

City of Lorain, Ohio



Comprehensive Annual Financial Report

For the Year Ended December 31, 2010

City of Lorain, Ohio



Comprehensive Annual Financial Report

For the Year Ended December 31, 2010

Ronald L. Mantini
Lorain City Auditor

City of Lorain, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2010
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The City of Lorain, Ohio
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September 16, 2011

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, 2010.

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

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

Ohio law requires independent audits to be performed on all financial operations of the City either by the Auditor of State or an independent public accounting firm, if permitted by the Auditor of State. 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, 2010. 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.

In 2010 the City eliminated the general fund deficit and maintained the policy of tight controls on spending, negotiating reasonable labor contracts with the City's local unions, and continued to research avenues of revenue enhancement.

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 (formerly Community Health Partners), the City's largest employer, is a full service hospital affiliated with Cincinnati, Ohio based Catholic Health Care Partners, one of the largest not-for-profit healthcare systems in the United States and the largest in Ohio; Lorain Tubular, a division of United States Steel Corporation, is a leading manufacturer of seamless steel pipe; Emerson Network Power, a major global telecommunications service provider; Industrias CH, S.A. (Republic Engineered Products) is North America's leading supplier of high quality bar steel; Grace Management Services, K-mart, Kohl's Department Store, Home Depot, Lowe's, Wal-Mart, Lorain City School District; Lorain National Bank; Lake Point Health Center; The Nord Center, a health care facility; and CAMACO Inc., an automotive seating systems supplier.

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

- *HarborWalk*: A \$100 million, 62-acre development project which includes a planned 420-unit residential housing development, nautical boutiques, restaurants, a health club, a boardwalk and pier, a commercial fishing village and a 34,000 square foot commercial center. The HarborWalk Project involves an area which includes the former shipyard section of the City's downtown riverfront. A 19-acre Riverside Marina remains on the site. New construction is anticipated to continue through 2012.
- *Riverbend Commerce Park*: The industrial park comprises an area of approximately 440 acres along the Black River, with approximately 178 acres of land suitable for development, 35 of the developable acres are located in Sheffield Village. The City has completed the initial phase of infrastructure development and now has at least 75 acres that are "shovel ready" for development including riverfront property on the Black River navigable channel. To further promote the availability of the Riverbend Commerce Park, the City has employed a marketer/broker to assist the City in generating sales leads. The property is listed on Loopnet and has its own website. Tenants include Camaco LLC, an automobile parts supplier, the US Post Office and Horizon Daycare Center. A new Family Dollar retail store is being constructed and will open in the fourth quarter of 2011.
- *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. Additional negotiations are underway with other retailers to locate on this site.
- *Lorain West Urban Renewal Plan*: The Lorain West Urban Renewal Plan area includes the Amherst Development Co. LLC (aka Heritage Development) with their 200 plus housing subdivision and retail center of approximately 250,000 square feet, of which half is in the City of Lorain. A Target retail store, located in the City of Amherst portion of this development, opened in September 2007 and a Lowe's home improvement store located in the Lorain portion of the development opened in October 2008. A 14,000 square foot retail building was built in the City of Amherst. This building houses a sandwich shop, hair salon, bedding store and a beauty supply store. A Key Bank branch was also built at the site. A Panera Bread restaurant opened in the Amherst portion of the development in the summer of 2010. Plans call for additional out lots to be built in the Lorain section.

The Plan Area also includes the vacated Ford Assembly Plant. In December 2006 the property was sold to Industrial Realty Group (IRG). IRG is a California developer that specializes in transforming old industrial sites. The Urban Renewal Plan will allow the City to work aggressively with the IRG. The plan provides for new zoning classifications that can be readily adopted, and puts in place a Tax Increment Financing (TIF) district to allow the City to work with the developer to make the necessary public improvements to allow the 225 plus acres to be subdivided and marketed more quickly. Six companies have already located at this site – Trademark Global, an internet sales company; Jiffy Products, a supplier of plant propagation, seed, forestry, plants and trees; Vermilion Indoor Storage, Midwest Global Distribution Centers, a warehouse operation, and Heidelberg Distributing Family of Companies, the 16th largest distributor of beer in the United States. IRG is currently working with various other companies to relocate to the site.

- *Lorain Lakefront Development:* The City of Lorain and the Lorain Port Authority have signed a cooperative agreement to market the development of this site along with additional property along the Black River that is owned by the Port Authority. A contract to market the property on an international level was awarded to Staubach, Inc. in May 2008. Staubach presented its findings to the City at a Joint Waterfront Development Committee in January 2008. Key issues presented include cleaning up environmental concerns, urban blight, dated marina facilities and the lack of an attraction. The City's administration has formed committees to identify solutions and determine when the problems could be fixed. Once this is completed, the City will market the site to potential developers. Plans have been presented to relocate a sewage treatment plant, and the Lorain Port Authority is working on relocating over head electric wires and has received \$3 million to refurbish a marina. The City continues to make progress in its efforts to strengthen its economic base and community development.

New and existing residential projects continue and expand in various stages including but not limited to: Martin's Run, Deerfield Village and Mallard Creek housing development on the west side of Oak Point Road in the City.

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 2011 are estimated to be up from 2010 collections. The City, in an attempt to maintain services in this troubled 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 and a reservation of \$250,000 has been included in the 2011 budget. The City is also committed to the sound fiscal policy of maintaining a balanced budget for all City funds in 2011 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 will allow the department to hire up to seven additional firefighters. The department is currently in the process of interviewing and testing prospective firefighters for the positions.

Lorain Utilities Department The Utilities department commitment to upgrade the City's aging infrastructure continued in 2010 with the West Side Sanitary Relief Sewer Improvement project, consisting of the installation of new sanitary mainline with manholes, appurtenances and chambers, 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, and the replacement of the City's Pearl Avenue water mains.

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 to fund this project. The City was awarded an additional \$1.6 million from the Department of Commerce for lower Black River fish habitat restoration. This project will continue into 2012.

