has an open contract in the amount of \$2,041,127 with Malcolm-Pirnie. For the purchase of heavy equipment the City has an open contracts with various vendors totaling \$240,057 and for brownfield assessment an open contract with Malcolm-Pirnie for \$202,650.

The City also had an open construction contract with Smith Paving and Excavating, Inc. for the repair and replacement of local roadways and phase I of the Oberlin Avenue project in the amount of \$1,104,719. In addition the City had an open construction contract with KS Associates for engineering services for the Jaeger Road project in the amount of \$274,221 and \$248,247 with Terminal Ready Mix for the second phase of rehabilitation of Oberlin Avenue.

Note 18 – Jointly Governed Organizations

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.

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Each participant's degree of control is limited to its representation on the board. During 2011, the City contributed \$17,525 to the agency.

Northeast Ohio Public Energy Council

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 126 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Lorain did not contribute to NOPEC during 2011. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 31320 Solon Road Suite 20, Solon, Ohio 44139 or at the website www.nopecinfo.org.

Note 19 - 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 20 – 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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

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 2011, the City made payments in the amount of \$514,762 to 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 21 - Interfund Transfers and Balances

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.

A transfer was made from the SAMHSA pride grant fund to the community development fund for the purpose of reimbursement of indirect costs associated with the grant project.

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.

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

The water works and water pollution control funds transferred monies to the general fund to help finance economic development projects that would benefit the respective enterprise funds through new revenue sources.

Transfers made during the year ended December 31, 2011 were as follows:

<u>Transfer To</u>	<u>Transfer From</u>					<u>Totals</u>
	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>General</u>	<u>Community Development</u>	<u>Nonmajor</u>	<u>Water Works</u>	<u>Water Pollution Control</u>	
<u>Governmental Activities</u>						
General	\$0	\$0	\$0	\$50,000	\$50,000	\$100,000
Community Development						
Block Grant	0	0	6,238	0	0	6,238
General Obligation						
Bond Retirement	714,208	101,490	192,107	0	0	1,007,805
Capital Improvements	102,355	0	0	0	0	102,355
Nonmajor Funds	656,064	0	235,000	0	0	891,064
Total	<u>\$1,472,627</u>	<u>\$101,490</u>	<u>\$433,345</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$2,107,462</u>

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

Balances

The interfund balances as of December 31, 2011 represent eliminating negative cash, unallocated municipal court fines, utility and petroleum costs.

Interfund Payable	Interfund Receivable					Totals
	Governmental Activities		Business-Type Activities		Governmental Activities- Internal Service	
	General	Nonmajor	Water Works	Water Pollution Control	Garage	
Governmental Activities						
General	\$0	\$46,966	\$0	\$2,019	\$24,783	\$73,768
Community Development	0	0	332	474	381	1,187
Nonmajor	603,291	0	0	0	57,055	660,346
<i>Total Governmental Activities</i>	<u>603,291</u>	<u>46,966</u>	<u>332</u>	<u>2,493</u>	<u>82,219</u>	<u>735,301</u>
Business-Type Activities						
Water Works	0	0	0	0	46,626	46,626
Water Pollution Control	0	0	0	0	29,213	29,213
<i>Total Business-Type Activities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>75,839</u>	<u>75,839</u>
<i>Total</i>	<u>\$603,291</u>	<u>\$46,966</u>	<u>\$332</u>	<u>\$2,493</u>	<u>\$158,058</u>	<u>\$811,140</u>

Note 22 - Contingencies

Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

In 2009 the Office of the Inspector General of the Department of Housing and Urban Development (HUD) began an investigation regarding the award of contracts through the City's Community Development Block Grant (CDBG) and HOME programs. Any claims resulting from the investigation could become the liability of the community development fund or other applicable funds. The range of possible claims including potential penalties is \$0 to \$615,025.

The investigation is ongoing but no claim has been asserted. Based on the City's internal review of program compliance, the City believes the likelihood of the investigation resulting in a loss or liability of \$615,025 is remote. However, the likelihood of a claim resulting in a loss or liability of a lesser amount, namely, less than \$300,000 is reasonably possible. Any adverse outcome from the investigation, in the opinion of management, would not have a material effect, if any, on the fair presentation of the City's basic financial statements.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2011

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.

Guarantee Agreement

In 1999 the City executed a loan guarantee with the State of Ohio, Department of Development, to guarantee repayment of twenty-five percent (25%) of a \$2,770,000 urban redevelopment loan the State made to the South Shore Community Development Corporation (SSCDC). The purpose of the loan is for the renovation of the former St. Joseph's Hospital building into a community resource center. In the event of a default by South Shore Community Development Corporation on the loan the City would be liable for \$692,500, or twenty-five percent, of the loan, but any guarantee payment made by the City in any calendar year would not exceed the annual principal and interest payment due the State of Ohio from the SSCDC. The City feels it is highly unlikely that any default will occur and cannot presently determine any future liability the City may incur.

Note 23 - Subsequent Events

On January 20, 2012 the City entered into a loan agreement with Fifth Third Bank, for the purchase of a court case management system for the City's Municipal Courts, for \$425,000. The loan is payable over a term of five years with payments to be made semi-annually at an interest rate of 3.44 percent.

On April 26, 2012 the City signed a loan agreement with the Ohio Water Development Authority for phase I of the Black River storage and conveyance tunnel construction for \$65,863,272. The loan is payable over a term of twenty years with payments to be made semi-annually beginning in 2015 at an interest rate of 2.48 percent.

**Combining and Individual Fund Statements
and Schedules**

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for and report the proceeds of specific revenue sources that are restricted, committed or nonspendable to expenditures for specified purposes other than debt service or capital projects.

Streets Fund

This fund accounts for and reports that portion of State gasoline tax and motor vehicle registration fees restricted 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 and reports revenues levied by the City restricted for street maintenance within the City.

Health Services Fund

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

Litter Control Fund

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

Police Levy Fund

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

Mandatory Drug Fund

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

Police Pension Fund

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

Fire Pension Fund

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

Indigent Drivers Fund

This fund accounts for and reports 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 is restricted to providing for the cost of rehabilitation for those deemed to be indigent.

Park Land Fund

This fund accounts for and reports revenues received from contractors who establish new developments in the City and is committed to the development of land for parks. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

(continued)

Combining Statements - Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

Cemetery Fund

This fund accounts for and reports the portion of burial permit fees that are restricted for the maintenance of the cemetery. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

Law Enforcement Fund

This fund accounts for and reports restricted monies received from the confiscation of property from drug law violations to be used by the police department in their enforcement of drug related laws.

Municipal Court Computer Fund

This fund accounts for and reports court fees collected by the municipal court restricted for equipment, computers and improvements for the court.

Legal Research Fund

This fund accounts for and reports court fees collected by the municipal court restricted for the purpose of maintaining and keeping the City's law library material current.

Municipal Court Security Fund

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

Municipal Court Probation Fund

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

Economic Development Fund

This fund accounts for and reports monies committed to the promotion of economic development opportunities for businesses within the City. This fund is included with the general fund for GAAP reporting as it does not have a restricted or committed revenue source.

Substance Abuse Mental Health Services Administration (SAMHSA) Grant Fund

This fund accounts for and reports grant funds received from the federal government restricted to provide services and resources to the residents in the City who have been affected by the recent economic downturn.

Municipal Court Operating Fund

This fund accounts for and reports court fees collected by the municipal court restricted for the purchase and maintenance of a computerized operating system for the Lorain Municipal Court.

Combining Statements - Nonmajor Governmental Funds (continued)

Nonmajor Debt Service Fund

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

Special Assessment Bond Retirement Fund

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

Nonmajor Capital Projects Funds

Capital projects funds are established to account for and report financial resources that are restricted, committed or assigned to the construction or acquisition of major capital facilities (other than those financed by proprietary funds.)

General Sewer Fund

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

Municipal Court Improvements Fund

This fund accounts for and reports fees collected by the municipal court restricted for capital improvements for the court.





City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$2,484,300	\$0	\$501,281	\$2,985,581
Accounts Receivable	0	0	184,756	184,756
Materials and Supplies Inventory	239,406	0	0	239,406
Interfund Receivable	43,547	0	3,419	46,966
Intergovernmental Receivable	1,408,555	0	0	1,408,555
Prepaid Items	30,360	0	420	30,780
Municipal Income Taxes Receivable	339,898	0	0	339,898
Property Taxes Receivable	617,490	0	0	617,490
Special Assessment Receivable	0	1,550,365	0	1,550,365
<i>Total Assets</i>	<u>\$5,163,556</u>	<u>\$1,550,365</u>	<u>\$689,876</u>	<u>\$7,403,797</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$71,709	\$0	\$46,598	\$118,307
Contracts Payable	0	0	21,413	21,413
Accrued Wages and Benefits	90,177	0	949	91,126
Matured Compensated Absences Payable	5,316	0	0	5,316
Intergovernmental Payable	94,712	0	1,709	96,421
Interfund Payable	660,346	0	0	660,346
Accrued Interest Payable	7,346	0	625	7,971
Deferred Revenue	1,618,833	1,550,365	0	3,169,198
<i>Total Liabilities</i>	<u>2,548,439</u>	<u>1,550,365</u>	<u>71,294</u>	<u>4,170,098</u>
Fund Balances				
Nonspendable	269,766	0	420	270,186
Restricted	2,966,899	0	18,910	2,985,809
Committed	0	0	599,252	599,252
Unassigned (Deficit)	(621,548)	0	0	(621,548)
<i>Total Fund Balances</i>	<u>2,615,117</u>	<u>0</u>	<u>618,582</u>	<u>3,233,699</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,163,556</u>	<u>\$1,550,365</u>	<u>\$689,876</u>	<u>\$7,403,797</u>

City of Lorain, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$499,514	\$0	\$0	\$499,514
Municipal Income Taxes	2,338,833	0	0	2,338,833
Charges for Services	310,518	0	931,605	1,242,123
Licenses and Permits	285,452	0	0	285,452
Fines and Forfeitures	727,113	0	56,030	783,143
Intergovernmental	4,101,904	0	0	4,101,904
Special Assessments	0	43,949	0	43,949
Interest	0	0	114	114
Miscellaneous	5,232	0	0	5,232
<i>Total Revenues</i>	<u>8,268,566</u>	<u>43,949</u>	<u>987,749</u>	<u>9,300,264</u>
Expenditures				
Current:				
General Government	368,128	0	0	368,128
Security of Persons and Property	2,849,477	0	0	2,849,477
Transportation	2,494,279	0	0	2,494,279
Public Health	2,023,513	0	0	2,023,513
Community Environment	37,138	0	0	37,138
Capital Outlay	0	0	436,557	436,557
Debt Service:				
Principal Retirement	688,919	39,274	55,432	783,625
Interest and Fiscal Charges	177,218	57,573	3,789	238,580
<i>Total Expenditures</i>	<u>8,638,672</u>	<u>96,847</u>	<u>495,778</u>	<u>9,231,297</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(370,106)</u>	<u>(52,898)</u>	<u>491,971</u>	<u>68,967</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	450,740	0	0	450,740
Transfers In	839,749	51,315	0	891,064
Transfers Out	(198,345)	0	(235,000)	(433,345)
<i>Total Other Financing Sources (Uses)</i>	<u>1,092,144</u>	<u>51,315</u>	<u>(235,000)</u>	<u>908,459</u>
<i>Net Change in Fund Balances</i>	722,038	(1,583)	256,971	977,426
<i>Fund Balances Beginning of Year</i>	<u>1,893,079</u>	<u>1,583</u>	<u>361,611</u>	<u>2,256,273</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,615,117</u></u>	<u><u>\$0</u></u>	<u><u>\$618,582</u></u>	<u><u>\$3,233,699</u></u>

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	Streets	Permissive License	Health Services	Litter Control	Police Levy
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$6,613	\$304,964	\$10,009	\$75,953	\$878,040
Materials and Supplies Inventory	156,959	0	10,385	0	72,062
Interfund Receivable	0	0	0	0	0
Intergovernmental Receivable	890,877	37,793	75,844	0	0
Prepaid Items	0	0	4,372	0	24,907
Municipal Income Taxes Receivable	0	0	0	0	339,898
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$1,054,449</u>	<u>\$342,757</u>	<u>\$100,610</u>	<u>\$75,953</u>	<u>\$1,314,907</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$4,809	\$20,457	\$3,208	\$1,817	\$37,892
Accrued Wages and Benefits	29,292	0	28,058	0	24,163
Matured Compensated Absences Payable	5,316	0	0	0	0
Intergovernmental Payable	34,575	0	27,063	0	23,355
Interfund Payable	47,748	0	311	0	8,996
Accrued Interest Payable	5,037	0	10	0	2,299
Deferred Revenue	572,854	0	56,902	0	56,473
<i>Total Liabilities</i>	<u>699,631</u>	<u>20,457</u>	<u>115,552</u>	<u>1,817</u>	<u>153,178</u>
Fund Balances					
Nonspendable	156,959	0	14,757	0	96,969
Restricted	197,859	322,300	0	74,136	1,064,760
Unassigned (Deficit)	0	0	(29,699)	0	0
<i>Total Fund Balances (Deficit)</i>	<u>354,818</u>	<u>322,300</u>	<u>(14,942)</u>	<u>74,136</u>	<u>1,161,729</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,054,449</u>	<u>\$342,757</u>	<u>\$100,610</u>	<u>\$75,953</u>	<u>\$1,314,907</u>

Mandatory Drug	Police Pension	Fire Pension	Indigent Drivers	Law Enforcement	Municipal Court Computer	Legal Research
\$8,864	\$0	\$0	\$78,303	\$747,594	\$13,422	\$50,221
0	0	0	0	0	0	0
0	0	0	944	0	6,601	1,771
0	17,500	17,500	0	0	0	0
0	0	0	0	0	0	369
0	0	0	0	0	0	0
0	308,745	308,745	0	0	0	0
<u>\$8,864</u>	<u>\$326,245</u>	<u>\$326,245</u>	<u>\$79,247</u>	<u>\$747,594</u>	<u>\$20,023</u>	<u>\$52,361</u>
\$0	\$0	\$0	\$0	\$0	\$3,526	\$0
0	0	0	0	0	1,745	0
0	0	0	0	0	0	0
0	0	0	360	0	2,526	0
0	299,704	292,145	0	0	0	0
0	0	0	0	0	0	0
0	326,245	326,245	0	0	0	0
0	625,949	618,390	360	0	7,797	0
0	0	0	0	0	0	369
8,864	0	0	78,887	747,594	12,226	51,992
0	(299,704)	(292,145)	0	0	0	0
<u>8,864</u>	<u>(299,704)</u>	<u>(292,145)</u>	<u>78,887</u>	<u>747,594</u>	<u>12,226</u>	<u>52,361</u>
<u>\$8,864</u>	<u>\$326,245</u>	<u>\$326,245</u>	<u>\$79,247</u>	<u>\$747,594</u>	<u>\$20,023</u>	<u>\$52,361</u>

(continued)

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2011

	Municipal Court Security	Municipal Court Probation	SAMHSA Grant	Municipal Court Operating	Total Nonmajor Special Revenue Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$196,423	\$84,641	\$0	\$29,253	\$2,484,300
Materials and Supplies Inventory	0	0	0	0	239,406
Interfund Receivable	18,395	10,012	0	5,824	43,547
Intergovernmental Receivable	0	0	369,041	0	1,408,555
Prepaid Items	712	0	0	0	30,360
Municipal Income Taxes Receivable	0	0	0	0	339,898
Property Taxes Receivable	0	0	0	0	617,490
<i>Total Assets</i>	<u>\$215,530</u>	<u>\$94,653</u>	<u>\$369,041</u>	<u>\$35,077</u>	<u>\$5,163,556</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$71,709
Accrued Wages and Benefits	3,680	3,239	0	0	90,177
Matured Compensated Absences Payable	0	0	0	0	5,316
Intergovernmental Payable	3,798	3,035	0	0	94,712
Interfund Payable	0	0	11,442	0	660,346
Accrued Interest Payable	0	0	0	0	7,346
Deferred Revenue	0	0	280,114	0	1,618,833
<i>Total Liabilities</i>	<u>7,478</u>	<u>6,274</u>	<u>291,556</u>	<u>0</u>	<u>2,548,439</u>
Fund Balances					
Nonspendable	712	0	0	0	269,766
Restricted	207,340	88,379	77,485	35,077	2,966,899
Unassigned (Deficit)	0	0	0	0	(621,548)
<i>Total Fund Balances (Deficit)</i>	<u>208,052</u>	<u>88,379</u>	<u>77,485</u>	<u>35,077</u>	<u>2,615,117</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$215,530</u>	<u>\$94,653</u>	<u>\$369,041</u>	<u>\$35,077</u>	<u>\$5,163,556</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, 2011

	Streets	Permissive License	Health Services	Litter Control	Police Levy
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0	2,338,833
Charges for Services	0	0	310,518	0	0
Licenses and Permits	0	0	285,452	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	2,134,220	469,658	460,706	0	26,760
Miscellaneous	0	0	0	0	5,232
<i>Total Revenues</i>	<u>2,134,220</u>	<u>469,658</u>	<u>1,056,676</u>	<u>0</u>	<u>2,370,825</u>
Expenditures					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	0	1,873,119
Transportation	2,239,184	255,095	0	0	0
Public Health	0	0	1,176,245	0	0
Community Environment	0	0	0	37,138	0
Debt Service:					
Principal Retirement	266,277	0	9,645	0	342,997
Interest and Fiscal Charges	29,575	0	1,396	0	106,314
<i>Total Expenditures</i>	<u>2,535,036</u>	<u>255,095</u>	<u>1,187,286</u>	<u>37,138</u>	<u>2,322,430</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(400,816)</u>	<u>214,563</u>	<u>(130,610)</u>	<u>(37,138)</u>	<u>48,395</u>
Other Financing Sources (Uses)					
Inception of Capital Lease	0	0	0	0	450,740
Transfers In	656,265	0	183,484	0	0
Transfers Out	(192,107)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>464,158</u>	<u>0</u>	<u>183,484</u>	<u>0</u>	<u>450,740</u>
<i>Net Change in Fund Balances</i>	63,342	214,563	52,874	(37,138)	499,135
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>291,476</u>	<u>107,737</u>	<u>(67,816)</u>	<u>111,274</u>	<u>662,594</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$354,818</u>	<u>\$322,300</u>	<u>(\$14,942)</u>	<u>\$74,136</u>	<u>\$1,161,729</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, 2011

	Mandatory Drug	Police Pension	Fire Pension	Indigent Drivers	Law Enforcement
Revenues					
Property Taxes	\$0	\$249,715	\$249,799	\$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	3,627	0	0	49,227	125,666
Intergovernmental	0	39,827	39,742	0	0
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>3,627</u>	<u>289,542</u>	<u>289,541</u>	<u>49,227</u>	<u>125,666</u>
Expenditures					
Current:					
General Government	0	0	0	50,049	0
Security of Persons and Property	4,632	322,711	296,531	0	238,272
Transportation	0	0	0	0	0
Public Health	0	0	0	0	0
Community Environment	0	0	0	0	0
Debt Service:					
Principal Retirement	0	24,500	45,500	0	0
Interest and Fiscal Charges	0	13,977	25,956	0	0
<i>Total Expenditures</i>	<u>4,632</u>	<u>361,188</u>	<u>367,987</u>	<u>50,049</u>	<u>238,272</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,005)</u>	<u>(71,646)</u>	<u>(78,446)</u>	<u>(822)</u>	<u>(112,606)</u>
Other Financing Sources (Uses)					
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>(1,005)</u>	<u>(71,646)</u>	<u>(78,446)</u>	<u>(822)</u>	<u>(112,606)</u>
Fund Balances (Deficit)					
<i>Beginning of Year</i>	<u>9,869</u>	<u>(228,058)</u>	<u>(213,699)</u>	<u>79,709</u>	<u>860,200</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$8,864</u></u>	<u><u>(\$299,704)</u></u>	<u><u>(\$292,145)</u></u>	<u><u>\$78,887</u></u>	<u><u>\$747,594</u></u>

Municipal Court Computer	Legal Research	Municipal Court Security	Municipal Court Probation	SAMHSA Grant	Municipal Court Operating	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$499,514
0	0	0	0	0	0	2,338,833
0	0	0	0	0	0	310,518
0	0	0	0	0	0	285,452
89,945	11,227	246,996	165,348	0	35,077	727,113
0	0	0	0	930,991	0	4,101,904
0	0	0	0	0	0	5,232
<u>89,945</u>	<u>11,227</u>	<u>246,996</u>	<u>165,348</u>	<u>930,991</u>	<u>35,077</u>	<u>8,268,566</u>
184,129	32,874	101,076	0	0	0	368,128
0	0	0	114,212	0	0	2,849,477
0	0	0	0	0	0	2,494,279
0	0	0	0	847,268	0	2,023,513
0	0	0	0	0	0	37,138
0	0	0	0	0	0	688,919
0	0	0	0	0	0	177,218
<u>184,129</u>	<u>32,874</u>	<u>101,076</u>	<u>114,212</u>	<u>847,268</u>	<u>0</u>	<u>8,638,672</u>
<u>(94,184)</u>	<u>(21,647)</u>	<u>145,920</u>	<u>51,136</u>	<u>83,723</u>	<u>35,077</u>	<u>(370,106)</u>
0	0	0	0	0	0	450,740
0	0	0	0	0	0	839,749
0	0	0	0	(6,238)	0	(198,345)
0	0	0	0	(6,238)	0	1,092,144
<u>(94,184)</u>	<u>(21,647)</u>	<u>145,920</u>	<u>51,136</u>	<u>77,485</u>	<u>35,077</u>	<u>722,038</u>
<u>106,410</u>	<u>74,008</u>	<u>62,132</u>	<u>37,243</u>	<u>0</u>	<u>0</u>	<u>1,893,079</u>
<u>\$12,226</u>	<u>\$52,361</u>	<u>\$208,052</u>	<u>\$88,379</u>	<u>\$77,485</u>	<u>\$35,077</u>	<u>\$2,615,117</u>

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011

	General Sewer	Municipal Court Improvements	Total Nonmajor Capital Projects Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$481,525	\$19,756	\$501,281
Accounts Receivable	184,756	0	184,756
Interfund Receivable	0	3,419	3,419
Prepaid Items	0	420	420
<i>Total Assets</i>	<u>\$666,281</u>	<u>\$23,595</u>	<u>\$689,876</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$44,991	\$1,607	\$46,598
Contracts Payable	21,413	0	21,413
Accrued Wages and Benefits	0	949	949
Intergovernmental Payable	0	1,709	1,709
Accrued Interest Payable	625	0	625
<i>Total Liabilities</i>	<u>67,029</u>	<u>4,265</u>	<u>71,294</u>
 Fund Balances			
Nonspendable	0	420	420
Restricted	0	18,910	18,910
Committed	599,252	0	599,252
<i>Total Fund Balances</i>	<u>599,252</u>	<u>19,330</u>	<u>618,582</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$666,281</u>	<u>\$23,595</u>	<u>\$689,876</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, 2011

	General Sewer	Municipal Court Improvements	Total Nonmajor Capital Projects Funds
Revenues			
Charges for Services	\$931,605	\$0	\$931,605
Fines and Forfeitures	0	56,030	56,030
Interest	0	114	114
<i>Total Revenues</i>	<u>931,605</u>	<u>56,144</u>	<u>987,749</u>
Expenditures			
Capital Outlay	353,099	83,458	436,557
Debt Service:			
Principal Retirement	55,432	0	55,432
Interest and Fiscal Charges	3,789	0	3,789
<i>Total Expenditures</i>	<u>412,320</u>	<u>83,458</u>	<u>495,778</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	519,285	(27,314)	491,971
Other Financing Uses			
Transfers Out	(235,000)	0	(235,000)
<i>Net Change in Fund Balances</i>	284,285	(27,314)	256,971
<i>Fund Balances Beginning of Year</i>	<u>314,967</u>	<u>46,644</u>	<u>361,611</u>
<i>Fund Balances End of Year</i>	<u><u>\$599,252</u></u>	<u><u>\$19,330</u></u>	<u><u>\$618,582</u></u>

Combining Statements – Internal Service Funds

Internal Service Funds

Internal service funds account for and report 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 and reports 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 and reports the hospital/medical, and prescription drug benefits for its employees on a self-insured basis.

City of Lorain, Ohio
Combining Statement of Fund Net Assets
Internal Service Funds
December 31, 2011

	Garage	Hospitalization	Total Internal Service Funds
Assets			
<i>Current Assets</i>			
Equity in Pooled Cash and Cash Equivalents	\$49,347	\$546,602	\$595,949
Materials and Supplies Inventory	949,537	0	949,537
Interfund Receivable	158,058	0	158,058
Prepaid Items	170	0	170
<i>Total Current Assets</i>	1,157,112	546,602	1,703,714
<i>Noncurrent Assets</i>			
Unamortized Bond Issuance Costs	0	107,798	107,798
Depreciable Capital Assets, Net	184,643	0	184,643
<i>Total Noncurrent Assets</i>	184,643	107,798	292,441
<i>Total Assets</i>	1,341,755	654,400	1,996,155
Liabilities			
<i>Current Liabilities</i>			
Accounts Payable	17,470	929	18,399
Accrued Wages and Benefits	13,668	622	14,290
Intergovernmental Payable	16,872	589	17,461
Claims Payable	0	371,377	371,377
Bonds Payable	21,596	220,000	241,596
<i>Total Current Liabilities</i>	69,606	593,517	663,123
<i>Long-Term Liabilities (Net of Current Portion)</i>			
Compensated Absences Payable	85,476	6,561	92,037
Bonds Payable	70,547	4,575,000	4,645,547
<i>Total Long-Term Liabilities</i>	156,023	4,581,561	4,737,584
<i>Total Liabilities</i>	225,629	5,175,078	5,400,707
Net Assets			
Invested in Capital Assets, Net of Related Debt	92,500	0	92,500
Unrestricted (Deficit)	1,023,626	(4,520,678)	(3,497,052)
<i>Total Net Assets (Deficit)</i>	\$1,116,126	(\$4,520,678)	(\$3,404,552)

City of Lorain, Ohio
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2011

	<u>Garage</u>	<u>Hospitalization</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Charges for Services	<u>\$1,874,327</u>	<u>\$3,488,046</u>	<u>\$5,362,373</u>
Operating Expenses			
Personal Services	615,535	20,714	636,249
Materials and Supplies	1,085,081	0	1,085,081
Contractual Services	804	0	804
Claims	0	4,025,386	4,025,386
Other Expenses	2,469	0	2,469
Depreciation	<u>4,924</u>	<u>0</u>	<u>4,924</u>
<i>Total Operating Expenses</i>	<u>1,708,813</u>	<u>4,046,100</u>	<u>5,754,913</u>
<i>Operating Income (Loss)</i>	165,514	(558,054)	(392,540)
Non-Operating Expenses			
Interest and Fiscal Charges	<u>(4,901)</u>	<u>(341,936)</u>	<u>(346,837)</u>
<i>Change in Net Assets</i>	160,613	(899,990)	(739,377)
<i>Net Assets (Deficit) Beginning of Year</i>	<u>955,513</u>	<u>(3,620,688)</u>	<u>(2,665,175)</u>
<i>Net Assets (Deficit) End of Year</i>	<u><u>\$1,116,126</u></u>	<u><u>(\$4,520,678)</u></u>	<u><u>(\$3,404,552)</u></u>

City of Lorain, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2011

	<u>Garage</u>	<u>Hospitalization</u>	<u>Total Internal Service Funds</u>
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Transactions with Other Funds	\$1,819,855	\$3,488,046	\$5,307,901
Cash Payments for Goods and Services	(1,208,521)	0	(1,208,521)
Cash Payments for Employee Services and Benefits	(634,098)	(21,024)	(655,122)
Cash Payments for Claims	0	(4,023,511)	(4,023,511)
<i>Net Cash Used for Operating Activities</i>	<u>(22,764)</u>	<u>(556,489)</u>	<u>(579,253)</u>
Cash Flows from Capital and Related Financing Activities			
Principal Paid on Bonds	(20,516)	(205,000)	(225,516)
Interest Paid on Bonds	(4,901)	(336,100)	(341,001)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(25,417)</u>	<u>(541,100)</u>	<u>(566,517)</u>
Net Decrease in Cash and Cash Equivalents	(48,181)	(1,097,589)	(1,145,770)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>97,528</u>	<u>1,644,191</u>	<u>1,741,719</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$49,347</u>	<u>\$546,602</u>	<u>\$595,949</u>

(continued)

City of Lorain, Ohio
Combining Statement of Cash Flows
Internal Service Funds (continued)
For the Year Ended December 31, 2011

	<u>Garage</u>	<u>Hospitalization</u>	<u>Total Internal Service Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities			
Operating Income (Loss)	<u>\$165,514</u>	<u>(\$558,054)</u>	<u>(\$392,540)</u>
<i>Adjustments:</i>			
Depreciation	4,924	0	4,924
<i>(Increase) Decrease in Assets:</i>			
Interfund Receivable	(54,472)	0	(54,472)
Materials and Supplies Inventory	(78,590)	0	(78,590)
Prepaid Items	2,138	0	2,138
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	(43,715)	929	(42,786)
Accrued Wages and Benefits	(7,703)	(576)	(8,279)
Claims Payable	0	1,875	1,875
Compensated Absences Payable	(5,670)	(423)	(6,093)
Intergovernmental Payable	(5,190)	(240)	(5,430)
<i>Total Adjustments</i>	<u>(188,278)</u>	<u>1,565</u>	<u>(186,713)</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$22,764)</u></u>	<u><u>(\$556,489)</u></u>	<u><u>(\$579,253)</u></u>

Combining Statements - 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 and report 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 and report 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 and report inspection fees charged to developers for engineering, surveying and inspection costs.

Deposits Held Fund

This fund was established to account for and report 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 and report 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 and report 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 and report 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 and report 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 and report 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, 2011

	Beginning Balance 12/31/10	Additions	Deductions	Ending Balance 12/31/11
<i>Street Excavation</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$11,810	\$0	\$0	\$11,810
Liabilities				
Deposits Held and Due to Others	\$11,810	\$0	\$0	\$11,810
 <i>Allotment Improvement</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$42,062	\$5,184	\$0	\$47,246
Liabilities				
Deposits Held and Due to Others	\$42,062	\$5,184	\$0	\$47,246
 <i>Deposits Held</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$144,712	\$103,647	\$51,265	\$197,094
Liabilities				
Deposits Held and Due to Others	\$144,712	\$103,647	\$51,265	\$197,094
 <i>Contracts Trust</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$8,571	\$750	\$1,607	\$7,714
Liabilities				
Deposits Held and Due to Others	\$8,571	\$750	\$1,607	\$7,714
 <i>Vital Statistics</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$24,487	\$101,238	\$103,911	\$21,814
Liabilities				
Deposits Held and Due to Others	\$24,487	\$101,238	\$103,911	\$21,814

(continued)

City of Lorain, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds (continued)
For the Year Ended December 31, 2011

	Beginning Balance 12/31/10	Additions	Deductions	Ending Balance 12/31/11
<i>Flexible Spending</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,648	\$152,652	\$147,178	\$8,122
Liabilities				
Deposits Held and Due to Others	\$2,648	\$152,652	\$147,178	\$8,122
 <i>County User Fee</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$7,826	\$59,862	\$59,916	\$7,772
Liabilities				
Deposits Held and Due to Others	\$7,826	\$59,862	\$59,916	\$7,772
 <i>State Highway Patrol</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,960	\$37,822	\$40,610	\$172
Liabilities				
Deposits Held and Due to Others	\$2,960	\$37,822	\$40,610	\$172
 <i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$245,076	\$461,155	\$404,487	\$301,744
Liabilities				
Deposits Held and Due to Others	\$245,076	\$461,155	\$404,487	\$301,744

**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 (Non - GAAP Basis) and Actual
General Fund*
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$2,533,371	\$2,330,268	\$1,940,127	(\$390,141)
Municipal Income Taxes	16,494,666	16,494,666	16,513,868	19,202
Charges for Services	828,600	830,949	773,190	(57,759)
Licenses and Permits	726,050	779,927	822,098	42,171
Fines and Forfeitures	1,256,000	1,256,000	1,227,179	(28,821)
Intergovernmental	3,587,709	6,393,281	7,344,267	950,986
Franchise Fees	600,000	600,000	610,773	10,773
Interest	15,250	15,250	7,560	(7,690)
Contributions and Donations	85,900	120,400	99,910	(20,490)
Miscellaneous	76,601	107,595	112,818	5,223
<i>Total Revenues</i>	<u>26,204,147</u>	<u>28,928,336</u>	<u>29,451,790</u>	<u>523,454</u>
Expenditures:				
Current:				
General Government				
Civil Service:				
Wages and Benefits	74,282	74,782	73,970	812
Contractual Services	12,000	12,000	11,098	902
Materials and Supplies	400	400	319	81
Other	3,500	3,500	3,425	75
<i>Total Civil Service</i>	<u>90,182</u>	<u>90,682</u>	<u>88,812</u>	<u>1,870</u>
Council:				
Wages and Benefits	300,745	298,945	297,806	1,139
Contractual Services	500	4,300	4,220	80
Materials and Supplies	100	650	585	65
Other	6,350	7,600	7,544	56
<i>Total Council</i>	<u>307,695</u>	<u>311,495</u>	<u>310,155</u>	<u>1,340</u>
Mayor:				
Wages and Benefits	174,887	179,387	179,115	272
Materials and Supplies	400	1,499	1,495	4
<i>Total Mayor</i>	<u>175,287</u>	<u>180,886</u>	<u>180,610</u>	<u>276</u>
Auditor:				
Wages and Benefits	475,180	468,680	468,222	458
Contractual Services	71,201	71,201	70,908	293
Materials and Supplies	25,628	22,128	15,494	6,634
Other	1,495	1,495	1,105	390
<i>Total Auditor</i>	<u>\$573,504</u>	<u>\$563,504</u>	<u>\$555,729</u>	<u>\$7,775</u>

(continued)

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
General Fund (continued)*
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Treasurer:				
Wages and Benefits	\$391,298	\$355,298	\$353,003	\$2,295
Contractual Services	52,357	55,857	54,446	1,411
Materials and Supplies	1,575	1,575	1,100	475
Other	15,978	19,478	15,154	4,324
<i>Total Treasurer</i>	<u>461,208</u>	<u>432,208</u>	<u>423,703</u>	<u>8,505</u>
Law Director:				
Wages and Benefits	701,414	702,914	702,415	499
Contractual Services	0	1,000	940	60
Materials and Supplies	10,000	9,900	5,157	4,743
Other	5,000	4,300	3,837	463
<i>Total Law Director</i>	<u>716,414</u>	<u>718,114</u>	<u>712,349</u>	<u>5,765</u>
Judges:				
Wages and Benefits	556,808	563,808	562,769	1,039
Contractual Services	21,745	11,745	7,480	4,265
Materials and Supplies	5,500	5,125	3,664	1,461
Other	1,600	1,600	1,011	589
<i>Total Judges</i>	<u>585,653</u>	<u>582,278</u>	<u>574,924</u>	<u>7,354</u>
Clerk of Courts:				
Wages and Benefits	762,414	744,414	742,046	2,368
Contractual Services	13,798	13,798	12,243	1,555
Materials and Supplies	82,095	70,295	56,706	13,589
Other	10,000	11,800	11,476	324
<i>Total Clerk of Courts</i>	<u>868,307</u>	<u>840,307</u>	<u>822,471</u>	<u>17,836</u>
Electrical:				
Wages and Benefits	454,853	422,853	422,022	831
Contractual Services	31,300	59,300	55,577	3,723
Materials and Supplies	37,100	64,582	60,470	4,112
Capital Outlay	3,000	0	0	0
Other	3,360	3,360	808	2,552
<i>Total Electrical</i>	<u>\$529,613</u>	<u>\$550,095</u>	<u>\$538,877</u>	<u>\$11,218</u>