Lorain Parks and Recreation Department The Lorain Parks and Recreation Department in 2008 entered into a five-year lease agreement with North Coast Knights to lease the Pipe Yard baseball facility. The North Coast Knights was a team made up of elite collegiate professional prospects from all over the Country. The North Coast Knights completed their 2009 season and opted out of their lease. RS Entertainment, LLC signed a three year lease for the Pipe Yard baseball facility in early 2010 for a new team called the Lorain County Ironmen to play in the Prospect League.

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

The department continues to progress with the Pearl Avenue Corridor project. This project will develop an international corridor which will showcase the rich heritage of the City. This concept is aimed to highlight the existing architecture present in this district. These architectural styles range from Victorian, Queen Anne, Romanesque and Greek Revival. A Spanish colonial design period will be incorporated to represent the Latin American culture. In 2009, the City organized a land swap with El Centro de Servicios Sociales, a bilingual/bicultural center offering social services to Hispanic and non-Hispanic residents in Lorain County since 1974. El Centro is in the process of raising \$1.5 million to renovate the former City Bank building into its headquarters. The Community Development department assisted a local restaurant in completing a \$70,000 patio addition which opened in May 2010 and worked with the Vision Learning Center to renovate the former St. Cyril & Methodius Church into a 24 hour day care facility which opened in June 2010. A barber shop and Dollar Store also opened in May 2010.

Awards and Acknowledgements

Awards The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2009.

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

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

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

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

Sincerely,



Ronald L. Mantini
Lorain City Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lorain
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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



President

Executive Director

CITY OF LORAIN, OHIO
ELECTED OFFICIALS

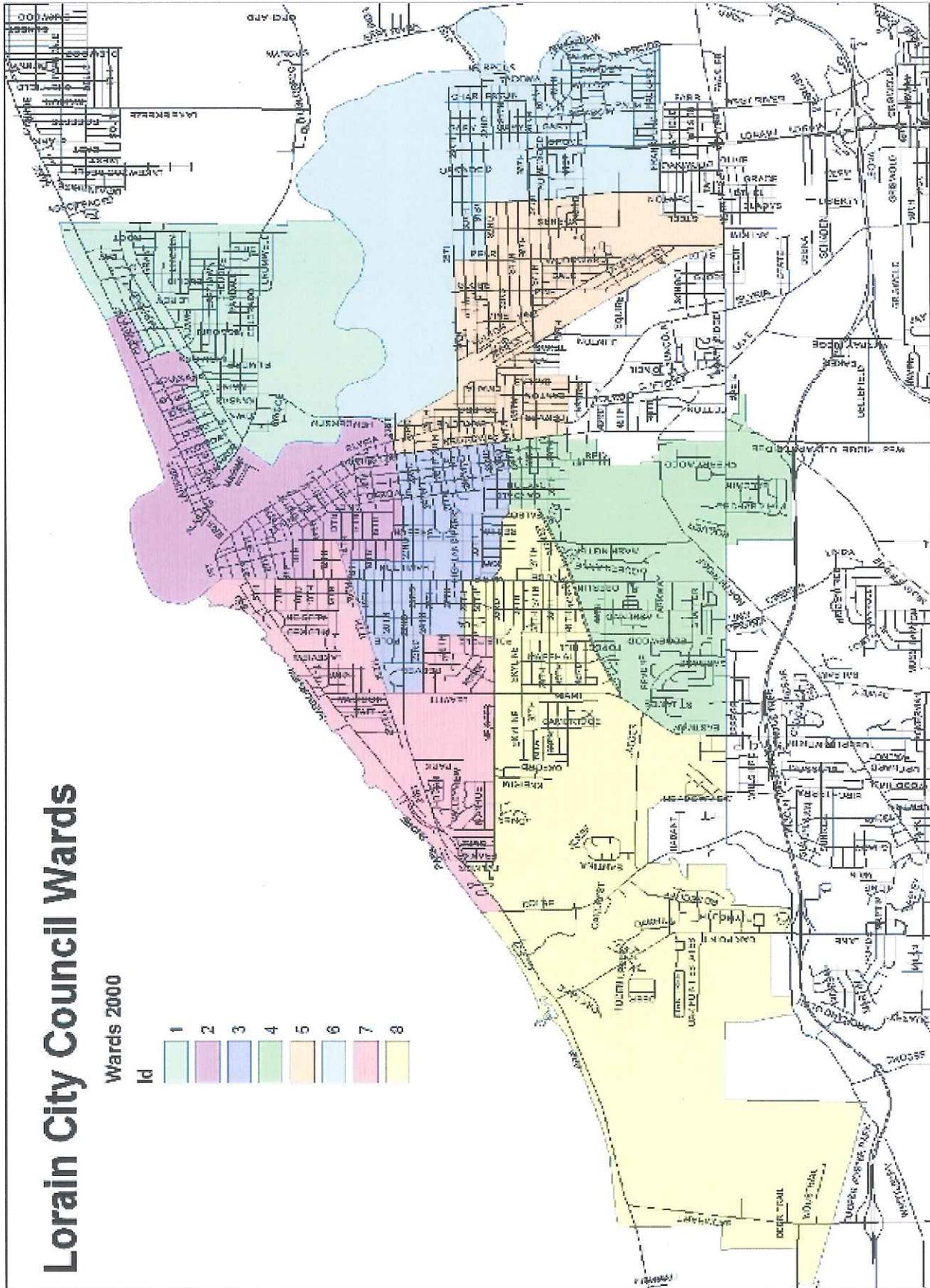
<u>TITLE</u>	<u>NAME</u>	<u>YEARS OF SERVICE IN OFFICE</u>	<u>YEARS OF SERVICE WITH THE CITY</u>
Mayor	Tony Krasienko	3	15
City Auditor	Ronald L. Mantini	11	11
City Treasurer	Karen Shawver	1	24
Director of Law	Patrick D. Riley	2	2
Clerk of Courts	Lori Maiorana	5	30
Judge	Mark Mihok	9	22
Judge	Thomas Elwell	7	7
<i>Members of Council:</i>			
Council President	Joel Arrendondo	3	3
Council at Large	Mitchell Fallis	3	3
Council at Large	Daniel Given	5	17
Council at Large	Anne Molnar	3	11
1 ST Ward	Brian Gates	1	1
2 nd Ward	Andy Drwal	1	1
3 rd Ward	Tim D. Howard	3	3
4 th Ward	Bret Schuster	5	5
5 th Ward	Eddie Edwards	13	13
6 th Ward	Richard Lucente*	1	1
7 th Ward	Myroslaw Silecky	5	5
8 th Ward	Craig Snodgrass	5	5

* On May 10, 2010, Mr. Lucente replaced Greg Holcomb, who resigned to become deputy district director of U.S. Representative Betty Sutton.