(continued)

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
General Fund (continued)*
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Safety/Service:				
Wages and Benefits	\$373,208	\$344,906	\$340,119	\$4,787
Contractual Services	120,419	1,989,003	1,892,370	96,633
Materials and Supplies	78,900	83,615	61,200	22,415
Other	187,262	124,287	118,986	5,301
<i>Total Safety/Service</i>	<u>759,789</u>	<u>2,541,811</u>	<u>2,412,675</u>	<u>129,136</u>
Engineering:				
Wages and Benefits	610,011	495,724	483,012	12,712
Contractual Services	12,210	12,210	10,357	1,853
Materials and Supplies	39,701	23,666	16,895	6,771
Other	8,400	8,400	2,325	6,075
<i>Total Engineering</i>	<u>670,322</u>	<u>540,000</u>	<u>512,589</u>	<u>27,411</u>
Data Processing:				
Wages and Benefits	203,352	205,152	204,947	205
Contractual Services	288,504	302,904	300,710	2,194
Materials and Supplies	17,286	12,186	9,360	2,826
Capital Outlay	30,000	22,200	21,709	491
Other	6,700	4,700	4,684	16
<i>Total Data Processing</i>	<u>545,842</u>	<u>547,142</u>	<u>541,410</u>	<u>5,732</u>
<i>Total General Government</i>	<u>6,283,816</u>	<u>7,898,522</u>	<u>7,674,304</u>	<u>224,218</u>
Security of Persons and Property				
Police Department:				
Wages and Benefits	8,864,955	9,113,009	9,092,387	20,622
Contractual Services	266,121	265,121	256,579	8,542
Materials and Supplies	466,309	546,162	496,817	49,345
Capital Outlay	2,932	147,227	147,227	0
<i>Total Police Department</i>	<u>9,600,317</u>	<u>10,071,519</u>	<u>9,993,010</u>	<u>78,509</u>
Fire Department				
Wages and Benefits	6,938,144	7,527,877	7,348,970	178,907
Contractual Services	83,447	81,176	78,424	2,752
Materials and Supplies	129,000	177,942	171,292	6,650
Capital Outlay	0	5,000	4,800	200
Other	9,000	30,496	28,994	1,502
<i>Total Fire Department</i>	<u>7,159,591</u>	<u>7,822,491</u>	<u>7,632,480</u>	<u>190,011</u>
<i>Total Security of Persons and Property</i>	<u>\$16,759,908</u>	<u>\$17,894,010</u>	<u>\$17,625,490</u>	<u>\$268,520</u>

(continued)

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
General Fund (continued)*
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Health				
Cemetery:				
Wages and Benefits	\$188,088	\$150,088	\$146,659	\$3,429
Contractual Services	9,600	16,350	16,030	320
Materials and Supplies	32,900	32,359	18,371	13,988
<i>Total Cemetery</i>	230,588	198,797	181,060	17,737
Dog Warden:				
Materials and Supplies	0	678	677	1
<i>Total Public Health</i>	230,588	199,475	181,737	17,738
Community Environment				
Building Inspection:				
Wages and Benefits	350,304	354,304	353,043	1,261
Contractual Services	17,528	17,528	15,567	1,961
Materials and Supplies	13,360	15,906	15,451	455
Other	7,500	7,500	1,998	5,502
<i>Total Community Environment</i>	388,692	395,238	386,059	9,179
Economic Development				
St. Joseph Community Center				
Other	0	24,343	24,343	0
Leisure Time Activities				
Parks Department:				
Wages and Benefits	155,157	110,157	105,791	4,366
Contractual Services	71,200	102,150	96,222	5,928
Materials and Supplies	145,516	144,477	136,021	8,456
<i>Total Leisure Time Activities</i>	371,873	356,784	338,034	18,750
Debt Service:				
Principal Retirement	605,235	605,235	605,235	0
Interest and Fiscal Charges	114,899	118,904	108,459	10,445
<i>Total Debt Service</i>	720,134	724,139	713,694	10,445
<i>Total Expenditures</i>	\$24,755,011	\$27,492,511	\$26,943,661	\$548,850

(continued)

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
General Fund (continued)*
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Excess of Revenues Over Expenditures</i>	\$1,449,136	\$1,435,825	\$2,508,129	\$1,072,304
Other Financing Uses:				
Advances Out	(205,551)	(205,551)	(205,550)	1
Transfers Out	(1,799,828)	(1,811,094)	(1,586,727)	224,367
<i>Total Other Financing Uses</i>	(2,005,379)	(2,016,645)	(1,792,277)	224,368
<i>Net Change in Fund Balance</i>	(556,243)	(580,820)	715,852	1,296,672
<i>Fund Balance Beginning of Year</i>	677,901	677,901	677,901	0
Prior Year Encumbrances Appropriated	66,443	66,443	66,443	0
<i>Fund Balance End of Year</i>	<u>\$188,101</u>	<u>\$163,524</u>	<u>\$1,460,196</u>	<u>\$1,296,672</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Community Development Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Payments in Lieu of Taxes	\$54,078	\$81,417	\$86,375	\$4,958
Intergovernmental	8,911,748	11,741,148	5,629,830	(6,111,318)
Interest	3,275	3,300	2,595	(705)
Miscellaneous	55,963	55,963	54,450	(1,513)
<i>Total Revenues</i>	<u>9,025,064</u>	<u>11,881,828</u>	<u>5,773,250</u>	<u>(6,108,578)</u>
Expenditures:				
Current:				
Economic Development				
Wages and Benefits	1,564,362	1,818,499	1,278,427	540,072
Contractual Services	2,697,941	5,124,458	1,430,084	3,694,374
Materials and Supplies	190,179	194,179	62,162	132,017
Capital Outlay	1,045,212	1,385,881	730,069	655,812
Other	4,120,322	4,108,204	1,007,215	3,100,989
<i>Total Economic Development</i>	<u>9,618,016</u>	<u>12,631,221</u>	<u>4,507,957</u>	<u>8,123,264</u>
Debt Service:				
Principal Retirement	509,542	509,542	509,542	0
Interest and Fiscal Charges	1,006,361	825,923	211,154	614,769
<i>Total Debt Service</i>	<u>1,515,903</u>	<u>1,335,465</u>	<u>720,696</u>	<u>614,769</u>
<i>Total Expenditures</i>	<u>11,133,919</u>	<u>13,966,686</u>	<u>5,228,653</u>	<u>8,738,033</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,108,855)</u>	<u>(2,084,858)</u>	<u>544,597</u>	<u>2,629,455</u>
Other Financing Sources (Uses):				
Transfers In	182,924	136,266	6,238	(130,028)
Transfers Out	(74,151)	(101,490)	(101,490)	0
<i>Total Other Financing Sources (Uses)</i>	<u>108,773</u>	<u>34,776</u>	<u>(95,252)</u>	<u>(130,028)</u>
<i>Net Change in Fund Balance</i>	<u>(2,000,082)</u>	<u>(2,050,082)</u>	<u>449,345</u>	<u>2,499,427</u>
<i>Fund Balance Beginning of Year</i>	<u>1,980,579</u>	<u>1,980,579</u>	<u>1,980,579</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>725,805</u>	<u>725,805</u>	<u>725,805</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$706,302</u>	<u>\$656,302</u>	<u>\$3,155,729</u>	<u>\$2,499,427</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Property Taxes	\$873,005	\$884,822	\$851,868	(\$32,954)
Payments in Lieu of Taxes	517,450	517,450	524,527	7,077
Intergovernmental	184,890	184,890	161,941	(22,949)
Interest	500	500	100	(400)
Miscellaneous	381,377	381,377	21,633	(359,744)
<i>Total Revenues</i>	<u>1,957,222</u>	<u>1,969,039</u>	<u>1,560,069</u>	<u>(408,970)</u>
Expenditures:				
Current:				
General Government				
Other	1,000	1,000	681	319
Debt Service:				
Principal Retirement	1,518,489	1,548,566	1,548,563	3
Interest and Fiscal Charges	1,206,283	1,188,209	1,188,207	2
Bond Issuance Costs	0	39,948	39,948	0
<i>Total Debt Service</i>	<u>2,724,772</u>	<u>2,776,723</u>	<u>2,776,718</u>	<u>5</u>
<i>Total Expenditures</i>	<u>2,725,772</u>	<u>2,777,723</u>	<u>2,777,399</u>	<u>324</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(768,550)</u>	<u>(808,684)</u>	<u>(1,217,330)</u>	<u>(408,646)</u>
Other Financing Sources (Uses):				
Bonds Issued	0	2,074,175	2,074,175	0
Discount on Debt Issuance	0	(2,930)	(2,930)	0
Payment to Refunded Bond				
Escrow Agent	0	(2,031,297)	(2,031,297)	0
Transfers In	951,535	963,538	1,007,805	44,267
<i>Total Other Financing Sources (Uses)</i>	<u>951,535</u>	<u>1,003,486</u>	<u>1,047,753</u>	<u>44,267</u>
<i>Net Change in Fund Balance</i>	182,985	194,802	(169,577)	(364,379)
<i>Fund Balance Beginning of Year</i>	<u>640,268</u>	<u>640,268</u>	<u>640,268</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$823,253</u></u>	<u><u>\$835,070</u></u>	<u><u>\$470,691</u></u>	<u><u>(\$364,379)</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Payments in Lieu of Taxes	\$78,890	\$83,890	\$136,667	\$52,777
Intergovernmental	2,209,679	2,209,679	519,674	(1,690,005)
Miscellaneous	0	9,656	11,691	2,035
<i>Total Revenues</i>	<u>2,288,569</u>	<u>2,303,225</u>	<u>668,032</u>	<u>(1,635,193)</u>
Expenditures:				
Capital Outlay				
Contractual Services	3,802,793	3,777,952	2,408,913	1,369,039
Capital Outlay	385,422	539,271	433,957	105,314
<i>Total Capital Outlay</i>	<u>4,188,215</u>	<u>4,317,223</u>	<u>2,842,870</u>	<u>1,474,353</u>
Debt Service:				
Principal Retirement	102,356	2,147,356	2,147,355	1
Interest and Fiscal Charges	74,132	74,132	74,131	1
Bond Issuance Costs	0	51,070	43,173	7,897
<i>Total Debt Service</i>	<u>176,488</u>	<u>2,272,558</u>	<u>2,264,659</u>	<u>7,899</u>
<i>Total Expenditures</i>	<u>4,364,703</u>	<u>6,589,781</u>	<u>5,107,529</u>	<u>1,482,252</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,076,134)</u>	<u>(4,286,556)</u>	<u>(4,439,497)</u>	<u>(152,941)</u>
Other Financing Sources (Uses):				
Bonds Issued	0	1,010,000	1,010,000	0
Notes Issued	0	1,140,000	1,140,000	0
Loans Received	498,709	498,709	991,510	492,801
Discount on Debt Issuance	0	(10,930)	(10,930)	0
Transfers In	435,522	435,522	102,355	(333,167)
<i>Total Other Financing Sources (Uses)</i>	<u>934,231</u>	<u>3,073,301</u>	<u>3,232,935</u>	<u>159,634</u>
<i>Net Change in Fund Balance</i>	<u>(1,141,903)</u>	<u>(1,213,255)</u>	<u>(1,206,562)</u>	<u>6,693</u>
<i>Fund Balance Beginning of Year</i>	<u>1,540,869</u>	<u>1,540,869</u>	<u>1,540,869</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>57,866</u>	<u>57,866</u>	<u>57,866</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$456,832</u>	<u>\$385,480</u>	<u>\$392,173</u>	<u>\$6,693</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget (Non - GAAP Basis) and Actual
Water Works Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$8,611,550	\$8,613,550	\$8,637,857	\$24,307
Refunding Bonds Issued	0	3,140,825	3,140,825	0
OWDA Loans Received	0	2,636,174	1,641,566	(994,608)
Interest	525	525	8	(517)
Premium on Refunding Bonds Issued	0	19,653	19,652	(1)
Miscellaneous	20,000	20,000	37,800	17,800
<i>Total Revenues</i>	<u>8,632,075</u>	<u>14,430,727</u>	<u>13,477,708</u>	<u>(953,019)</u>
Expenses:				
Personal Services	3,708,169	3,476,069	3,473,371	2,698
Materials and Supplies	760,969	1,059,669	988,487	71,182
Contractual Services	831,164	1,222,775	1,018,040	204,735
Basic Utilities	629,500	639,500	578,923	60,577
Capital Outlay	1,013,751	3,309,608	2,292,007	1,017,601
Other Expense	179,726	191,851	174,586	17,265
Debt Service:				
Principal Retirement	1,324,102	1,329,126	1,329,125	1
Interest and Fiscal Charges	715,212	748,193	748,407	(214)
Bond Issuance Costs	0	60,492	60,492	0
Payment to Refunded Bond Escrow Agent	0	3,855,001	3,855,000	1
<i>Total Expenses</i>	<u>9,162,593</u>	<u>15,892,284</u>	<u>14,518,438</u>	<u>1,373,846</u>
<i>Excess of Revenues Under Expenses Before Advances and Transfers</i>	(530,518)	(1,461,557)	(1,040,730)	420,827
Advances In	1,620	1,620	1,620	0
Transfers Out	(50,000)	(295,790)	(50,000)	245,790
<i>Net Change in Fund Equity</i>	(578,898)	(1,755,727)	(1,089,110)	666,617
<i>Fund Equity Beginning of Year</i>	2,022,703	2,022,703	2,022,703	0
Prior Year Encumbrances Appropriated	290,303	290,303	290,303	0
<i>Fund Equity End of Year</i>	<u>\$1,734,108</u>	<u>\$557,279</u>	<u>\$1,223,896</u>	<u>\$666,617</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget (Non - GAAP Basis) and Actual
Water Pollution Control Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$12,311,757	\$12,311,757	\$15,181,846	\$2,870,089
OWDA Loans Received	0	787,291	292,606	(494,685)
Intergovernmental	0	8,070,652	3,557,665	(4,512,987)
Interest	200	200	9	(191)
Miscellaneous	54,450	54,450	64,696	10,246
<i>Total Revenues</i>	<u>12,366,407</u>	<u>21,224,350</u>	<u>19,096,822</u>	<u>(2,127,528)</u>
Expenses:				
Personal Services	4,212,687	4,212,887	3,973,793	239,094
Materials and Supplies	474,854	642,994	550,146	92,848
Contractual Services	2,225,073	8,634,472	5,708,830	2,925,642
Basic Utilities	630,000	798,000	755,108	42,892
Capital Outlay	357,679	2,969,929	1,940,575	1,029,354
Other Operating Expense	251,498	306,323	281,997	24,326
Debt Service:				
Principal Retirement	3,504,050	3,397,963	3,283,831	114,132
Interest and Fiscal Charges	1,386,716	1,386,716	1,357,097	29,619
<i>Total Expenses</i>	<u>13,042,557</u>	<u>22,349,284</u>	<u>17,851,377</u>	<u>4,497,907</u>
<i>Excess of Revenues Over (Under) Expenses Before Advances and Transfers</i>	(676,150)	(1,124,934)	1,245,445	2,370,379
Advances In	203,931	203,931	203,930	(1)
Transfers In	974,770	105	0	(105)
Transfers Out	(50,000)	(50,000)	(50,000)	0
<i>Net Change in Fund Equity</i>	452,551	(970,898)	1,399,375	2,370,273
<i>Fund Equity Beginning of Year</i>	3,438,621	3,438,621	3,438,621	0
Prior Year Encumbrances Appropriated	625,396	625,396	625,396	0
<i>Fund Equity End of Year</i>	<u>\$4,516,568</u>	<u>\$3,093,119</u>	<u>\$5,463,392</u>	<u>\$2,370,273</u>