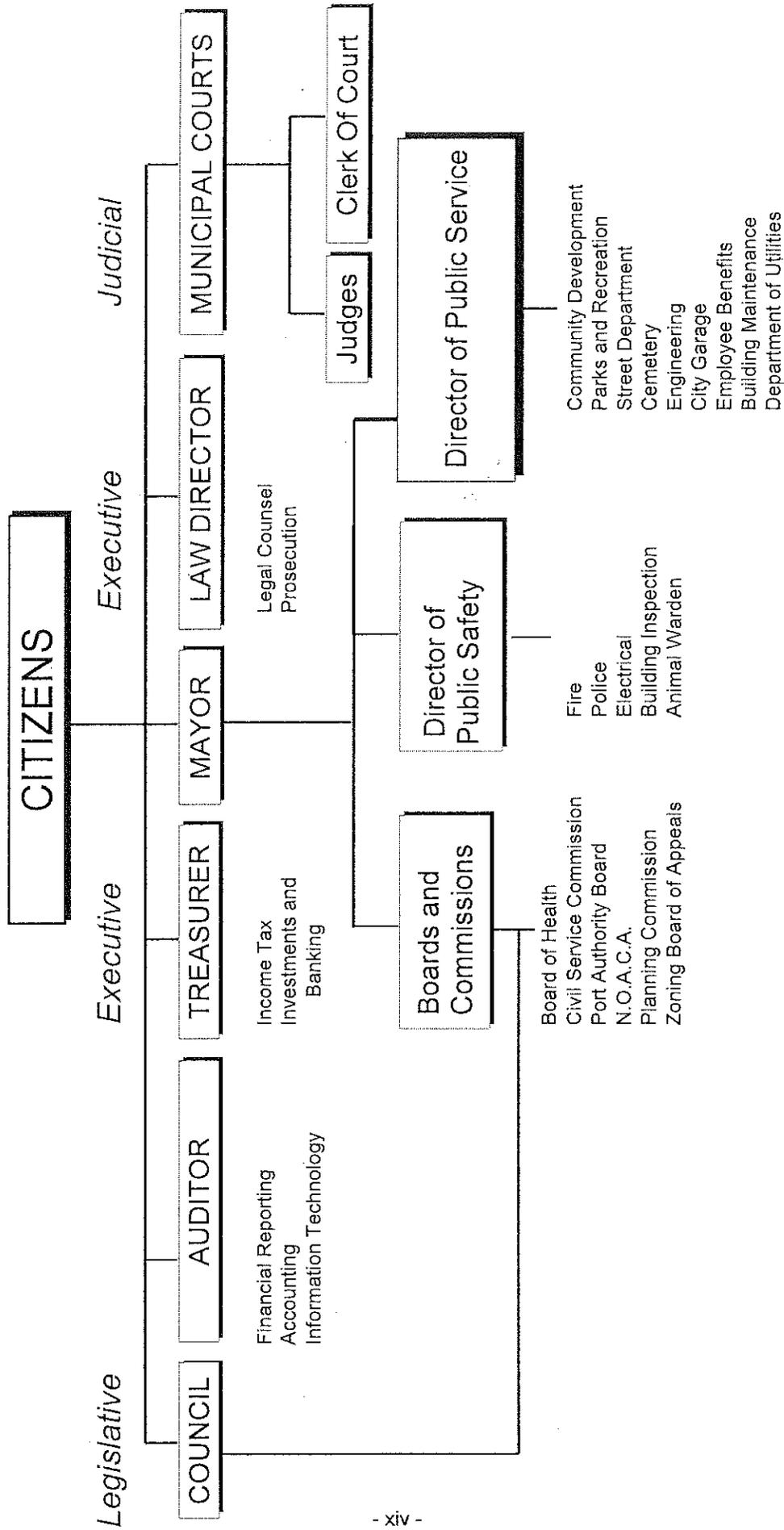
APPOINTED OFFICIALS

<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	3	33
Director of Public Service	Robert Gilchrist	3	3
Police Chief	Celestino Rivera	16	40
Fire Chief	Thomas Brown	5	23
Director of Utilities	Corey Timko	7	10
Director of Community Development	Tracy Udrija	1	
Director of Park & Recreation	Vacant		
Street Commissioner	Chuck Camera	20	39
Building Inspector	Richard Klinar	3	17
Acting Administrative Director (Engineering)	James Reagan	3	29
Chief Deputy Auditor	Anita Harper	11	11
IT Director	David Comer	17	17
Clerk of Council	Nancy Greer	16	19

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, 2010, 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.

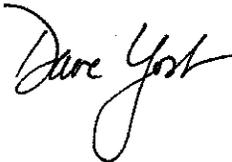
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lorain, Lorain County, Ohio, as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and the Community Development funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully described in Note 3, the City restated the December 31, 2009 Net Assets of the Governmental Activities and Business-Type Activities to properly account for a capital lease.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2011, 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

September 16, 2011

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
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, 2010. 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 2010 are:

- The General Fund budget basis deficit at December 31, 2009 of approximately \$2.6 million was entirely eliminated.
- An income tax credit reduction passed by City Council went into effect January 1 but was subsequently reversed in November by popular vote.
- The City adopted a formal General Fund reserve policy.
- Over \$680,000 in Federal and State grants were received and used for police and fire equipment and personnel in 2010.

Using this Annual Financial Report

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

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

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

Statement of Net Assets and Statement of Activities

The Statement of Net Assets and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity. They provide a good resource for an overall evaluation of the City's financial performance. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net assets and the changes in those assets. The changes in assets are important because it is an indication of whether the financial position of the City is improving or declining.

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

However, in evaluating the overall position of the City, non-financial information such as current economic conditions as a whole, changes in the City's tax base, and the age and condition of City capital assets will also need to be evaluated.

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

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

Reporting the City of Lorain's Most Significant Funds

Fund Financial Statements

The presentation of the City's major funds begins on page 20. Fund financial reports provide detailed information about the City's major funds. The City has established many funds which account for the multitude of services, facilities and infrastructure provided to our residents. However, these fund financial statements focus on the City's most significant funds. The City of Lorain's major funds are: the general fund, community development, general obligation bond retirement, capital improvements, water works and water pollution control funds.

Governmental Funds

All of the City's major activities (excluding the water and water pollution control funds) are reported in the governmental funds. This report shows how monies flow into and out of these funds and also shows what balances are available for future expenditures. Governmental funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. These services include police and fire protection, as well as improving and maintaining the City's streets, parks, and cemeteries, the operation of the City's health department, and the functions of City Hall. The relationship (or differences) between governmental activities (reported in the *Statement of Net Assets* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

Proprietary Funds

Proprietary funds (Water and Water Pollution Control (Sewer) Funds) have historically operated using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the City as a whole. The proprietary fund financial statements can be found beginning on page 26 of this report.

Internal Service Funds

Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City of Lorain maintains two Internal Service Funds: the garage fund which accounts for charges to various departments for maintenance on vehicles

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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 Internal Service Fund financial statements can be found beginning on page 26 of this report.

Fiduciary Funds

The City's only fiduciary funds are agency funds. Agency funds are purely custodial funds used to account for resources held for the benefit of parties outside the City government and do not involve the measurement of results of operation. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The Fiduciary Fund financial statement can be found on page 30 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the City-wide and fund financial statements. The notes to the financial statements can be found on pages 31-71 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules that can be found on pages 73-125 of this report.

The City of Lorain as a Whole

The Statement of Net Assets provides an all-inclusive view of the City. Table 1 provides a summary of the City's net assets for 2010 as compared to 2009.

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TABLE 1
NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and Other Assets	\$46,515,182	\$38,922,185	\$13,009,907	\$12,090,124	\$59,525,089	\$51,012,309
Capital Assets,						
Non-Depreciable	16,548,225	21,600,732	34,466,160	30,636,955	51,014,385	52,237,687
Capital Assets,						
Depreciable, Net	93,459,578	100,059,137	74,769,728	71,742,051	168,229,306	171,801,188
<i>Total Assets</i>	156,522,985	160,582,054	122,245,795	114,469,130	278,768,780	275,051,184
Liabilities						
Current and Other Liabilities	9,707,874	10,334,274	1,636,171	2,195,502	11,344,045	12,529,776
Long-Term Liabilities:						
Due Within One Year	4,623,885	4,598,388	4,949,656	4,545,537	9,573,541	9,143,925
Due in More Than One Year	50,809,507	49,377,071	49,459,932	50,801,153	100,269,439	100,178,224
<i>Total Liabilities</i>	65,141,266	64,309,733	56,045,759	57,542,192	121,187,025	121,851,925
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	68,630,911	77,419,157	55,922,833	48,300,584	124,553,744	125,719,741
Restricted:						
Capital Projects	1,748,331	747,170	0	0	1,748,331	747,170
Debt Service	1,976,270	999,595	2,763,530	2,707,499	4,739,800	3,707,094
Replacement and Improvement	0	0	300,000	300,000	300,000	300,000
Utility Reserve	0	0	1,408,605	1,354,532	1,408,605	1,354,532
Other Purposes	17,810,159	22,390,725	0	0	17,810,159	22,390,725
Unrestricted (Deficit)	1,216,048	(5,284,326)	5,805,068	4,264,323	7,021,116	(1,020,003)
<i>Total Net Assets</i>	\$91,381,719	\$96,272,321 *	\$66,200,036	\$56,926,938 *	\$157,581,755	\$153,199,259

* = Restated. See Note 3.

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 increased from 2009 to 2010. The growth in current and other assets resulted mainly from an increase in cash and cash equivalents as a consequence of a combination of increased revenues and a rise in accounts receivable for the business-type activities, and a reduction in expenditures over the course of the year. Total liabilities decreased slightly from 2009 to 2010 as a result of the decrease of current and other liabilities.

Table 2 shows the changes in net assets for the years ended December 31, 2010 and 2009 and corresponds to the Statement of Activities on page 18.