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Streets Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$2,210,000	\$2,210,000	\$2,147,146	(\$62,854)
Miscellaneous	500	500	0	(500)
<i>Total Revenues</i>	<u>2,210,500</u>	<u>2,210,500</u>	<u>2,147,146</u>	<u>(63,354)</u>
Expenditures:				
Current:				
Transportation				
Wages and Benefits	1,269,662	1,269,662	1,303,208	(33,546)
Contractual Services	29,000	29,000	28,744	256
Materials and Supplies	904,904	964,213	949,519	14,694
Capital Outlay	1,310	8,310	8,243	67
Other	30,138	30,138	26,615	3,523
<i>Total Transportation</i>	<u>2,235,014</u>	<u>2,301,323</u>	<u>2,316,329</u>	<u>(15,006)</u>
Debt Service:				
Principal Retirement	266,278	266,278	266,277	1
Interest and Fiscal Charges	31,770	31,770	31,770	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>2,533,062</u>	<u>2,599,371</u>	<u>2,614,376</u>	<u>(15,005)</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(322,562)</u>	<u>(388,871)</u>	<u>(467,230)</u>	<u>(78,359)</u>
Other Financing Sources (Uses):				
Transfers In	543,917	578,726	656,265	77,539
Transfers Out	(192,108)	(192,108)	(192,107)	1
<i>Total Other Financing Sources (Uses)</i>	<u>351,809</u>	<u>386,618</u>	<u>464,158</u>	<u>77,540</u>
<i>Net Change in Fund Balance</i>	29,247	(2,253)	(3,072)	(819)
<i>Fund Balance Beginning of Year</i>	658	658	658	0
Prior Year Encumbrances Appropriated	<u>2,414</u>	<u>2,414</u>	<u>2,414</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$32,319</u>	<u>\$819</u>	<u>\$0</u>	<u>(\$819)</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Permissive License Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$500,000	\$500,000	\$454,421	(\$45,579)
Expenditures:				
Current:				
Transportation				
Materials and Supplies	294,103	294,103	246,985	47,118
<i>Net Change in Fund Balance</i>	205,897	205,897	207,436	1,539
<i>Fund Balance Beginning of Year</i>	48,425	48,425	48,425	0
Prior Year Encumbrances Appropriated	49,103	49,103	49,103	0
<i>Fund Balance End of Year</i>	<u>\$303,425</u>	<u>\$303,425</u>	<u>\$304,964</u>	<u>\$1,539</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Health Services Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$276,630	\$276,630	\$310,518	\$33,888
Licenses and Permits	293,193	292,857	285,452	(7,405)
Intergovernmental	460,630	460,630	456,477	(4,153)
<i>Total Revenues</i>	<u>1,030,453</u>	<u>1,030,117</u>	<u>1,052,447</u>	<u>22,330</u>
Expenditures:				
Current:				
Public Health				
Wages and Benefits	991,781	991,715	994,851	(3,136)
Contractual Services	136,199	196,699	186,334	10,365
Materials and Supplies	28,450	14,057	12,755	1,302
Other	52,105	35,869	31,340	4,529
<i>Total Public Health</i>	<u>1,208,535</u>	<u>1,238,340</u>	<u>1,225,280</u>	<u>13,060</u>
Debt Service:				
Principal Retirement	9,646	9,645	9,645	0
Interest and Fiscal Charges	1,419	1,419	1,419	0
<i>Total Debt Service</i>	<u>11,065</u>	<u>11,064</u>	<u>11,064</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,219,600</u>	<u>1,249,404</u>	<u>1,236,344</u>	<u>13,060</u>
<i>Excess of Revenues Under Expenditures</i>	(189,147)	(219,287)	(183,897)	35,390
Other Financing Sources:				
Transfers In	198,196	228,196	183,484	(44,712)
<i>Net Change in Fund Balance</i>	9,049	8,909	(413)	(9,322)
<i>Fund Balance Beginning of Year</i>	<u>413</u>	<u>413</u>	<u>413</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$9,462</u>	<u>\$9,322</u>	<u>\$0</u>	<u>(\$9,322)</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Litter Control Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$85,321	\$85,321	\$0	(\$85,321)
Expenditures:				
Current:				
Community Environment				
Materials and Supplies	11,105	11,105	10,815	290
Capital Outlay	45,615	45,615	26,748	18,867
Other	4,000	4,000	0	4,000
<i>Total Expenditures</i>	<u>60,720</u>	<u>60,720</u>	<u>37,563</u>	<u>23,157</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	24,601	24,601	(37,563)	(62,164)
Other Financing Uses:				
Transfers Out	(135,188)	(135,188)	0	135,188
<i>Net Change in Fund Balance</i>	(110,587)	(110,587)	(37,563)	73,024
<i>Fund Balance Beginning of Year</i>	<u>111,699</u>	<u>111,699</u>	<u>111,699</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,112</u></u>	<u><u>\$1,112</u></u>	<u><u>\$74,136</u></u>	<u><u>\$73,024</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Police Levy Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal Income Taxes	\$2,326,381	\$2,326,381	\$2,312,790	(\$13,591)
Intergovernmental	0	26,782	26,760	(22)
Miscellaneous	5,000	5,000	5,232	232
<i>Total Revenues</i>	<u>2,331,381</u>	<u>2,358,163</u>	<u>2,344,782</u>	<u>(13,381)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	1,142,795	1,213,295	935,883	277,412
Contractual Services	111,047	111,047	103,164	7,883
Materials and Supplies	227,837	232,037	202,059	29,978
Capital Outlay	438,775	286,278	280,191	6,087
Other	81,992	113,274	110,206	3,068
<i>Total Security of Persons and Property</i>	<u>2,002,446</u>	<u>1,955,931</u>	<u>1,631,503</u>	<u>324,428</u>
Debt Service:				
Principal Retirement	185,000	342,997	342,997	0
Interest and Fiscal Charges	104,015	104,015	104,015	0
<i>Total Debt Service</i>	<u>289,015</u>	<u>447,012</u>	<u>447,012</u>	<u>0</u>
<i>Total Expenditures</i>	<u>2,291,461</u>	<u>2,402,943</u>	<u>2,078,515</u>	<u>324,428</u>
<i>Net Change in Fund Balance</i>	39,920	(44,780)	266,267	311,047
<i>Fund Balance Beginning of Year</i>	381,393	381,393	381,393	0
Prior Year Encumbrances Appropriated	107,994	107,994	107,994	0
<i>Fund Balance End of Year</i>	<u>\$529,307</u>	<u>\$444,607</u>	<u>\$755,654</u>	<u>\$311,047</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Mandatory Drug Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$10,000	\$10,000	\$3,627	(\$6,373)
Expenditures:				
Current:				
Security of Persons and Property				
Other	8,904	8,904	4,935	3,969
<i>Net Change in Fund Balance</i>	1,096	1,096	(1,308)	(2,404)
<i>Fund Balance Beginning of Year</i>	9,268	9,268	9,268	0
Prior Year Encumbrances Appropriated	904	904	904	0
<i>Fund Balance End of Year</i>	<u>\$11,268</u>	<u>\$11,268</u>	<u>\$8,864</u>	<u>(\$2,404)</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$264,224	\$262,008	\$249,715	(\$12,293)
Intergovernmental	56,130	56,130	39,827	(16,303)
<i>Total Revenues</i>	<u>320,354</u>	<u>318,138</u>	<u>289,542</u>	<u>(28,596)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	264,942	272,942	272,938	4
Debt Service:				
Principal Retirement	37,227	29,227	24,500	4,727
Interest and Fiscal Charges	13,977	13,977	13,977	0
<i>Total Debt Service</i>	<u>51,204</u>	<u>43,204</u>	<u>38,477</u>	<u>4,727</u>
<i>Total Expenditures</i>	<u>316,146</u>	<u>316,146</u>	<u>311,415</u>	<u>4,731</u>
<i>Net Change in Fund Balance</i>	4,208	1,992	(21,873)	(23,865)
<i>Fund Balance Beginning of Year</i>	<u>30,504</u>	<u>30,504</u>	<u>30,504</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$34,712</u></u>	<u><u>\$32,496</u></u>	<u><u>\$8,631</u></u>	<u><u>(\$23,865)</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$264,400	\$262,184	\$249,799	(\$12,385)
Intergovernmental	41,007	41,007	39,742	(1,265)
<i>Total Revenues</i>	<u>305,407</u>	<u>303,191</u>	<u>289,541</u>	<u>(13,650)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	204,689	258,189	238,306	19,883
Debt Service:				
Principal Retirement	69,137	45,637	45,500	137
Interest and Fiscal Charges	25,956	25,956	25,956	0
<i>Total Debt Service</i>	<u>95,093</u>	<u>71,593</u>	<u>71,456</u>	<u>137</u>
<i>Total Expenditures</i>	<u>299,782</u>	<u>329,782</u>	<u>309,762</u>	<u>20,020</u>
<i>Net Change in Fund Balance</i>	5,625	(26,591)	(20,221)	6,370
<i>Fund Balance Beginning of Year</i>	<u>40,518</u>	<u>40,518</u>	<u>40,518</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$46,143</u>	<u>\$13,927</u>	<u>\$20,297</u>	<u>\$6,370</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Indigent Drivers Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$15,000	\$31,000	\$51,671	\$20,671
Expenditures:				
Current:				
General Government				
Contractual Services	50,000	75,000	64,330	10,670
<i>Net Change in Fund Balance</i>	(35,000)	(44,000)	(12,659)	31,341
<i>Fund Balance Beginning of Year</i>	90,962	90,962	90,962	0
<i>Fund Balance End of Year</i>	\$55,962	\$46,962	\$78,303	\$31,341

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Park Land Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$10,000	\$10,000	\$0	(\$10,000)
Expenditures:	0	0	0	0
<i>Net Change in Fund Balance</i>	10,000	10,000	0	(10,000)
<i>Fund Balance Beginning of Year</i>	14,103	14,103	14,103	0
<i>Fund Balance End of Year</i>	<u>\$24,103</u>	<u>\$24,103</u>	<u>\$14,103</u>	<u>(\$10,000)</u>

City of Lorain, Ohio
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:	\$0	\$0	\$0	\$0
Expenditures:	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>	\$2,558	\$2,558	\$2,558	\$0

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$100,000	\$100,000	\$125,666	\$25,666
Expenditures:				
Current:				
Security of Persons and Property				
Other	400,000	400,000	238,272	161,728
<i>Net Change in Fund Balance</i>	(300,000)	(300,000)	(112,606)	187,394
<i>Fund Balance Beginning of Year</i>	860,200	860,200	860,200	0
<i>Fund Balance End of Year</i>	<u>\$560,200</u>	<u>\$560,200</u>	<u>\$747,594</u>	<u>\$187,394</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Municipal Court Computer Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$65,000	\$90,000	\$87,792	(\$2,208)
Expenditures:				
Current:				
General Government				
Wages and Benefits	67,807	141,807	136,673	5,134
Contractual Services	8,618	4,618	3,810	808
Materials and Supplies	0	6,925	3,166	3,759
Capital Outlay	70,235	38,995	38,812	183
Other	2,000	2,000	206	1,794
<i>Total Expenditures</i>	148,660	194,345	182,667	11,678
<i>Net Change in Fund Balance</i>	(83,660)	(104,345)	(94,875)	9,470
<i>Fund Balance Beginning of Year</i>	101,493	101,493	101,493	0
Prior Year Encumbrances Appropriated	2,928	2,928	2,928	0
<i>Fund Balance End of Year</i>	\$20,761	\$76	\$9,546	\$9,470

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Legal Research Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$7,500	\$7,500	\$9,963	\$2,463
Expenditures:				
Current:				
General Government				
Materials and Supplies	2,106	66,106	26,855	39,251
Capital Outlay	10,000	10,000	8,186	1,814
<i>Total Expenditures</i>	12,106	76,106	35,041	41,065
<i>Net Change in Fund Balance</i>	(4,606)	(68,606)	(25,078)	43,528
<i>Fund Balance Beginning of Year</i>	73,395	73,395	73,395	0
Prior Year Encumbrances Appropriated	106	106	106	0
<i>Fund Balance End of Year</i>	<u>\$68,895</u>	<u>\$4,895</u>	<u>\$48,423</u>	<u>\$43,528</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Municipal Court Security Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$150,000	\$150,000	\$241,458	\$91,458
Expenditures:				
Current:				
General Government				
Wages and Benefits	62,156	103,156	101,419	1,737
Capital Outlay	0	25,000	19,280	5,720
<i>Total Expenditures</i>	62,156	128,156	120,699	7,457
<i>Net Change in Fund Balance</i>	87,844	21,844	120,759	98,915
<i>Fund Balance Beginning of Year</i>	55,785	55,785	55,785	0
<i>Fund Balance End of Year</i>	\$143,629	\$77,629	\$176,544	\$98,915

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Municipal Court Probation Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$158,000	\$158,000	\$165,546	\$7,546
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	114,988	117,988	117,232	756
<i>Net Change in Fund Balance</i>	43,012	40,012	48,314	8,302
<i>Fund Balance Beginning of Year</i>	35,934	35,934	35,934	0
<i>Fund Balance End of Year</i>	<u>\$78,946</u>	<u>\$75,946</u>	<u>\$84,248</u>	<u>\$8,302</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Economic Development Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		\$0
Revenues:	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
Economic Development				
Contractual Services	145,000	145,000	77,229	67,771
Other	166,558	166,558	54,250	112,308
<i>Total Expenditures</i>	311,558	311,558	131,479	180,079
Excess of Revenues Over <i>Excess of Revenues Under Expenditures</i>	(311,558)	(311,558)	(131,479)	180,079
Other Financing Sources:				
Transfers In	214,081	214,081	214,100	19
<i>Net Change in Fund Balance</i>	(97,477)	(97,477)	82,621	180,098
<i>Fund Balance Beginning of Year</i>	97,477	97,477	97,477	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$180,098	\$180,098

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Substance Abuse Mental Health Services Administration (SAMHSA) Grant Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$1,400,000	\$1,400,000	\$842,064	(\$557,936)
Expenditures:				
Current:				
Public Health				
Wages and Benefits	27,423	27,423	5,204	22,219
Contractual Services	1,365,000	1,365,000	842,064	522,936
<i>Total Expenditures</i>	<u>1,392,423</u>	<u>1,392,423</u>	<u>847,268</u>	<u>545,155</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	7,577	7,577	(5,204)	(12,781)
Other Financing Uses:				
Transfers Out	(7,577)	(7,577)	(6,238)	1,339
<i>Net Change in Fund Balance</i>	0	0	(11,442)	(11,442)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>(\$11,442)</u></u>	<u><u>(\$11,442)</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Municipal Court Operating Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Fines and Forfeitures	\$0	\$0	\$29,253	\$29,253
Expenditures:	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	29,253	29,253
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$29,253	\$29,253

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special Assessments	\$50,000	\$50,000	\$43,949	(\$6,051)
Expenditures:				
Debt Service:				
Principal Retirement	39,274	39,274	39,274	0
Interest and Fiscal Charges	57,573	57,573	57,573	0
<i>Total Expenditures</i>	96,847	96,847	96,847	0
<i>Excess of Revenues Under Expenditures</i>	(46,847)	(46,847)	(52,898)	(6,051)
Other Financing Sources:				
Transfers In	45,265	45,265	51,315	6,050
<i>Net Change in Fund Balance</i>	(1,582)	(1,582)	(1,583)	(1)
<i>Fund Balance Beginning of Year</i>	1,583	1,583	1,583	0
<i>Fund Balance End of Year</i>	\$1	\$1	\$0	(\$1)

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual*
General Sewer Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$768,750	\$768,750	\$786,817	\$18,067
Expenditures:				
Capital Outlay				
Contractual Services	83,000	233,000	170,582	62,418
Materials and Supplies	0	25,000	9,871	15,129
Capital Outlay	62,506	222,506	197,258	25,248
Other	5,000	165,000	53,876	111,124
<i>Total Capital Outlay</i>	<u>150,506</u>	<u>645,506</u>	<u>431,587</u>	<u>213,919</u>
Debt Service:				
Principal Retirement	55,433	55,433	55,432	1
Interest and Fiscal Charges	4,227	4,227	4,227	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>210,166</u>	<u>705,166</u>	<u>491,246</u>	<u>213,920</u>
<i>Excess of Revenues Over Expenditures</i>	558,584	63,584	295,571	231,987
Other Financing Uses:				
Transfers Out	(235,000)	(235,000)	(235,000)	0
<i>Net Change in Fund Balance</i>	323,584	(171,416)	60,571	231,987
<i>Fund Balance Beginning of Year</i>	266,069	266,069	266,069	0
Prior Year Encumbrances Appropriated	22,506	22,506	22,506	0
<i>Fund Balance End of Year</i>	<u>\$612,159</u>	<u>\$117,159</u>	<u>\$349,146</u>	<u>\$231,987</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Municipal Court Improvements Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$63,000	\$63,000	\$56,189	(\$6,811)
Interest	0	0	114	114
<i>Total Revenues</i>	<u>63,000</u>	<u>63,000</u>	<u>56,303</u>	<u>(6,697)</u>
Expenditures:				
Current:				
Capital Outlay				
Wages and Benefits	77,421	77,421	74,314	3,107
Contractual Services	11,529	11,529	8,070	3,459
Capital Outlay	500	1,500	1,065	435
Other	5,000	5,000	4,950	50
<i>Total Expenditures</i>	<u>94,450</u>	<u>95,450</u>	<u>88,399</u>	<u>7,051</u>
<i>Net Change in Fund Balance</i>	(31,450)	(32,450)	(32,096)	354
<i>Fund Balance Beginning of Year</i>	49,289	49,289	49,289	0
Prior Year Encumbrances Appropriated	529	529	529	0
<i>Fund Balance End of Year</i>	<u><u>\$18,368</u></u>	<u><u>\$17,368</u></u>	<u><u>\$17,722</u></u>	<u><u>\$354</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget (Non - GAAP Basis) and Actual
Garage Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$1,665,000	\$1,839,830	\$1,819,855	(\$19,975)
Expenses:				
Current:				
Personal Services	652,938	652,938	638,356	14,582
Materials and Supplies	1,033,768	1,244,018	1,218,278	25,740
Contractual Services	1,800	1,800	804	996
Other	2,700	3,415	2,469	946
Debt Service:				
Principal Retirement	20,516	20,516	20,516	0
Interest and Fiscal Charges	4,901	4,901	4,901	0
<i>Total Expenses</i>	<u>1,716,623</u>	<u>1,927,588</u>	<u>1,885,324</u>	<u>42,264</u>
<i>Net Change in Fund Equity</i>	(51,623)	(87,758)	(65,469)	22,289
<i>Fund Equity Beginning of Year</i>	86,557	86,557	86,557	0
Prior Year Encumbrances Appropriated	<u>12,868</u>	<u>12,868</u>	<u>12,868</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$47,802</u></u>	<u><u>\$11,667</u></u>	<u><u>\$33,956</u></u>	<u><u>\$22,289</u></u>

City of Lorain, Ohio
*Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget (Non - GAAP Basis) and Actual
Hospitalization Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$3,412,557	\$3,503,257	\$3,488,046	(\$15,211)
Expenses:				
Current:				
Personal Services	21,753	22,153	22,043	110
Claims	4,051,122	4,141,422	4,035,604	105,818
Debt Service:				
Principal Retirement	205,000	205,000	205,000	0
Interest and Fiscal Charges	336,100	336,100	336,100	0
<i>Total Expenses</i>	<u>4,613,975</u>	<u>4,704,675</u>	<u>4,598,747</u>	<u>105,928</u>
<i>Net Change in Fund Equity</i>	(1,201,418)	(1,201,418)	(1,110,701)	90,717
<i>Fund Equity Beginning of Year</i>	1,617,082	1,617,082	1,617,082	0
Prior Year Encumbrances Appropriated	<u>27,122</u>	<u>27,122</u>	<u>27,122</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$442,786</u>	<u>\$442,786</u>	<u>\$533,503</u>	<u>\$90,717</u>

Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2-S13
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax, and the municipal income tax.	S14-S21
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S22-S32
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S33-S37
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S38-S43

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. The City implemented GASB 54 in 2011.