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Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services and Assessments	\$6,058,867	\$4,713,828	\$20,882,424	\$19,860,657	\$26,941,291	\$24,574,485
Operating Grants and Contributions	7,940,944	10,026,961	0	0	7,940,944	10,026,961
Capital Grants and Contributions	2,216,642	1,757,274	4,057,648	0	6,274,290	1,757,274
Total Program Revenues	16,216,453	16,498,063	24,940,072	19,860,657	41,156,525	36,358,720
General Revenues:						
Municipal Income Taxes	17,245,252	15,635,685	0	0	17,245,252	15,635,685
Property Taxes	3,879,008	4,147,795	0	0	3,879,008	4,147,795
Payments in Lieu of Taxes	903,799	916,189	0	0	903,799	916,189
Investment Earnings	22,265	53,381	66	1,158	22,331	54,539
Grants and Entitlements not Restricted to Specific Programs	6,069,092	5,221,222	0	0	6,069,092	5,221,222
Franchise Fees	606,987	602,430	0	0	606,987	602,430
Gain on Sale of Capital Assets	0	0	6,606	0	6,606	0
Miscellaneous	1,255,426	524,420	61,891	71,804	1,317,317	596,224
Total General Revenues	29,981,829	27,101,122	68,563	72,962	30,050,392	27,174,084
Total Revenues	46,198,282	43,599,185	25,008,635	19,933,619	71,206,917	63,532,804
Program Expense:						
General Government	11,620,641	12,002,429	0	0	11,620,641	12,002,429
Security of Persons and Property	18,236,104	19,793,984	0	0	18,236,104	19,793,984
Transportation	12,699,874	12,665,797	0	0	12,699,874	12,665,797
Public Health	1,352,681	1,786,441	0	0	1,352,681	1,786,441
Community Environment	461,164	654,143	0	0	461,164	654,143
Economic Development	3,020,976	2,222,946	0	0	3,020,976	2,222,946
Leisure Time Activities	513,928	1,090,661	0	0	513,928	1,090,661
Interest and Fiscal Charges	2,252,399	2,139,598	0	0	2,252,399	2,139,598
Water Works	0	0	7,551,751	7,598,040	7,551,751	7,598,040
Water Pollution Control	0	0	9,628,477	9,878,675	9,628,477	9,878,675
Total Expenses	50,157,767	52,355,999	17,180,228	17,476,715	67,337,995	69,832,714
Increase (Decrease) in Net Assets Before Extraordinary Items and Transfers						
	(3,959,485)	(8,756,814)	7,828,407	2,456,904	3,868,922	(6,299,910)
Extraordinary Items	0	0	513,574	0	513,574	0
Transfers	(931,117)	0	931,117	0	0	0
Increase (Decrease) in Net Assets	(4,890,602)	(8,756,814)	9,273,098	2,456,904	4,382,496	(6,299,910)
Net Assets, January 1 - Restated (See Note 3)						
	96,272,321	105,029,135	56,926,938	54,470,034	153,199,259	159,499,169
Net Assets, December 31	\$91,381,719	\$96,272,321	\$66,200,036	\$56,926,938	\$157,581,755	\$153,199,259

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Program revenues increased in 2010. This increase is primarily reflected in capital grants and contributions and is mostly related to an American Recovery and Reinvestment Act (ARRA) grant received by the City's water pollution control department through the Ohio Water Development Authority for the restoration of the Black River's habitat to improve the quality and functionality of the water system. 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 from the prior year. The preponderance of this increase is attributable to a rise in municipal income tax collections, unrestricted grants and entitlements due to an upturn in intergovernmental monies received from the County for local government revenue, and a surge in miscellaneous revenue which includes donations and rents received during the year.

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 2010, the revenue from income taxes increased as a result of enhanced employer contributions for income taxes withheld on wages earned, an increase in income taxes receivable and a spike in estimates paid in advance by residents for 2010 taxes due in 2011. 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 was subsequently reversed in November 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 7(b) 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 a decrease in 2010 due to reduced funding from federal and state grants for economic development 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 substantially in 2010 as a result of increased collections of fines, fees, and building permits.

Total governmental program expenses for 2010 were down as compared to 2009 as a result of the City's effort to reduce expenditures. 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 2010 the police department hired five new officers and purchased eleven new police cruisers.

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 2010, the fire department purchased a new vehicle for the department and a hydraulic rescue tool system.

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

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

Business-Type Activities

Utility services for water and water pollution control saw an increase in charges for services. Water pollution control total customer usage was up in 2010 due to an increase in residential usage. Water customer usage was down in 2010 but was offset slightly by a rate increase of 5 percent in August 2010. The City closely monitors the utility rate structure to insure it meets both the revenue bond indenture requirements and its operating needs including debt.

The Utilities Department continued work on the Westside relief sewer, a 24 million dollar upgrade project, and the Black River wastewater storage and containment tunnel design. The East Central relief sewer project was completed in 2010. Work began on the Black River Restoration project during the year. This 6.3 million dollar project is designed to improve the river's habitat and water quality. In addition, the Pearl Avenue water mains replacement was undertaken in 2010.

The City's Funds

Information about the City's governmental funds begins on page 20. These funds are accounted for by using the modified accrual basis of accounting to ensure compliance with finance related legal requirements.

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

The General Fund is the main operating fund of the City. The increase in fund balance is the result of various efforts by the City to reduce spending and increase revenues. The City issued a 5 million dollar taxable health claims bond in 2010 for the purpose of deferring the cost of funding the City's self insured health claims for 2010 and part of 2011 over a period of 15 years. The effect on the general fund was a savings of approximately \$2.2 million in 2010 which accounted for the major portion of the deficit reduction. The reduction of the income tax credit as described earlier generated roughly an additional \$200,000 in estimated income taxes paid by residents. Other efforts by management included increased efforts to collect delinquent income taxes, a pay deferral of 40 hours for most City employees and the deferral of the December 31, 2010 pay date, with the consent of the City's employees, to January 3, 2011. Both deferrals together saved the general fund approximately \$800,000 in payroll expenses in 2010. In addition the City received a grant for over \$470,000 from the Northeast Ohio Public Energy Council (NOPEC). These additional funds were used to offset the shortfall of over 1 million dollars in income tax revenue.

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

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individuals already experiencing homelessness, to expedite re-housing. Over \$500,000 was spent for the purchase of abandoned and foreclosed homes for either demolition or rehabilitation in 2010.

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 2010, the City amended its general fund budget numerous times. The actual revenue amount was less than the final budget. Income taxes collected were under expected receipts especially for anticipated revenues for estimates based on the tax credit reduction and accounted for the largest negative variance in the revenue budget. In 2010 amendments of approximately \$878,000 were made to the original budget to account for the receipt of various federal grants for police and fire equipment and police overtime, various reimbursements, and other unanticipated miscellaneous receipts. The intergovernmental revenue excess was mainly due to larger than budgeted revenues from estate taxes. Contributions and donations accounted for the largest positive variance in revenue and is attributed to a grant in late December from NOPEC. Amendments were also made to other sources for an advance of and corresponding repayment of monies from the utility funds to temporarily sustain the general fund in the event of a negative cash flow during the year and the receipt of an operating note to pay legal fees related to litigation involving the City's Community Reinvestment Area.

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

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.