City of Lorain, Ohio
Net Assets by Components
Last Nine Years
(accrual basis of accounting)

	2011	2010	2009	2008
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$60,778,723	\$68,630,911	\$77,419,157	\$85,270,139
Restricted for:				
Capital Projects	811,105	1,748,331	747,170	2,184,529
Debt Service	2,869,661	1,976,270	999,595	929,267
Community Development	18,081,736	15,791,001	21,696,627	18,492,807
Law Enforcement	1,449,202	1,066,384	0	920,481
Streets	594,117	535,193	0	0
Capital Leases	0	0	0	0
Other Purposes	1,138,329	417,581	694,098	234,737
Unrestricted (Deficit)	3,476,070	1,216,048	(5,284,326)	(3,002,825)
<i>Total Governmental Activities Net Assets</i>	<u>89,198,943</u>	<u>91,381,719</u>	<u>96,272,321</u>	<u>105,029,135</u>
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	56,147,460	55,922,833	48,300,584	46,112,133
Restricted for:				
Debt Service	0	2,763,530	2,707,499	2,647,896
Replacement and Improvement	0	300,000	300,000	300,000
Utility Reserve	1,338,599	1,408,605	1,354,532	1,394,584
Unrestricted	9,496,954	5,805,068	4,264,323	4,015,416
<i>Total Business-Type Activities Net Assets</i>	<u>66,983,013</u>	<u>66,200,036</u>	<u>56,926,938</u>	<u>54,470,029</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	116,926,183	124,553,744	125,719,741	131,382,277
Restricted	26,282,749	26,006,895	28,499,521	27,104,301
Unrestricted (Deficit)	12,973,024	7,021,116	(1,020,003)	1,012,591
<i>Total Primary Government Net Assets</i>	<u>\$156,181,956</u>	<u>\$157,581,755</u>	<u>\$153,199,259</u>	<u>\$159,499,169</u>

City of Lorain, Ohio
Net Assets by Components
Last Nine Years
(accrual basis of accounting)

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$97,026,059	\$112,337,952	\$124,391,028	\$138,745,022	\$150,062,168
1,235,939	1,377,196	1,414,714	4,745,648	10,820,008
833,898	778,135	468,373	713,569	603,071
19,225,551	21,519,172	25,355,904	26,814,060	21,419,946
1,942,192	2,057,953	1,873,284	1,737,320	1,418,749
1,022,586	1,126,833	0	0	0
991,591	0	0	0	0
753,219	1,273,910	2,932,848	1,531,493	1,647,206
<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>
<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>
42,339,183	38,814,751	37,679,295	36,496,435	35,322,403
2,662,538	2,621,486	2,572,039	2,485,022	2,454,458
300,000	300,000	300,000	300,000	300,000
1,305,744	334,744	1,305,744	1,468,618	1,364,750
<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>
<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>
139,365,242	151,152,703	171,228,705	175,241,457	185,384,571
30,273,258	31,389,429	36,222,906	39,795,730	37,573,730
2,614,311	2,682,740	(8,540,894)	(2,742,240)	(2,996,023)
<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 Nine Years
 (accrual basis of accounting)

Program Revenues	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental Activities:				
Charges for Services and Assessments:				
General Government	\$3,991,164	\$3,534,873	\$1,768,208	\$1,833,887
Security of Persons and Property	816,728	723,048	692,478	468,592
Transportation	94,597	177,084	77,203	37,877
Public Health	785,070	812,519	1,471,921	1,456,947
Community Environment	647,154	726,154	657,190	610,078
Economic Development	19,812	49,099	11,823	22,507
Leisure Time Activities	17,475	36,090	35,005	84,057
Subtotal Charges for Services	<u>6,372,000</u>	<u>6,058,867</u>	<u>4,713,828</u>	<u>4,513,945</u>
Operating Grants and Contributions:				
General Government	184,470	666,852	225,533	182,823
Security of Persons and Property	2,441,235	591,520	315,920	332,873
Transportation	2,579,889	2,443,696	2,438,807	2,527,797
Public Health	1,596,028	468,323	389,116	387,009
Community Environment	0	0	226,690	235,190
Economic Development	5,456,527	3,705,378	6,430,895	2,196,557
Leisure Time Activities	50,000	65,175	0	0
Subtotal Operating Grants and Contributions	<u>12,308,149</u>	<u>7,940,944</u>	<u>10,026,961</u>	<u>5,862,249</u>
Capital Grants and Contributions:				
Security of Persons and Property	70,872	583,343	0	0
Transportation	0	1,633,299	1,757,274	1,478,968
Public Health	0	0	0	0
Economic Development	0	0	0	0
Subtotal Capital Grants and Contributions	<u>70,872</u>	<u>2,216,642</u>	<u>1,757,274</u>	<u>1,478,968</u>
Total Governmental Activities Program Revenues	<u>18,751,021</u>	<u>16,216,453</u>	<u>16,498,063</u>	<u>11,855,162</u>
Business-Type Activities:				
Charges for Services:				
Water Works	7,983,612	8,324,068	7,813,777	8,250,437
Water Pollution Control	14,046,469	12,558,356	12,046,880	11,223,392
Capital Grants and Contributions:				
Water Pollution Control	3,612,676	4,057,648	0	700,813
Total Business-Type Activities Program Revenues	<u>25,642,757</u>	<u>24,940,072</u>	<u>19,860,657</u>	<u>20,174,642</u>
Total Primary Government Program Revenues	<u>\$44,393,778</u>	<u>\$41,156,525</u>	<u>\$36,358,720</u>	<u>\$32,029,804</u>

2007	2006	2005	2004	2003
\$1,573,146	\$1,870,561	\$2,161,128	\$2,707,135	\$864,905
732,371	527,665	385,001	383,545	1,730,009
42,063	31,289	0	0	0
1,410,674	1,540,597	808,413	760,541	972,093
651,875	925,482	730,199	784,024	48,534
151,841	103,089	0	0	0
80,801	37,760	27,048	27,514	105,093
<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>
176,343	0	25,028	27,153	25,028
244,034	351,582	58,354	214,611	101,702
2,604,665	2,504,273	2,516,671	2,352,792	2,106,496
489,943	404,635	492,717	442,083	473,448
401,690	224,690	211,784	140,000	159,999
(91,116)	2,751,887	2,908,573	6,195,473	3,736,482
0	0	0	0	0
<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>
0	0	0	0	0
752,315	1,741,684	935,158	1,717,034	4,035,632
159,690	0	0	0	0
0	0	0	0	500,000
<u>912,005</u>	<u>1,741,684</u>	<u>935,158</u>	<u>1,717,034</u>	<u>4,535,632</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>
7,925,938	8,145,916	8,528,739	8,306,689	8,211,209
10,895,096	10,210,893	9,221,532	8,287,136	7,708,227
0	225,000	0	0	0
<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>
<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 Nine Years
(accrual basis of accounting)

Expenses	2011	2010	2009	2008
Governmental Activities:				
General Government	\$10,869,025	\$11,620,641	\$12,043,738	\$12,788,107
Security of Persons and Property	20,983,753	18,236,104	19,793,984	22,346,039
Transportation	10,920,414	12,699,874	12,665,797	13,855,345
Public Health	2,355,372	1,352,681	1,786,441	2,021,791
Community Environment	469,293	461,164	654,143	636,040
Economic Development	2,813,491	3,020,976	2,222,946	4,623,187
Leisure Time Activities	566,774	513,928	1,090,661	1,582,512
Intergovernmental	0	0	0	0
Interest and Fiscal Charges	2,308,814	2,252,399	2,139,598	2,114,164
<i>Total Governmental Activities Expenses</i>	<u>51,286,936</u>	<u>50,157,767</u>	<u>52,397,308</u>	<u>59,967,185</u>
Business-Type Activities:				
Water Works	7,447,722	7,551,751	7,579,138	7,594,813
Water Pollution Control	13,420,975	13,566,764	9,856,268	9,167,502
<i>Total Business-Type Activities Expenses</i>	<u>20,868,697</u>	<u>21,118,515</u>	<u>17,435,406</u>	<u>16,762,315</u>
<i>Total Primary Government Expenses</i>	<u>72,155,633</u>	<u>71,276,282</u>	<u>69,832,714</u>	<u>76,729,500</u>
Net (Expense)/Revenue				
Governmental Activities	(32,535,915)	(33,941,314)	(35,899,245)	(48,112,023)
Business-Type Activities	4,774,060	3,821,557	2,425,251	3,412,327
<i>Total Primary Government Net Expense</i>	<u>(27,761,855)</u>	<u>(30,119,757)</u>	<u>(33,473,994)</u>	<u>(44,699,696)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Property Taxes Levied For:				
General Purposes	2,193,536	2,538,308	2,679,184	2,773,576
Police Pension	276,173	251,381	138,349	257,898
Fire Pension	276,257	251,381	179,102	257,898
Debt Service	940,062	837,938	1,151,160	998,299
Municipal Income Taxes Levied For:				
General Purposes	16,691,300	15,118,368	13,701,298	15,938,664
Police Levy	2,331,737	2,126,884	1,934,387	2,234,626
Payments in Lieu of Taxes	743,321	903,799	916,189	524,641
Grants and Entitlements not Restricted to Specific Programs	5,614,431	6,069,092	5,221,222	7,371,329
Franchise Fees	625,031	606,987	602,430	690,859
Investment Earnings	21,653	22,265	53,381	377,061
Miscellaneous	539,638	1,255,426	524,420	460,595
Transfers	100,000	(931,117)	0	0
<i>Total Governmental Activities</i>	<u>\$30,353,139</u>	<u>\$29,050,712</u>	<u>\$27,101,122</u>	<u>\$31,885,446</u>

2007	2006	2005	2004	2003
\$12,812,199	\$12,267,533	\$13,003,383	\$11,596,965	\$18,594,382
19,390,489	18,573,582	19,197,977	17,624,224	20,151,907
14,435,681	14,679,897	14,881,296	15,196,365	6,704,576
1,995,300	2,018,981	2,030,073	1,799,704	1,985,041
1,104,662	696,834	964,323	671,404	770,420
2,926,740	7,417,102	3,736,841	2,538,197	825,936
501,112	1,188,751	1,266,922	1,139,638	1,311,140
0	0	0	0	18,420
1,950,140	2,028,001	1,893,394	1,831,945	1,817,193
<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>
7,614,864	7,537,738	7,161,733	7,019,598	7,701,592
9,149,590	9,667,949	8,294,509	8,740,898	9,694,280
<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>
71,880,777	76,076,368	72,430,451	68,158,938	69,574,887
(45,735,988)	(45,855,487)	(45,714,135)	(36,646,537)	(37,319,594)
2,056,580	1,376,122	2,294,029	833,329	(1,476,436)
<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>
3,124,027	2,368,671	2,595,040	2,598,358	2,594,840
310,780	270,002	291,931	260,833	239,884
342,860	270,001	279,497	260,833	239,884
984,638	876,357	866,125	861,309	799,822
16,308,518	16,809,771	17,087,103	15,163,796	14,211,737
2,296,810	2,367,849	2,484,300	2,488,604	2,346,822
276,499	214,280	174,536	92,639	12,661
6,083,171	5,719,663	5,250,113	5,549,380	5,341,015
255,821	252,481	263,481	233,946	236,806
811,699	690,650	274,833	217,102	162,478
435,314	793,154	366,726	347,717	814,192
(2,327,231)	0	0	0	0
<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 Nine Years
(accrual basis of accounting)

	2011	2010	2009	2008
Business-Type Activities:				
Investment Earnings	\$17	\$66	\$1,158	\$39,053
Gain on Sale of Capital Assets	0	6,606	0	0
Miscellaneous	47,187	61,891	71,804	21,555
Extraordinary Items	0	513,574	0	0
Transfers	(100,000)	931,117	0	0
<i>Total Business-Type Activities</i>	<u>(52,796)</u>	<u>1,513,254</u>	<u>72,962</u>	<u>60,608</u>
<i>Total Primary Government</i>	<u>30,300,343</u>	<u>30,563,966</u>	<u>27,174,084</u>	<u>31,946,054</u>
Change in Net Assets				
Governmental Activities	(2,182,776)	(4,890,602)	(8,798,123)	(16,226,577)
Business-Type Activities	4,721,264	5,334,811	2,498,213	3,472,935
<i>Total Primary Government Change in Net Assets</i>	<u><u>\$2,538,488</u></u>	<u><u>\$444,209</u></u>	<u><u>(\$6,299,910)</u></u>	<u><u>(\$12,753,642)</u></u>

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$110,225	\$104,026	\$56,689	\$9,621	\$88,836
0	0	0	0	0
60,374	56,615	45,502	61,739	58,743
(693,389)	0	0	0	0
<u>2,327,231</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>1,804,441</u>	<u>160,641</u>	<u>102,191</u>	<u>71,360</u>	<u>147,579</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>
(16,833,082)	(15,222,608)	(15,780,450)	(8,572,020)	(10,319,453)
<u>3,861,021</u>	<u>1,536,763</u>	<u>2,396,220</u>	<u>904,689</u>	<u>(1,328,857)</u>
<u>(\$12,972,061)</u>	<u>(\$13,685,845)</u>	<u>(\$13,384,230)</u>	<u>(\$7,667,331)</u>	<u>(\$11,648,310)</u>

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

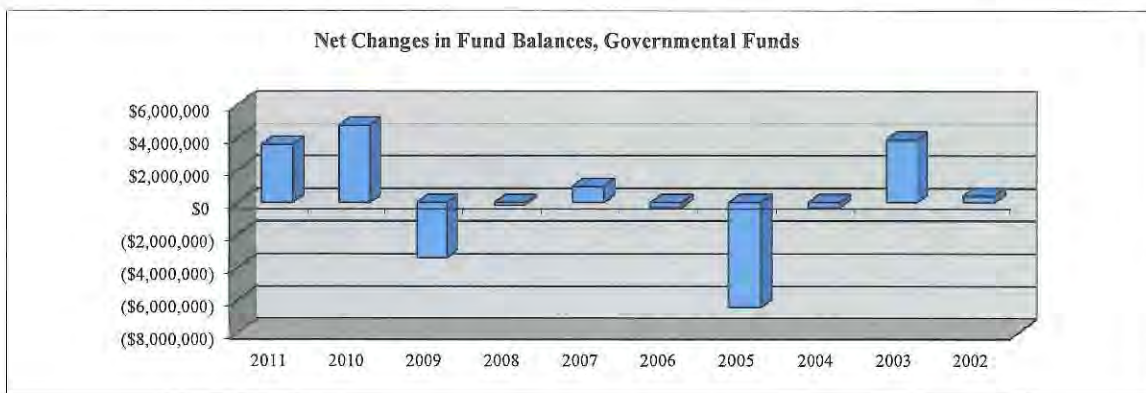
	2011	2010	2009	2008
General Fund				
Nonspendable	\$222,510	\$251,410	\$0	\$0
Restricted	125,018	189,098	0	0
Committed	216,602	135,917	0	0
Assigned	198,749	123,358	0	0
Unassigned	3,666,804	1,478,381	0	0
Reserved	0	0	164,743	246,789
Designated for Capital Acquisitions	0	0	0	0
Unreserved (Deficit)	0	0	(1,398,518)	222,753
Total General Fund	4,429,683	2,178,164	(1,233,775)	469,542
All Other Governmental Funds				
Nonspendable	2,501,153	2,567,959	0	0
Restricted	20,530,757	19,802,941	0	0
Committed	599,252	314,967	0	0
Assigned	0	0	0	0
Unassigned (Deficit)	(653,817)	(1,011,238)	0	0
Reserved	0	0	16,892,525	15,034,853
Undesignated (Deficit), Reported in:				
Special Revenue funds	0	0	3,886,549	6,407,782
Debt Service funds	0	0	454,241	330,314
Capital Projects funds	0	0	(892,831)	242,263
Total All Other Governmental Funds	22,977,345	21,674,629	20,340,484	22,015,212
Total Governmental Funds	\$27,407,028	\$23,852,793	\$19,106,709	\$22,484,754

Note: The City implemented GASB 54 in 2011

2007	2006	2005	2004	2003	2002
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
687,255	168,006	659,816	80,690	102,553	187,373
525,000	0	600,000	0	0	0
88,414	1,061,018	(884,514)	(591,250)	(512,337)	109,712
<u>1,300,669</u>	<u>1,229,024</u>	<u>375,302</u>	<u>(510,560)</u>	<u>(409,784)</u>	<u>297,085</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
17,348,267	17,895,624	21,566,305	21,184,019	18,108,163	15,316,367
6,493,381	7,034,810	4,454,830	5,247,036	4,311,495	4,011,279
219,762	188,401	(4,879,317)	213,668	124,402	35,518
(2,733,331)	(2,337,652)	2,802,085	4,631,159	8,948,048	7,569,861
<u>21,328,079</u>	<u>22,781,183</u>	<u>23,943,903</u>	<u>31,275,882</u>	<u>31,492,108</u>	<u>26,933,025</u>
<u>\$22,628,748</u>	<u>\$24,010,207</u>	<u>\$24,319,205</u>	<u>\$30,765,322</u>	<u>\$31,082,324</u>	<u>\$27,230,110</u>

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

	2011	2010	2009	2008	2007
Revenues					
Property Taxes	\$3,291,509	\$3,946,538	\$4,085,257	\$4,218,010	\$4,547,743
Payments in Lieu of Taxes	747,569	734,343	688,593	524,641	276,499
Municipal Income Taxes	19,080,666	17,030,074	15,688,501	18,161,503	18,637,946
Charges for Services	2,015,313	1,745,691	1,780,212	1,533,956	1,411,545
Licenses and Permits <i>(includes fines 2002 and prior)</i>	1,107,550	1,136,780	1,047,477	1,015,843	1,188,733
Fines and Forfeitures	2,001,966	1,934,753	1,824,570	1,813,678	1,781,036
Intergovernmental	15,294,309	15,476,834	15,798,768	13,929,093	13,432,851
Franchise Fees	625,031	606,987	602,430	690,859	255,821
Special Assessments	43,949	52,108	66,625	71,717	71,842
Interest	21,653	22,265	53,381	377,061	811,699
Contributions and Donations	99,910	570,058	0	0	0
Miscellaneous	539,638	1,255,423	514,802	449,983	425,077
Total Revenues	44,869,063	44,511,854	42,150,616	42,786,344	42,840,792
Expenditures					
Current:					
General Government	7,674,673	8,394,131	8,592,192	9,751,483	8,817,909
Security of Persons and Property	19,921,573	18,050,868	19,171,278	21,024,167	19,449,378
Transportation	2,494,279	2,313,133	2,620,162	3,431,181	3,284,017
Public Health	2,209,410	1,331,025	1,709,057	2,050,837	1,992,874
Community Environment	413,375	426,257	633,603	639,207	1,095,395
Economic Development	2,641,821	2,872,413	2,680,510	3,830,250	2,882,602
Leisure Time Activities	332,550	275,681	922,661	1,269,838	1,178,575
Intergovernmental	0	0	0	0	0
Capital Outlay	2,765,407	1,616,835	6,394,806	3,938,553	3,227,967
Debt Service:					
Principal Retirement	3,549,320	3,390,872	2,920,967	2,979,133	2,427,744
Interest and Fiscal Charges	1,811,649	2,031,361	2,153,744	1,970,367	1,879,931
Bond Issuance Costs	82,039	9,205	24,943	136,664	326,044
Total Expenditures	43,896,096	40,711,781	47,823,923	51,021,680	46,562,436
Excess of Revenues Over (Under) Expenditures	972,967	3,800,073	(5,673,307)	(8,235,336)	(3,721,644)
Other Financing Sources (Uses)					
Inception of Capital Leases	450,740	16,716	266,033	23,995	1,425,000
Sale of Capital Assets	0	0	0	0	0
Bonds Issued	1,010,000	245,000	390,000	5,440,000	2,595,000
Refunding Bonds Issued	2,074,175	0	0	0	4,970,000
Notes Issued	0	300,000	0	0	0
Loans Received	991,510	288,520	1,626,699	2,700,683	507,572
Premium on Debt Issuance	0	0	12,530	0	1,072
Discount on Debt Issuance	(13,860)	(4,225)	0	(73,336)	(52,476)
Payment to Refunded Bond Escrow Agent	(2,031,297)	0	0	0	(4,715,431)
Transfers In	2,107,462	2,568,242	2,664,088	2,188,546	2,697,744
Transfers Out	(2,007,462)	(2,468,242)	(2,664,088)	(2,188,546)	(2,697,744)
Total Other Financing Sources (Uses)	2,581,268	946,011	2,295,262	8,091,342	4,730,737
Net Change in Fund Balances	\$3,554,235	\$4,746,084	(\$3,378,045)	(\$143,994)	\$1,009,093
Debt Service as a Percentage of Noncapital Expenditures	13.2%	13.9%	12.4%	11.2%	11.4%



2006	2005	2004	2003	2002
\$4,022,546	\$4,002,419	\$3,957,055	\$3,659,130	\$3,163,844
214,280	174,536	92,639	12,661	0
19,181,559	19,546,306	17,680,283	16,553,650	16,510,556
1,623,511	1,419,251	1,343,239	1,247,753	1,119,774
1,431,398	1,098,063	1,167,853	785,860	3,123,925
1,627,837	1,438,755	1,619,879	1,658,464	0
15,915,009	13,260,054	16,814,124	12,104,895	12,079,479
252,481	263,481	233,946	236,806	230,473
82,614	73,280	122,704	174,799	324,659
690,650	274,833	217,102	162,478	201,577
0	0	0	0	0
790,843	359,769	338,478	814,192	956,052
<u>45,832,728</u>	<u>41,910,747</u>	<u>43,587,302</u>	<u>37,410,688</u>	<u>37,710,339</u>
7,783,356	10,178,686	7,472,394	6,772,792	6,812,397
19,158,303	18,735,767	18,334,999	16,750,969	17,422,517
2,770,818	3,002,534	2,261,567	2,578,166	1,902,093
2,007,742	2,058,113	1,872,129	1,711,340	1,590,199
792,667	869,283	715,893	653,685	612,126
7,386,562	3,606,065	2,606,100	24,835	6,887,067
1,002,442	1,037,882	1,009,957	1,090,889	934,524
0	0	0	18,420	0
5,037,231	4,918,114	8,707,726	5,376,919	9,240,850
2,297,103	11,027,373	5,672,618	8,105,592	3,037,428
2,010,962	1,950,882	1,753,457	1,811,630	1,531,863
82,219	0	0	475,530	0
<u>50,329,405</u>	<u>57,384,699</u>	<u>50,406,840</u>	<u>45,370,767</u>	<u>49,971,064</u>
<u>(4,496,677)</u>	<u>(15,473,952)</u>	<u>(6,819,538)</u>	<u>(7,960,079)</u>	<u>(12,260,725)</u>
0	1,849,994	0	0	182,910
20,128	0	0	0	0
1,510,000	2,297,663	0	6,245,000	8,905,000
0	0	0	0	0
0	4,750,000	4,150,000	4,945,000	1,320,000
2,652,923	130,178	2,352,536	603,346	2,247,999
4,628	0	0	18,947	18,586
0	0	0	0	0
0	0	0	0	0
1,749,236	1,995,288	1,853,219	2,719,525	2,557,146
<u>(1,749,236)</u>	<u>(1,995,288)</u>	<u>(1,853,219)</u>	<u>(2,719,525)</u>	<u>(2,557,146)</u>
<u>4,187,679</u>	<u>9,027,835</u>	<u>6,502,536</u>	<u>11,812,293</u>	<u>12,674,495</u>
<u>(\$308,998)</u>	<u>(\$6,446,117)</u>	<u>(\$317,002)</u>	<u>\$3,852,214</u>	<u>\$413,770</u>
10.2%	25.8%	18.6%	25.4%	12.6%

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

Collection Year	Real Property			Tangible Personal Property	
	Residential/ Agricultural	Commercial Industrial/PU	Estimated True Value	Assessed Value	Estimated True Value
2011	\$673,629,950	\$178,610,500	\$2,434,972,714	\$57,286,180	\$65,097,932
2010	677,121,420	181,040,570	2,451,891,400	58,216,700	66,155,341
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

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

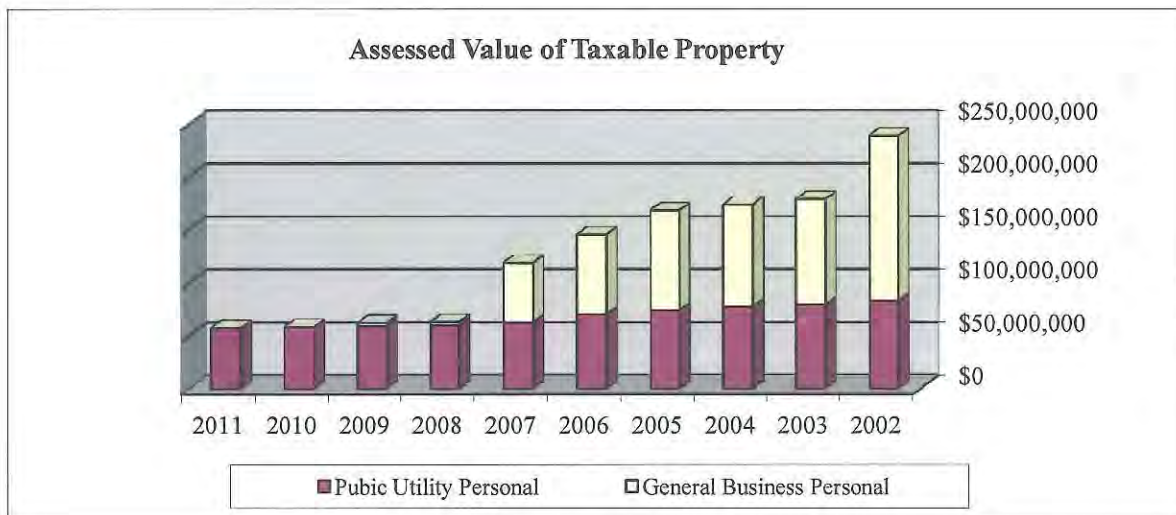
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General 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 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 person property tax was 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 rate 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 per \$1, 000 of Assessed Value
Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Ratio	
\$0	\$0	\$909,526,630	\$2,500,070,646	36.38%	\$4.96
0	0	916,378,690	2,518,046,741	36.39	4.96
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



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

	2011	2010	2009	2008
Unvoted Millage				
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>

Overlapping Rates by Taxing District

Lorain City School District				
Residential/Agricultural Real	\$29.618828	\$29.390339	\$29.277396	\$26.620358
Commerical/Industrial and Public Utility Real	49.381265	48.479933	49.652864	49.065013
General Business and Public Utility Personal	60.210000	60.080000	60.030000	59.680000
Amherst Exempted School District				
Residential/Agricultural Real	32.941994	32.826844	32.792363	31.747243
Commerical/Industrial and Public Utility Real	36.235849	36.103873	35.888926	35.665123
General Business and Public Utility Personal	67.950000	67.850000	67.830000	67.680000
Vermillion City School District				
Residential/Agricultural Real	30.735026	30.758985	30.724270	29.877602
Commerical/Industrial and Public Utility Real	54.066400	54.038610	54.041340	52.644888
General Business and Public Utility Personal	68.100000	68.170000	68.170000	67.670000
Clearview City School District				
Residential/Agricultural Real	38.860342	38.658571	37.404938	35.298400
Commerical/Industrial and Public Utility Real	38.672882	38.269377	37.089070	35.665762
General Business and Public Utility Personal	54.910000	54.760000	53.530000	52.510000
Firelands Local School District				
Residential/Agricultural Real	29.976711	24.994414	25.029806	24.392658
Commerical/Industrial and Public Utility Real	30.510571	24.270663	24.270006	24.602755
Elyria City School District				
Residential/Agricultural Real	39.520899	39.314928	34.014735	31.736220
Commerical/Industrial and Public Utility Real	46.269374	45.620258	39.945772	38.753910
General Business and Public Utility Personal	69.730000	69.580000	64.320000	63.500000
Lorain County				
Residential/Agricultural Real	12.222552	12.214265	11.534565	10.937983
Commerical/Industrial and Public Utility Real	12.484079	12.389031	11.971785	11.843570
General Business and Public Utility Personal	13.690000	13.690000	13.390000	13.390000

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.

2007	2006	2005	2004	2003	2002
\$3.3600	\$3.3600	\$3.3600	\$3.3600	\$3.3600	\$3.3600
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.3000	0.3000	0.3000	0.3000	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>	<u>\$4.9600</u>	<u>\$4.9600</u>
\$26.401790	\$26.294987	\$28.904986	\$28.986588	\$29.418314	\$31.716636
49.460471	48.869978	51.125934	50.102276	50.206799	52.027793
59.410000	59.410000	59.610000	59.610000	59.960000	59.960000
24.664626	24.849649	26.921603	26.982197	27.180335	27.407719
28.879896	29.412375	32.090072	32.488818	32.668111	32.491424
60.560000	60.660000	60.980000	60.980000	61.050000	59.880000
31.010390	30.400024	25.550044	25.607768	25.550035	27.787240
53.885384	50.761422	49.070040	45.305123	44.665976	46.069561
68.800000	68.300000	63.450000	63.450000	63.450000	64.100000
35.062174	28.837199	29.132649	29.854798	29.611787	30.481588
35.385118	28.884064	29.153153	30.021832	29.800013	30.847937
52.290000	46.090000	46.340000	47.340000	47.100000	47.850000
24.550690	24.210033	24.690030	24.690006	24.820006	28.290016
24.696224	24.210027	27.476008	27.556536	27.853060	32.396895
31.509357	27.570005	29.977001	26.237827	26.501241	27.423155
38.253750	34.092496	36.500243	32.767017	33.199831	34.402062
63.300000	59.400000	60.230000	56.480000	56.730000	56.810000
10.961756	10.926994	12.174480	10.759740	10.121297	10.549476
11.906101	11.818414	12.779647	12.030494	11.667702	11.992323
13.390000	13.490000	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>
2011	\$4,104,093	\$3,492,266	85.1%	\$233,722
2010	4,119,592	4,176,371	101.4	231,315
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

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
- (3). The Lorain County Auditor does not identify delinquent collections by year.

<u>Total Tax Collections</u>	<u>Percent of Total Collections To Current Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes (2)</u>	<u>Percent of Delinquent Taxes To Current Tax Levy</u>
\$3,725,989	90.8%	\$1,060,540	25.8%
4,407,686	107.0	666,016	16.2
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

City of Lorain, Ohio
Principal Real Property Taxpayers
2011 and 2002

Taxpayer	2011		
	Real Property Assessed Valuation	Rank	Percentage of Total Real Property Assessed Valuation
Firstenergy Generation	\$30,161,380	1	3.54%
Ohio Edison	17,163,730	2	2.01
American Transmission	7,219,610	3	0.85
Industrias CH, S.A. de C.V. (Republic Steel)	6,526,530	4	0.77
WalMart Real Estate	5,316,470	5	0.62
Columbia Gas of Ohio	4,021,260	6	0.47
Lowe's Home Centers Inc.	3,949,960	7	0.46
Cleveland Clinic	3,802,650	8	0.45
IRG Lorain LLC	3,241,020	9	0.38
Lexington TRAMK Lorain (K-Mart)	3,150,010	10	0.37
	<u>\$84,552,620</u>		<u>9.92%</u>
Total Real Property Assessed Valuation	<u><u>\$852,240,450</u></u>		

	2002		
	Real Property Assessed Valuation	Rank	Percentage of Total Real Property Assessed Valuation
Ohio Edison	\$19,676,690	1	2.72%
Ford Motor Company	17,455,880	2	2.42
Republic Technologies	8,750,010	3	1.21
Century Telephone Company	8,259,660	4	1.14
American Transmission	7,496,390	5	1.04
Society National Bank	3,701,420	6	0.51
Reliance Comm/Tec	2,271,650	7	0.31
Lorain Tubular	2,251,620	8	0.31
Community Health Partners	1,566,730	9	0.22
West Park Limited	1,559,500	10	0.22
	<u>\$72,989,550</u>		<u>10.10%</u>
Total Real Property Assessed Valuation	<u><u>\$722,731,770</u></u>		

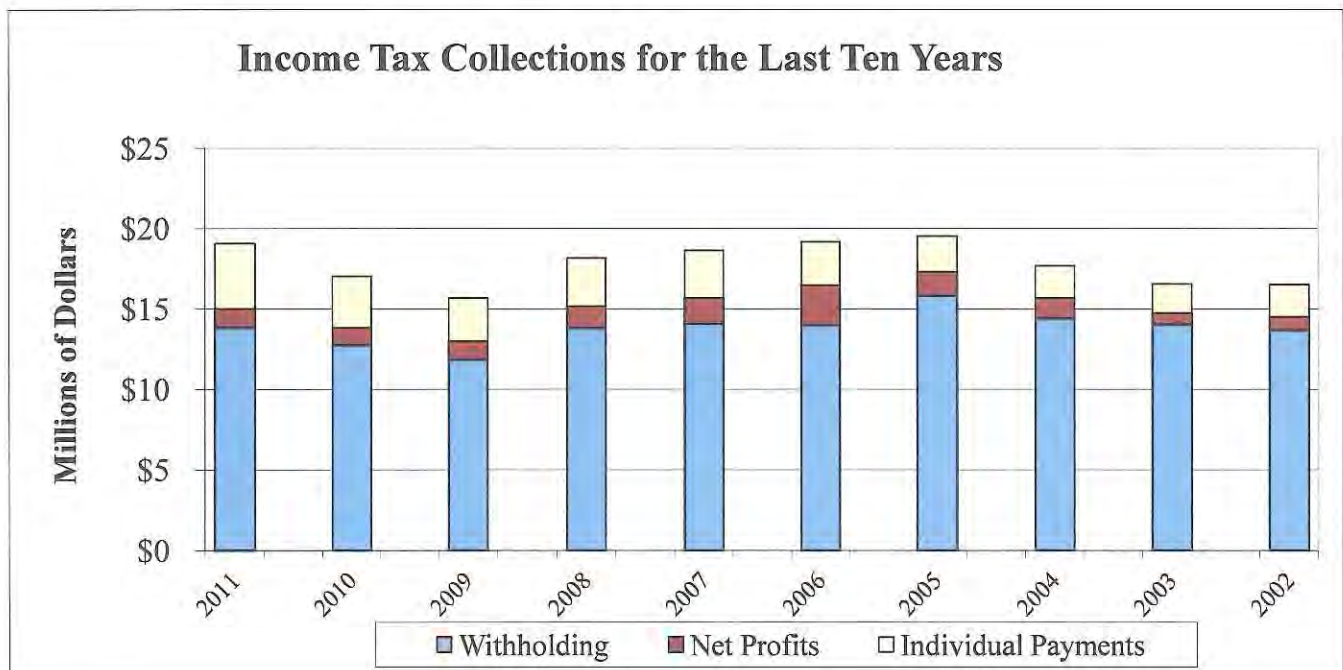
Source: County Auditor

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
2011	2.00 %	\$19,080,666	\$13,844,811	72.56 %	\$1,178,220	6.17 %	4,057,634	21.27 %
2010	2.00	17,030,074	12,753,274	74.89	1,077,434	6.33	3,199,366	18.79
2009	2.00	15,688,501	11,847,648	75.52	1,135,290	7.24	2,705,563	17.25
2008	2.00	18,161,503	13,810,258	76.04	1,360,024	7.49	2,991,221	16.47
2007	2.00	18,637,946	14,057,705	75.43	1,629,344	8.74	2,950,897	15.83
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	14,416,262	81.54	1,268,333	7.17	1,995,688	11.29
2003	1.75	16,553,650	14,024,629	84.72	723,263	4.37	1,805,758	10.91
2002	1.75	16,510,556	13,678,054	82.84	826,394	5.01	2,006,108	12.15

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%.