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Capital Assets and Debt Administration

Capital Assets

Table 3
Capitals Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$9,513,239	\$9,513,239	\$660,071	\$660,071	\$10,173,310	\$10,173,310
Construction in Progress	7,034,986	12,087,493	33,806,089	29,976,884	40,841,075	42,064,377
Buildings and Improvements	15,331,627	14,681,953	24,843,222	25,738,756	40,174,849	40,420,709
Machinery and Equipment	9,443,173	9,803,448	4,397,028	3,795,827	13,840,201	13,599,275
Furniture and Fixtures	232,890	197,155	0	0	232,890	197,155
Infrastructure:						
Streets and Sidewalks	68,451,888	75,376,581	0	0	68,451,888	75,376,581
Water Lines	0	0	15,751,255	15,742,516	15,751,255	15,742,516
Sewer Lines	0	0	29,778,223	26,464,952	29,778,223	26,464,952
<i>Total Capital Assets</i>	<u>\$110,007,803</u>	<u>\$121,659,869</u>	<u>\$109,235,888</u>	<u>\$102,379,006</u>	<u>\$219,243,691</u>	<u>\$224,038,875</u>

The most significant decrease in governmental capital assets was in construction in progress and includes the completion of various street and other infrastructure projects which included a transfer to the water and water pollution control departments for water and sewer lines included in the projects.

Business-type activities saw additions to construction in progress, the most significant of which were for the Black River tunnel design, Black River restoration and the Pearl Avenue water mains. The water and sewer departments purchased a number of new vehicles for meter readers and service personnel and large equipment in 2010 including a new Caterpillar dozer and a new Caterpillar front end loader. Additionally equipment at the Black River Wastewater Treatment Plant substation was replaced due to a fire. The East Central relief sewer was completed accounting for the majority of the increase in the sewer lines.

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

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

Long-Term Obligations

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

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Table 4
Outstanding Long-Term Obligations at Year End

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$33,839,835	\$30,303,361	\$683,112	\$867,653	\$34,522,947	\$31,171,014
Special Assessment Bonds	1,058,225	847,338	0	0	1,058,225	847,338
Revenue Bonds	0	0	4,770,430	5,949,733	4,770,430	5,949,733
OWDA Loans	0	0	47,799,403	47,212,860	47,799,403	47,212,860
HUD Section 108 Loans	4,095,000	4,550,000	0	0	4,095,000	4,550,000
ODOD Loan	2,296,943	2,296,943	0	0	2,296,943	2,296,943
OPWC Loans	2,543,125	2,751,664	0	0	2,543,125	2,751,664
ODOT Loans	1,880,578	2,170,151	0	0	1,880,578	2,170,151
Installment Loans	540,340	640,498	0	0	540,340	640,498
Capital Leases	1,566,213	2,107,916	138,146	198,665	1,704,359	2,306,581
Long Term Note	300,000	0	0	0	300,000	0
Pollution Remediation	846,427	821,774	0	0	846,427	821,774
Compensated Absences	6,466,706	7,485,814	1,018,497	1,117,779	7,485,203	8,603,593
<i>Total</i>	<u>\$55,433,392</u>	<u>\$53,975,459</u>	<u>\$54,409,588</u>	<u>\$55,346,690</u>	<u>\$109,842,980</u>	<u>\$109,322,149</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 and the Health Claims bond issued to defer the cost of the City's self insurance claims. The remainder of the bonds were issued for various purposes including infrastructure improvements dating back to 1995. 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 three special assessment bonds consist of various street improvement projects. In 2010, the City issued a \$245,000 special assessment bond for street improvements on Victory Avenue and Idaho Avenue. The debt service on these loans is paid from real estate assessments on those property owners who benefitted from the improvements.

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

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

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

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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 State Route 57, East 36th St., State Route 58, North Ridge Road, Oberlin Avenue 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 a planned future road widening project, 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. The minimum lease payments required are paid from the general fund, streets and health special revenue funds, general sewer capital projects fund, and the water 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 13 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 2010 unemployment rate for the City was 11.2 percent while the unemployment rate for Lorain County was 9.7 percent and the State of Ohio was 10.1 percent (based on the Ohio Job & Family Services, Office of Workforce Development).

The City's financial condition in 2010, primarily the general fund, has improved over 2009 but continues to require constant and unrelenting attention to maintain a positive financial position. The general fund unreserved balance went from (\$1,398,518) in 2009 to \$1,915,668 in 2010 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.

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In an effort to prevent future economic downturns from negatively affecting general fund operations, City Council passed an ordinance in March 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 beginning in 2011. The City set aside \$25,000 in 2010 in an effort to begin the process of creating the budget stabilization reserve. 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.

The City's real estate property values decreased slightly from 2009 to 2010. Commercial/industrial/public utility property values continued to modestly increase but again has been offset by the values for residential/agricultural properties again declining in 2010. Residential properties were 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. On March 19, 2010, Mercy announced that it will invest \$20 million improve the Mercy Regional Medical Center and another \$22 million for paperless recordkeeping. The expenditure of \$2 million for patient flow software created 53 jobs in May 2010. Construction on the improvements to the medical center began in the summer of 2010 and will last about two years.
- The Lorain City School District (the "School District") is the City's second largest employer. In 2009, construction was completed on two new elementary schools which opened in the 2010 school year. In 2010, construction began on one new elementary and one middle school which will open 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 City continues to have aggressive economic and community development programs and includes the following projects:

- *Lorain West Urban Renewal Plan* - The plan area includes the Amherst Development Co. LLC (aka Heritage Development) with their 200 plus housing subdivision and retail center of approximately 250,000 square feet, of which half is in the City of Lorain and is anchored by Lowe's home improvement store.

The plan area also includes the former Ford Assembly Plant which was closed in December 2005. Ford sold the facility in December 2006 to Industrial Realty Group (IRG), a California developer that specializes in transforming old industrial sites. In 2010 Heidelberg Distributing Family of Companies, the 16th largest distributor of beer in the United States moved two of its distributing locations to the site. The company moved Goodman Beverage Company's Lorain location to the new site retaining 50 jobs and moving Mid-Ohio Wines from Norwalk, Ohio adding 50 new jobs in the City. City Council

City of Lorain, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

approved a 15 year tax incentive for the company if it maintains an annual payroll of at least \$3.4 million.