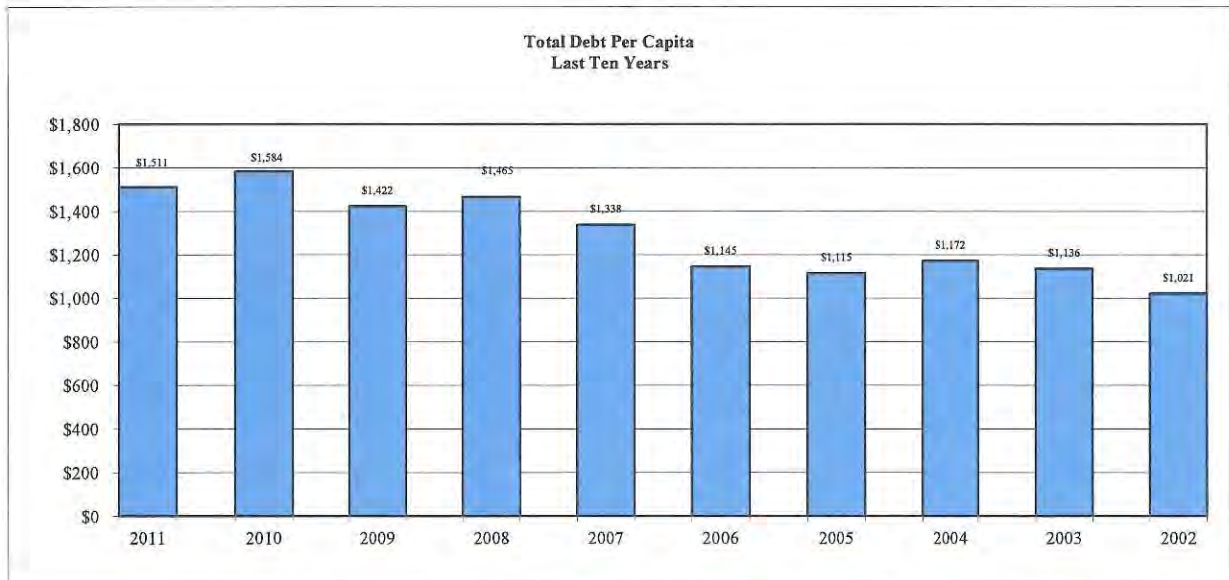
City of Lorain, Ohio
Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years

Year	Governmental Activities							ODOD	ODOT
	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Capital Leases	Bond Anticipation Notes	HUD Loans	Urban Redevelopment Loans	State Infrastructure Loans	
2011	\$32,659,796	\$1,566,747	\$2,501,327	\$1,277,126	\$240,000	\$3,635,000	\$2,247,401	\$1,898,248	
2010	33,839,835	1,058,225	2,543,125	1,566,213	300,000	4,095,000	2,296,943	1,880,578	
2009	30,303,361	847,338	2,751,664	2,107,916	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	

Note: Population and Personal Income data are presented on page S-36.

Business-Type Activities

Installment Loans	General Obligation Bonds	Mortgage Revenue Bonds	Capital Leases	OWDA Loans	Total Debt	Percentage of Personal Income	Per Capita
\$869,896	\$3,296,542	\$0	\$74,318	\$46,587,258	\$96,853,659	8.30%	\$1,511
540,340	683,112	4,770,430	138,146	47,799,403	101,511,350	8.46	1,584
640,498	867,653	5,949,733	198,665	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



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
2011	64,097 (f)	\$2,500,070,646	\$32,659,796	1.31 %	\$509.54
2010	64,097 (f)	2,518,046,741	33,839,835	1.34	527.95
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

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

(f) 2010 Federal Census

(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, 2011

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Lorain			
General Obligation Bonds	\$32,659,796	100.00 %	\$32,659,796
Special Assessment Bonds	1,566,747	100.00	1,566,747
OPWC Loans	2,501,327	100.00	2,501,327
Capital Leases	1,277,126	100.00	1,277,126
HUD Loans	3,635,000	100.00	3,635,000
Public Improvement Installment Loans	869,896	100.00	869,896
ODOD Urban Redevelopment Loans	2,247,401	100.00	2,247,401
Long Term Note	240,000	100.00	240,000
ODOT State Infrastructure Loans	1,898,248	100.00	1,898,248
<i>Total Direct Debt</i>	<u>46,895,541</u>		<u>46,895,541</u>
Overlapping			
Lorain City School District			
General Obligation Bonds	39,198,250	100.00%	39,198,250
Amherst Exempted School District			
General Obligation Bonds	18,897,187	30.11%	5,689,943
Vermilion City School District			
General Obligation Bonds	6,656,280		
Capital Leases	102,108	10.76%	727,203
Clearview City School District			
General Obligation Bonds	4,449,999		
Capital Leases	35,832	34.62%	1,552,995
Firelands Local School District			
Capital Leases	110,488	1.82%	2,011
Elyria City School District			
General Obligation Bonds	44,837,324		
Capital Leases	4,830,417	0.24%	119,203
Lorain County			
General Obligation Bonds	29,420,000	17.34%	5,101,428
<i>Total Overlapping Debt</i>	<u>148,537,885</u>		<u>52,391,031</u>
Total	<u><u>\$195,433,426</u></u>		<u><u>\$99,286,572</u></u>

Source: County Auditor

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

City of Lorain, Ohio
Legal Debt Margin
Last Ten Years

	2011	2010	2009	2008
General Bonded Debt Outstanding:				
General Obligation Bonds	\$32,971,112	\$34,161,128	\$30,642,312	\$32,071,189
Special Assessment Bonds	1,565,566	1,050,760	835,035	467,691
Enterprise Fund General Obligation Bonds	3,278,322	683,112	867,653	1,041,120
Enterprise Fund Revenue Bonds	0	4,825,000	6,070,000	7,260,000
Bond Anticipation Notes	1,380,000	2,345,000	2,215,000	2,019,000
OPWC Loans	2,501,327	2,543,125	2,751,664	2,818,314
Real Estate Acquisition Loan	0	0	0	0
Public Improvement Installment Loans	869,896	540,340	640,498	193,716
Total Gross Indebtedness	42,566,223	46,148,465	44,022,162	45,871,030
Percentage of Current Assessed				
Property Value	4.68%	5.04%	4.77%	4.71%
Assessed Property Value	\$909,526,630	\$916,378,690	\$922,216,546	\$973,780,380
Total Debt Per Capita	\$664	\$720	\$627	\$654
Population	64,097	64,097	70,239	70,124
Less Exempt Debt:				
General Obligation Bonds - Energy Conservation	(1,142,503)	(1,396,888)	(1,642,347)	(1,878,880)
General Obligation Bonds - Urban Renewal	(11,390,000)	(11,705,000)	(11,965,000)	(12,165,000)
General Obligation Bonds - Pension	(1,435,000)	(1,430,000)	(1,500,000)	(1,565,000)
Special Assessment Bonds	(1,565,566)	(1,050,760)	(835,035)	(467,691)
Bond Anticipation Notes - Special Assessment Portion	0	(709,000)	(908,525)	(1,214,439)
Enterprise Fund General Obligation Bonds	(3,278,322)	(683,112)	(867,653)	(1,041,120)
Enterprise Fund Revenue Bonds	0	(4,825,000)	(6,070,000)	(7,260,000)
Total Net Debt Applicable to Debt Limit	23,754,832	24,348,705	20,233,602	20,278,900
Overall Legal Debt Limit				
10 1/2% of Assessed Valuation	95,500,296	96,219,762	96,832,737	102,246,940
Legal Debt Margin Within 10 1/2% Limitations	\$71,745,464	\$71,871,057	\$76,599,135	\$81,968,040
Legal Debt Margin as a Percentage of the Debt Limit	75.13%	74.69%	79.10%	80.17%
Unvoted Debt Limitation				
5 1/2% of Assessed Valuation	\$50,023,965	\$50,400,828	\$50,721,910	\$53,557,921
Net Unvoted Indebtedness Authorized by Council	42,234,422	45,816,664	43,690,361	45,540,591
Less Exempt Debt:				
General Obligation Bonds - Energy Conservation	(1,142,503)	(1,396,888)	(1,642,347)	(1,878,880)
General Obligation Bonds - Urban Renewal	(11,390,000)	(11,705,000)	(11,965,000)	(12,165,000)
General Obligation Bonds - Pension	(1,435,000)	(1,430,000)	(1,500,000)	(1,565,000)
Special Assessment Bonds	(1,565,566)	(1,050,760)	(835,035)	(467,691)
Bond Anticipation Notes - Special Assessment Portion	0	(709,000)	(908,525)	(1,214,439)
Enterprise Fund General Obligation Bonds	(3,278,322)	(683,112)	(867,653)	(1,041,120)
Enterprise Fund Revenue Bonds	0	(4,825,000)	(6,070,000)	(7,260,000)
Net Debt Within 5 1/2% Limitations	23,423,031	24,016,904	19,901,801	19,948,461
Unvoted Legal Debt Margin Within 5 1/2% Limitations	\$26,600,934	\$26,383,924	\$30,820,109	\$33,609,460
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	53.18%	52.35%	60.76%	62.75%

Source: City Financial Records

2007	2006	2005	2004	2003	2002
\$28,030,011	\$26,201,525	\$25,981,800	\$24,734,873	\$25,967,169	\$21,419,262
567,014	664,719	762,423	860,127	1,012,831	565,738
1,207,975	1,363,756	1,510,777	1,550,000	1,885,000	2,215,000
8,390,000	9,465,000	10,398,234	11,363,032	12,282,802	13,152,600
5,385,000	5,900,000	5,495,000	4,150,000	3,625,000	4,809,000
2,088,849	2,159,087	1,873,525	1,904,310	1,855,801	1,350,995
0	0	0	0	17,787	63,505
250,000	0	0	0	0	0
<u>45,918,849</u>	<u>45,754,087</u>	<u>46,021,759</u>	<u>44,562,342</u>	<u>46,646,390</u>	<u>43,576,100</u>
4.41%	4.34%	4.69%	4.55%	4.81%	4.53%
\$1,040,922,000	\$1,053,456,928	\$980,705,772	\$979,203,076	\$969,147,530	\$961,389,440
\$650	\$675	\$670	\$649	\$679	\$635
70,592	67,820	68,652	68,652	68,652	68,652
(2,102,025)	(2,316,244)	(2,499,223)	0	0	0
(12,225,000)	(10,420,000)	(9,020,000)	(9,125,000)	(9,225,000)	(4,850,000)
(1,625,000)	(1,685,000)	(1,740,000)	(1,795,000)	(1,845,000)	(1,895,000)
(567,014)	(664,719)	(762,423)	(860,127)	(1,012,831)	(565,738)
(297,439)	(297,439)	(271,665)	0	0	(571,830)
(1,207,975)	(1,363,756)	(1,510,777)	(1,550,000)	(1,885,000)	(2,215,000)
(8,390,000)	(9,147,462)	(10,106,765)	(11,465,000)	(12,282,802)	(13,152,600)
<u>19,504,396</u>	<u>19,859,467</u>	<u>20,110,906</u>	<u>19,767,215</u>	<u>20,395,757</u>	<u>20,325,932</u>
<u>109,296,810</u>	<u>110,612,977</u>	<u>102,974,106</u>	<u>102,816,323</u>	<u>101,760,491</u>	<u>100,945,891</u>
<u>\$89,792,414</u>	<u>\$90,753,510</u>	<u>\$82,863,200</u>	<u>\$83,049,108</u>	<u>\$81,364,734</u>	<u>\$80,619,959</u>
82.15%	82.05%	80.47%	80.77%	79.96%	79.86%
\$57,250,710	\$57,940,131	\$53,938,817	\$53,856,169	\$53,303,114	\$52,876,419
45,698,909	45,565,686	46,313,228	44,695,638	46,683,596	43,456,331
(2,102,025)	(2,316,244)	(2,499,223)	0	0	0
(12,225,000)	(10,420,000)	(9,020,000)	(9,125,000)	(9,225,000)	(4,850,000)
(1,625,000)	(1,685,000)	(1,740,000)	(1,795,000)	(1,845,000)	(1,895,000)
(567,014)	(664,719)	(762,423)	(860,127)	(1,012,831)	(565,738)
(297,439)	(297,439)	(271,665)	0	0	(571,830)
(1,207,975)	(1,363,756)	(1,510,777)	(1,550,000)	(1,885,000)	(2,215,000)
(8,390,000)	(9,147,462)	(10,106,765)	(11,465,000)	(12,282,802)	(13,152,600)
<u>19,284,456</u>	<u>19,671,066</u>	<u>20,402,375</u>	<u>19,900,511</u>	<u>20,432,963</u>	<u>20,206,163</u>
<u>\$37,966,254</u>	<u>\$38,269,065</u>	<u>\$33,536,442</u>	<u>\$33,955,658</u>	<u>\$32,870,151</u>	<u>\$32,670,256</u>
66.32%	66.05%	62.17%	63.05%	61.67%	61.79%

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net Available Revenue:				
Gross Revenues	\$8,019,772	\$8,361,324	\$7,848,394	\$8,271,992
Less: Operating Expenses (1)	<u>5,777,938</u>	<u>5,713,151</u>	<u>6,045,523</u>	<u>6,065,246</u>
Net Available Revenue	<u>\$2,241,834</u>	<u>\$2,648,173</u>	<u>\$1,802,871</u>	<u>\$2,206,746</u>
Debt Service - Revenue Bonds:				
Principal	\$600,000	\$565,000	\$540,000	\$510,000
Interest	240,705	228,291	257,028	283,810
Revenue Bond Coverage	<u>2.67</u>	<u>3.34</u>	<u>2.26</u>	<u>2.78</u>
Debt Service OWDA Loans:				
Principal	553,112	467,112	445,100	424,661
Interest	485,420	437,712	459,289	480,599
OWDA Coverage	<u>2.16</u>	<u>2.93</u>	<u>1.99</u>	<u>2.44</u>
Total Debt Service:				
Principal	1,153,112	1,032,112	985,100	934,661
Interest	726,125	666,003	716,317	764,409
Total Coverage	<u>1.19</u>	<u>1.56</u>	<u>1.06</u>	<u>1.30</u>

Source: City Auditor

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

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$7,966,168	\$8,191,235	\$8,555,713	\$8,342,495	\$8,249,924	\$7,958,375
5,963,954	5,829,936	5,590,805	5,407,940	6,165,744	5,679,672
<u>\$2,002,214</u>	<u>\$2,361,299</u>	<u>\$2,964,908</u>	<u>\$2,934,555</u>	<u>\$2,084,180</u>	<u>\$2,278,703</u>
\$485,000	\$465,000	\$440,000	\$420,000	\$400,000	\$385,000
308,691	331,971	353,698	365,739	393,397	411,245
<u>2.52</u>	<u>2.96</u>	<u>3.74</u>	<u>3.73</u>	<u>2.63</u>	<u>2.86</u>
381,205	357,855	347,012	618,077	558,391	501,990
464,934	483,902	502,049	449,519	393,056	423,719
<u>2.37</u>	<u>2.81</u>	<u>3.49</u>	<u>2.75</u>	<u>2.19</u>	<u>2.46</u>
866,205	822,855	787,012	1,038,077	958,391	886,990
773,625	815,873	855,747	815,258	786,453	834,964
<u>1.22</u>	<u>1.44</u>	<u>1.80</u>	<u>1.58</u>	<u>1.19</u>	<u>1.32</u>

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

	2011	2010	2009	2008
Net Available Revenue:				
Gross Revenues	\$14,057,496	\$12,582,991	\$12,084,067	\$11,223,392
Less: Operating Expenses (1)	10,161,170	5,960,482	6,429,051	6,074,308
Net Available Revenue	<u>\$3,896,326</u>	<u>\$6,622,509</u>	<u>\$5,655,016</u>	<u>\$5,149,084</u>
Debt Service - Revenue Bonds:				
Principal	\$720,000	\$680,000	\$650,000	\$620,000
Interest	20,160	59,020	95,270	129,250
Revenue Bond Coverage	<u>5.26</u>	<u>8.96</u>	<u>7.59</u>	<u>6.87</u>
Debt Service OWDA Loans:				
Principal	2,593,205	2,422,084	2,060,004	1,595,247
Interest	1,211,958	1,401,379	1,428,335	1,136,529
OWDA Coverage	<u>1.02</u>	<u>1.73</u>	<u>1.62</u>	<u>1.88</u>
Total Debt Service:				
Principal	3,313,205	3,102,084	2,710,004	2,215,247
Interest	1,232,118	1,460,399	1,523,605	1,265,779
Total Coverage	<u>0.86</u>	<u>1.45</u>	<u>1.34</u>	<u>1.48</u>

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

Source: City Auditor

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$10,915,240	\$10,222,189	\$9,240,060	\$8,313,069	\$7,728,255	\$7,673,262
6,342,194	7,093,067	5,753,128	6,224,953	7,399,650	6,057,938
<u>\$4,573,046</u>	<u>\$3,129,122</u>	<u>\$3,486,932</u>	<u>\$2,088,116</u>	<u>\$328,605</u>	<u>\$1,615,324</u>
\$590,000	\$560,000	\$535,000	\$510,000	\$480,000	\$465,000
161,020	190,640	218,295	244,165	268,180	290,547
<u>6.09</u>	<u>4.17</u>	<u>4.63</u>	<u>2.77</u>	<u>0.44</u>	<u>2.14</u>
1,089,047	791,991	973,131	826,682	735,466	708,476
726,942	678,730	724,605	608,693	587,486	614,475
<u>2.52</u>	<u>2.13</u>	<u>2.05</u>	<u>1.45</u>	<u>0.25</u>	<u>1.22</u>
1,679,047	1,351,991	1,508,131	1,336,682	1,215,466	1,173,476
887,962	869,370	942,900	852,858	855,666	905,022
<u>1.78</u>	<u>1.41</u>	<u>1.42</u>	<u>0.95</u>	<u>0.16</u>	<u>0.78</u>

City of Lorain, Ohio
Pledged Revenue Coverage
Streets Fund
Last Four Years (1)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net Available Revenue:				
Gasoline Tax Revenue	<u>\$1,183,619</u>	<u>\$1,230,746</u>	<u>\$1,243,353</u>	<u>\$1,282,853</u>
Debt Service - ODOT State				
Infrastructure Bank (SIB) Loans				
Principal	\$172,679	\$456,846	\$327,370	\$272,511
Interest	<u>19,428</u>	<u>31,019</u>	<u>18,986</u>	<u>23,246</u>
Total Debt Service	<u>192,107</u>	<u>487,865</u>	<u>346,356</u>	<u>295,757</u>
ODOT SIB Loan Coverage	<u>6.16</u>	<u>2.52</u>	<u>3.59</u>	<u>4.34</u>

City gasoline tax revenue is pledged for the following SIB loans:

- E. 36th Street Phase I Rehabilitation - Loan #SB0504
- E. 36th Street Phase II Rehabilitation - Loan #SB060011
- Local Roadway Rehabilitation (Round 21) - Loan #SB080001

Note: Gasoline tax revenue represents actual cash receipts for the year presented.