The Urban Renewal Plan allows the City to work aggressively with the private market to bring this land back into active use.

- *Riverbend Commerce Park* - Camaco, LLC, a current tenant, invested approximately \$8 million in machinery and equipment and created 25 new full-time jobs in 2010.
- *Housing Acquisition and Resale Program* – Efforts to improve our low-income and low to moderate income neighborhoods are underway in the City; this includes a significant acquisition, rehab and resale program and demolition for vacant, blighted houses. The City used the HOME Investment Partnership Program and the Neighborhood Stabilization Program for this program. From 2009 to 2010 the City has purchased 17 properties targeted for the acquisition, rehabilitation, and resale program and 73 properties that were vacant and in need of serious repair were purchased and slated for demolition. 61 of these demolitions have been completed with the remainder to be done in 2011.

The City is showing some small 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.

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, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$9,717,446	\$3,691,831	\$13,409,277
Cash and Cash Equivalents:			
In Segregated Accounts	96,347	0	96,347
With Trustee	0	2,826,975	2,826,975
With Fiscal Agents	270,087	0	270,087
Accounts Receivable	189,661	5,218,480	5,408,141
Inventory Held for Resale	2,351,902	0	2,351,902
Materials and Supplies Inventory	1,198,197	878,960	2,077,157
Internal Balances	244,228	(244,228)	0
Intergovernmental Receivable	8,604,225	126,257	8,730,482
Prepaid Items	142,525	51,646	194,171
Municipal Income Taxes Receivable	2,566,071	0	2,566,071
Property Taxes Receivable	4,172,811	0	4,172,811
Payments in Lieu of Taxes Receivable	397,052	0	397,052
Special Assessments Receivable	974,168	0	974,168
Loans Receivable	14,679,483	381,950	15,061,433
Deferred Charges	910,979	78,036	989,015
Capital Assets, Non-Depreciable	16,548,225	34,466,160	51,014,385
Capital Assets, Depreciable, Net	93,459,578	74,769,728	168,229,306
<i>Total Assets</i>	<u>156,522,985</u>	<u>122,245,795</u>	<u>278,768,780</u>
Liabilities			
Accounts Payable	979,186	547,873	1,527,059
Contracts Payable	26,368	419,936	446,304
Accrued Wages and Benefits	826,165	246,986	1,073,151
Matured Compensated Absences Payable	133,763	29,303	163,066
Vacation Benefits Payable	26,598	1,742	28,340
Intergovernmental Payable	1,307,342	265,094	1,572,436
Deferred Revenue	3,686,302	0	3,686,302
Retainage Payable	0	29,425	29,425
Accrued Interest Payable	283,541	70,532	354,073
Notes Payable	2,045,000	0	2,045,000
Claims Payable	393,609	25,280	418,889
Long-Term Liabilities:			
Due Within One Year	4,623,885	4,949,656	9,573,541
Due In More Than One Year	50,809,507	49,459,932	100,269,439
<i>Total Liabilities</i>	<u>65,141,266</u>	<u>56,045,759</u>	<u>121,187,025</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	68,630,911	55,922,833	124,553,744
Restricted for:			
Capital Projects	1,748,331	0	1,748,331
Debt Service	1,976,270	2,763,530	4,739,800
Replacement and Improvement	0	300,000	300,000
Utility Reserve	0	1,408,605	1,408,605
Other Purposes	17,810,159	0	17,810,159
Unrestricted	1,216,048	5,805,068	7,021,116
<i>Total Net Assets</i>	<u>\$91,381,719</u>	<u>\$66,200,036</u>	<u>\$157,581,755</u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Activities
For the Year Ended December 31, 2010

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$11,620,641	\$3,534,873	\$666,852	\$0
Security of Persons and Property	18,236,104	723,048	591,520	583,343
Transportation	12,699,874	177,084	2,443,696	1,633,299
Public Health	1,352,681	812,519	468,323	0
Community Environment	461,164	726,154	0	0
Economic Development	3,020,976	49,099	3,705,378	0
Leisure Time Activities	513,928	36,090	65,175	0
Interest and Fiscal Charges	2,252,399	0	0	0
<i>Total Governmental Activities</i>	<u>50,157,767</u>	<u>6,058,867</u>	<u>7,940,944</u>	<u>2,216,642</u>
Business-Type Activities				
Water Works	7,551,751	8,324,068	0	0
Water Pollution Control	9,628,477	12,558,356	0	4,057,648
<i>Total Business-Type Activities</i>	<u>17,180,228</u>	<u>20,882,424</u>	<u>0</u>	<u>4,057,648</u>
<i>Total</i>	<u>\$67,337,995</u>	<u>\$26,941,291</u>	<u>\$7,940,944</u>	<u>\$6,274,290</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

Gain on Sale of Capital Assets

Miscellaneous

Total General Revenues

Extraordinary Item - Insurance Proceeds
Transfers

*Total General Revenues, Extraordinary Items
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
(\$7,418,916)	\$0	(\$7,418,916)
(16,338,193)	0	(16,338,193)
(8,445,795)	0	(8,445,795)
(71,839)	0	(71,839)
264,990	0	264,990
733,501	0	733,501
(412,663)	0	(412,663)
(2,252,399)	0	(2,252,399)
(33,941,314)	0	(33,941,314)
0	772,317	772,317
0	6,987,527	6,987,527
0	7,759,844	7,759,844
(33,941,314)	7,759,844	(26,181,470)
2,538,308	0	2,538,308
251,381	0	251,381
251,381	0	251,381
837,938	0	837,938
15,118,368	0	15,118,368
2,126,884	0	2,126,884
903,799	0	903,799
6,069,092	0	6,069,092
606,987	0	606,987
22,265	66	22,331
0	6,606	6,606
1,255,426	61,891	1,317,317
29,981,829	68,563	30,050,392
0	513,574	513,574
(931,117)	931,117	0
29,050,712	1,513,254	30,563,966
(4,890,602)	9,273,098	4,382,496
96,272,321	56,926,938	153,199,259
\$91,381,719	\$66,200,036	\$157,581,755