Source: City Financial Records

(1) Information prior to 2008 not applicable

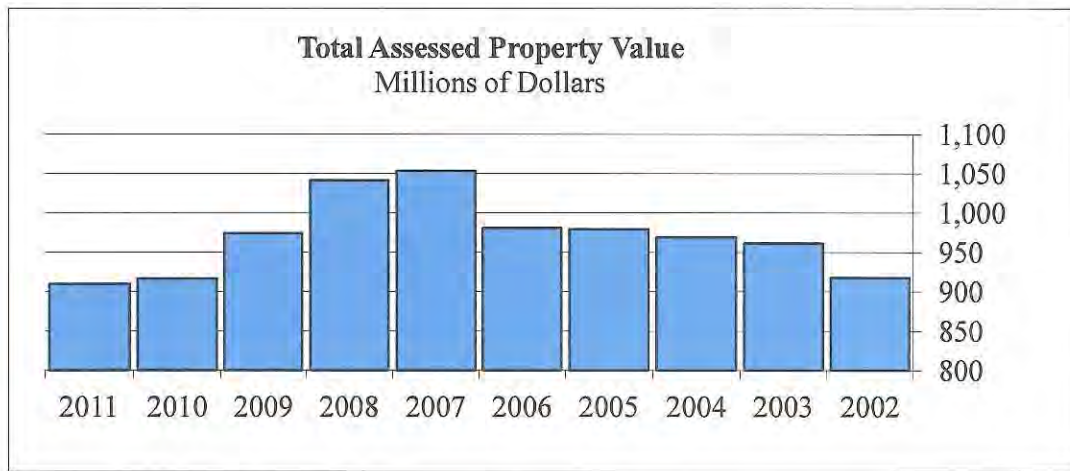
City of Lorain, Ohio
Principal Employers
2011 and 2002

Employer	2011	
	Employees	% of Total Employment
Mercy (formerly Community Health Partners)	1,975	7.20 %
Lorain City School District	856	3.12
Lorain Tubular	726	2.65
Industrias CH, S.A. de C.V (Republic Steel)	526	1.92
City of Lorain	455	1.66
CAMACO	410	1.50
Wal-Mart	296	1.08
Grace Management Services	294	1.07
The Nord Center	264	0.96
Lake Point Health Center	180	0.66
	5,982	21.82 %
Total Employment Within the City	27,419	
Employer	2002	
	Employees	% of Total Employment
Community Health Partners	2,100	7.14 %
Ford Motor Company-Lorain Assembly	1,727	5.87
Lorain City School District	1,200	4.08
Republic Technologies International	1,000	3.40
Marconi Communications	585	1.99
City of Lorain	534	1.82
Lorain Tubular	500	1.70
Lorain County Community Action	330	1.12
Lorain National Bank	305	1.04
The Nord Center	230	0.77
	8,511	28.93 %
Total Employment Within the City	29,416	

Source: City Auditor

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)
2011	64,097	\$1,167,334,564	\$18,212	\$35,353	36.8
2010	64,097	1,199,254,870	18,710	36,155	36.7
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



- (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
 (f) 2010 Census

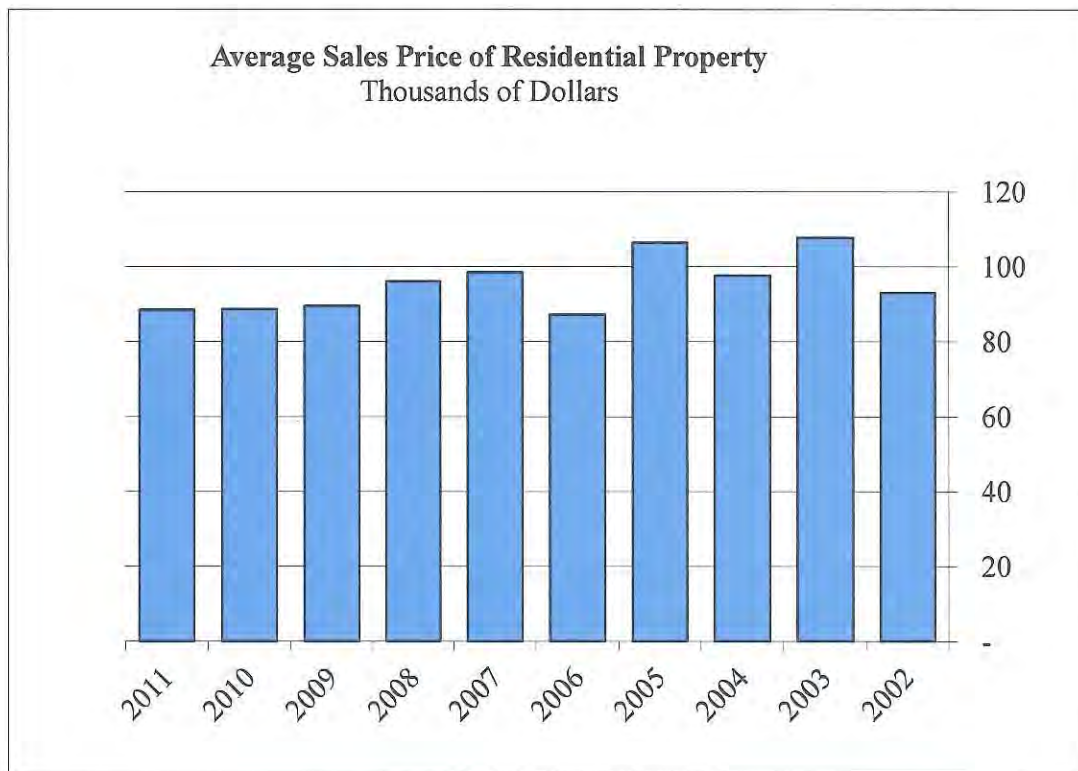
(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"

(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
12.0%	7,585	9.4%	\$88,443	\$909,526,630
11.1	8,100	11.2	88,621	916,378,690
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



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

<u>Function/Program</u>	<u>2011</u>	<u>2010</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>
General Government										
Auditor	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	9.00
Civil Service	4.00	4.00	4.00	4.00	4.00	1.00	1.00	1.00	1.00	1.00
Clerk of Courts	15.00	15.00	17.00	17.00	16.00	15.00	19.00	13.00	14.00	15.00
Council	11.00	13.00	14.00	14.00	14.00	15.00	14.00	13.00	15.00	15.00
Electrical	6.00	6.00	7.00	7.00	8.00	7.00	8.00	6.00	7.00	6.00
Engineering	5.00	9.00	11.00	12.00	12.00	10.00	10.00	10.00	11.00	10.00
Income Tax/Treasurer	7.00	7.00	10.00	10.00	9.00	9.00	8.00	8.00	8.00	10.00
Judges	15.75	11.75	13.00	13.00	14.00	14.00	16.00	13.00	12.00	16.00
Law Department	11.00	11.00	13.00	13.00	11.00	12.00	13.00	10.00	11.00	12.00
Municipal Court Computer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Municipal Court Security/Improvement	7.76	1.25	1.00	5.00	5.00	4.00	0.00	0.00	0.00	0.00
Municipal Court Probation	2.00	2.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Mayor	3.00	3.00	2.00	2.00	2.50	2.50	2.50	2.50	2.50	2.50
MIS/Data Processing	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Safety/Service Director	6.70	6.22	6.77	8.45	6.30	6.85	7.30	6.04	7.75	8.75
Security of Persons and Property										
Police	99.00	99.00	100.00	99.00	105.00	105.00	101.00	83.00	94.00	106.00
Police - Corrections	5.00	4.00	6.00	6.00	0.00	0.00	2.00	9.00	11.00	12.00
Police - Dispatchers/Office/Other	20.49	21.00	22.00	23.00	22.00	22.00	22.00	19.00	21.00	22.00
Fire	83.00	78.00	80.00	80.00	79.00	82.00	84.00	83.00	86.00	85.00
Fire - Secretary/Other	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Transportation										
Street Department	19.00	19.34	22.00	24.00	24.00	23.00	23.00	19.00	21.00	22.00
Public Health										
Cemetery	4.00	5.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Dog Warden	-	0.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00	1.00
Health Department	16.00	18.00	20.00	23.00	19.00	25.00	23.00	22.00	22.00	21.00
Community Environment										
Building Inspection	6.00	5.00	6.00	9.00	8.00	10.00	10.00	8.00	8.00	8.00
Economic Development										
Community Development	17.00	21.00	22.00	22.00	21.00	22.00	19.00	19.71	22.00	22.00
Leisure Time Activities										
Parks & Recreation	1.00	0.33	7.00	10.00	9.00	9.00	6.00	4.00	10.00	6.00
Basic Utility Services										
Water	51.48	52.54	62.93	57.58	55.42	56.64	59.42	56.20	64.20	71.20
Water Pollution Control	55.52	65.27	64.00	66.67	60.48	66.71	66.48	69.25	73.25	76.25
Internal Services										
Garage	9.00	9.00	9.00	9.00	9.00	11.00	13.00	10.00	9.00	7.00
Hospitalization	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Totals:	493.00	499.00	538.00	552.00	531.00	545.00	544.00	500.00	546.00	572.00

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.

Note: In the following departments certain employees are paid out of two or more funds, hence the fractions of employees.

Judges, Municipal Court Security/Improvement, Safety/Service, Police/Other, Water, Water Pollution Control and Hospitalization.

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

Function/program	2011	2010	2009	2008
General Government (3)				
Purchase Orders Issued	2,892	2,772	2,874	3,628
Security of Persons and Property				
Police (4) (a)				
Total Arrests	2,971	3,421	3,784	4,115
Offenses (major offenses such as murder and rape)	60	61	76	36
Offenses (major offenses such as robbery and agg. assault)	420	291	322	150
Offenses (major offenses such as vehicle theft)	130	146	169	46
DUI Arrests	223	182	237	159
Prisoners	3,325	3,293	4,139	2,427
Motor Vehicle Accidents	1,483	1,428	1,145	1,531
Calls for Service	54,418	56,908	59,891	50,583
Fire (5)				
Emergency responses	1,904	1,853	1,659	1,676
Fire Safety Inspections/Re-Inspections	652	906	810	1,110
Fire Protection Systems Inspected	79	71	64	40
Building/Fire Protection Plan Review	59	60	35	70
Transportation (6)				
Road Maintenance (man hours)*	10,841	11,821	21,028	26,783
Asphalt (hot/cold) used in road maintenance (tons)	1,426	757	1,282	1,824
Concrete used in road maintenance (yards)	309	1,099	2,529	561
Number of Trees Removed	39	52	64	41
Truckloads of leaves picked-up	156	165	150	132
Cubic Yards of leaf humus delivered/sold	177	243	502	486
Cubic Yards of wood chips delivered/sold	n/a	n/a	135	125
Tons of snow melting salt purchased	5,989	5,762	3,671	4,898
Public Health				
Help Me Grow Visits (0-3 years of age) (2)	844	1,596	2,232	3,886
Adult Immunizations (2)	62	160	5,280	1,180
Children Immunizations (2)	1,312	768	2,329	2,569
Child Health Clinics (0-21 years) (2)	152	245	376	433
HIV testing (2)	436	526	545	425
Number of Births (2)	950	1,005	1,016	1,105
Number of Deaths (2)	893	869	892	875

2007	2006	2005	2004	2003	2002
3,591	3,398	3,824	3,813	3,942	4,097
4,043	6,455	2,536	2,345	2,801	3,139
24	10	20	27	15	16
295	283	316	286	261	255
145	146	161	89	100	97
166	123	171	155	175	250
0	0	0	2,612	4,121	4,754
1,646	1,521	1,620	1,683	1,805	2,018
59,070	64,344	46,321	45,663	43,543	45,384
1,620	2,446	3,382	3,127	3,514	3,300
627	795	437	763	732	321
46	53	32	37	13	10
30	n/a	n/a	n/a	n/a	n/a
28,868	14,932	18,364	17,844	19,830	15,882
1,423	1,188	1,801	1,421	1,061	873
2,684	1,530	965	1,721	1,670	867
62	91	77	66	113	96
743	129	231	223	217	230
307	139	262	209	52	10
241	23	177	152	260	221
10,081	3,892	5,797	3,940	8,761	6,253
2,797	2,257	2,459	2,170	2,758	2,464
1,032	1,783	2,660	1,700	2,625	3,100
2,651	2,681	2,616	2,831	3,014	2,476
440	517	581	700	838	81
561	561	591	586	557	823
1,112	1,250	1,134	1,188	1,215	1,333
896	903	890	954	943	980

(continued)

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

Function/program	2011	2010	2009	2008
Public Health (continued)				
Number of Environmental Inspections (2)	1,555	1,930	2,047	2,884
City of Lorain's Recycling Activity-in tons (10)	879	1,078	899	1,113
Cemetery Internments (9)	125	130	105	130
Cemetery Spaces/Lots purchased (9)	\$54,050	\$54,375	\$66,625	\$72,440
Internment Fess/Misc. Fees (9)	107,475	\$104,250	\$117,575	\$114,175
Community Environment (1)				
Construction Permits Issued	5,303	4,024	4,359	4,146
Estimated Value of Construction	\$29,973,277	\$51,911,330	\$56,464,393	\$31,317,509
Number of Planning Commission docket items	39	48	43	48
Economic Development (10)				
Number of Loans - Home In-Fill	0	0	3	0
Number of Loans - Home Rehab	\$3	5	5	7
Number of Loans - Business	3	5	0	1
Number of Loans/Projects - 108	0	1	2	0
Number of Loans/Projects - CDBG	0	0	0	1
Number of Loans/Projects - EDA Title IX	2	2	3	0
Number of Loans/Projects - Rental Rehab	0	2	1	0
Number of Loans/Projects - UDAG	2	1	0	0
Economic Development Projects approved (square feet)	264,300	252,000	429,000	1,200
Leisure Time Activities (7)				
No. of People attending Summer Rec Programs	n/a	n/a	0	270
Attendance at Santa land	n/a	n/a	3,032	2,756
Water/Water Pollution Control				
Water/Sewer Bills mailed (8)	287,542	292,296	289,409	295,357
Number of Loans -Emergency Loan Program (10)	0	0	0	3

* 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

2007	2006	2005	2004	2003	2002
3,287	2,761	2,805	2,693	2,770	2,417
1,224	953	1,178	1,218	1,133	1,092
149	153	160	155	160	176
\$63,075	\$54,300	\$56,750	\$62,725	\$51,580	\$47,645
\$106,875	\$111,682	\$110,300	\$74,370	\$76,680	\$81,420
4,406	5,763	5,502	5,529	6,140	6,006
\$40,752,431	\$68,451,638	\$48,208,912	\$92,157,798	\$67,034,093	\$48,218,378
21	48	n/a	26	9	18
6	4	12	7	6	4
3	16	5	7	14	7
4	1	2	5	4	5
1	0	1	0	1	6
1	0	1	0	2	3
3	1	2	4	3	4
1	1	2	1	1	1
0	1	0	0	2	2
154,538	10,820	24,200	63,242	98,202	205,188
206	233	144	n/a	133	121
2,482	2,469	3,232	1,962	1,183	2,786
296,971	295,889	288,314	290,530	287,669	286,844
6	0	0	0	0	0

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

Function/program	2011	2010	2009	2008
General Government				
Engineering Vehicles (2)	6	8	8	8
Mayor Vehicles (10)	1	0	0	0
Security of Persons and Property				
Police (5)				
Stations	2	2	2	2
Vehicles	122	104	113	113
Fire (6)				
Stations	4	4	4	4
Vehicles	18	20	20	20
Transportation				
Streets (miles) (7)	285	285	285	285
Number of Traffic lights (2)	488	488	488	488
Vehicles (7)	78	78	78	78
Community Environment				
Inspection Vehicles (1)	6	7	8	8
Economic Development				
Community Development Vehicles (4)	5	7	8	10
Leisure Time Activities (8)				
Number of Parks	56	56	56	56
Number of Pools	3	3	3	3
Vehicles Parks Department	17	17	17	17
Water/Water Pollution Control (9)				
Sanitary sewers (miles)	292	278	278	278
Water lines (miles)	311	310	294	294
Vehicles	78	138	90	82

Sources:

- | | |
|---|---|
| <ul style="list-style-type: none"> (1) City of Lorain Building Department (2) City of Lorain Engineering Department (3) City of Lorain Auditor's Office (4) City of Lorain Community Development Department (5) City of Lorain Police Department | <ul style="list-style-type: none"> (6) City of Lorain Fire Department (7) City of Lorain Street Department (8) City of Lorain Recreation Department (9) City of Lorain Utilities Department (10) City of Lorain Mayor's Office |
|---|---|

n/a: Information not available

2007	2006	2005	2004	2003	2002
8	8	7	6	6	6
1	1	1	1	1	1
2	4	3	3	4	2
113	111	101	92	92	112
4	4	4	4	4	4
23	28	26	27	28	28
285	285	285	281	279	279
410	518	528	528	528	528
71	52	38	44	45	45
9	9	7	7	6	6
8	7	8	7	7	7
56	56	57	57	57	57
3	3	3	3	3	3
17	18	22	n/a	n/a	n/a
277	277	280	280	280	271
293	293	310	310	310	299
82	85	86	90	90	90





Dave Yost • Auditor of State

CITY OF LORAIN

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 12, 2012