City of Lorain, Ohio

Balance Sheet

Governmental Funds

December 31, 2010

	General	Community Development	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$889,699	\$2,541,069	\$640,268	\$1,598,735	\$2,305,956	\$7,975,727
Cash and Cash Equivalents:						
In Segregated Accounts	96,347	0	0	0	0	96,347
With Fiscal Agents	0	270,087	0	0	0	270,087
Accounts Receivable	148,646	0	0	0	41,015	189,661
Inventory Held for Resale	0	2,351,902	0	0	0	2,351,902
Materials and Supplies Inventory	133,271	4,259	0	0	189,720	327,250
Interfund Receivable	441,757	0	0	0	34,988	476,745
Intergovernmental Receivable	2,797,969	3,674,263	101,524	902,495	1,127,974	8,604,225
Prepaid Items	118,139	6,879	0	2,417	12,782	140,217
Municipal Income Taxes Receivable	2,245,120	0	0	0	320,951	2,566,071
Property Taxes Receivable	2,682,514	0	931,437	0	558,860	4,172,811
Payments in Lieu of Taxes Receivable	0	99,369	265,613	32,070	0	397,052
Special Assessments Receivable	144,235	0	0	0	829,933	974,168
Loans Receivable	0	14,499,973	179,510	0	0	14,679,483
Total Assets	\$9,697,697	\$23,447,801	\$2,118,352	\$2,535,717	\$5,422,179	\$43,221,746
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$516,787	\$236,484	\$0	\$21,246	\$143,484	\$918,001
Contracts Payable	0	17,865	0	903	7,600	26,368
Accrued Wages and Benefits	645,583	26,394	0	0	131,619	803,596
Matured Compensated Absences Payable	108,919	0	0	0	24,844	133,763
Intergovernmental Payable	1,113,036	43,258	0	0	128,157	1,284,451
Interfund Payable	268,457	1,122	0	0	488,323	757,902
Claims Payable	24,107	0	0	0	0	24,107
Accrued Interest Payable	2,010	0	0	20,310	8,328	30,648
Notes Payable	0	0	0	2,045,000	0	2,045,000
Deferred Revenue	4,954,772	3,760,806	1,478,084	934,565	2,216,890	13,345,117
Total Liabilities	7,633,671	4,085,929	1,478,084	3,022,024	3,149,245	19,368,953
Fund Balances						
Reserved for Budget Stabilization	25,000	0	0	0	0	25,000
Reserved for Encumbrances	123,358	757,142	0	237,596	166,170	1,284,266
Reserved for Loans	0	13,544,553	0	0	0	13,544,553
Reserved for Inventory Held for Resale	0	2,351,902	0	0	0	2,351,902
Reserved for Debt Service	0	270,087	0	0	0	270,087
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	1,915,668	0	0	0	0	1,915,668
Special Revenue Funds	0	2,438,188	0	0	1,757,122	4,195,310
Debt Service Funds	0	0	640,268	0	1,583	641,851
Capital Projects Funds	0	0	0	(723,903)	348,059	(375,844)
Total Fund Balances (Deficit)	2,064,026	19,361,872	640,268	(486,307)	2,272,934	23,852,793
Total Liabilities and Fund Balances	\$9,697,697	\$23,447,801	\$2,118,352	\$2,535,717	\$5,422,179	\$43,221,746

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, 2010*

Total Governmental Fund Balances	\$23,852,793
 <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.	110,007,803
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Special Assessments	\$974,168
Delinquent Property Taxes	666,019
Intergovernmental	7,113,441
Municipal Income Taxes	508,135
Payments in Lieu of Taxes	<u>397,052</u>
Total	9,658,815
Bond issuance costs will be amortized over the life of the bonds on the statement of net assets.	910,979
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	(2,665,175)
Capital Assets	(189,567)
Bonds Payable	5,112,659
Unamortized Financing Costs	(113,634)
Compensated Absences	98,130
Internal Balances	<u>421,799</u>
Total	2,664,212
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due.	(252,893)
Vacation benefits payable is not due and payable with expendable available financial resources and therefore are not reported in the funds.	(26,598)
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	(34,161,128)
Special Assessment Bonds	(1,050,760)
HUD Section 108 Loans	(4,095,000)
OPWC Loans	(2,543,125)
Notes Payable	(300,000)
Other Loans	(4,717,861)
Compensated Absences	(6,466,706)
Capital Leases	(1,566,213)
Pollution Remediation	(846,427)
Bond Premium	(28,511)
Bond Discount	112,872
Refunding	<u>229,467</u>
Total	<u>(55,433,392)</u>
Net Assets of Governmental Activities	<u>\$91,381,719</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, 2010

	General	Community Development	General Obligation Bond Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$2,581,689	\$0	\$853,031	\$0	\$511,818	\$3,946,538
Payments in Lieu of Taxes	0	52,330	525,132	156,881	0	734,343
Municipal Income Taxes	14,930,002	0	0	0	2,100,072	17,030,074
Charges for Services	777,677	0	0	0	968,014	1,745,691
Licenses and Permits	835,719	0	0	0	301,061	1,136,780
Fines and Forfeitures	1,376,105	0	0	0	558,648	1,934,753
Intergovernmental	7,898,016	3,591,631	175,308	938,008	2,873,871	15,476,834
Franchise Fees	606,987	0	0	0	0	606,987
Special Assessments	0	0	0	4,089	48,019	52,108
Interest	8,251	2,008	10,900	0	1,106	22,265
Contributions and Donations	570,058	0	0	0	0	570,058
Miscellaneous	694,987	28,460	324,159	190,718	17,099	1,255,423
<i>Total Revenues</i>	<u>30,279,491</u>	<u>3,674,429</u>	<u>1,888,530</u>	<u>1,289,696</u>	<u>7,379,708</u>	<u>44,511,854</u>
Expenditures						
Current:						
General Government	8,155,824	0	955	0	237,352	8,394,131
Security of Persons and Property	15,883,489	0	0	0	2,167,379	18,050,868
Transportation	0	0	0	0	2,313,133	2,313,133
Public Health	234,319	0	0	0	1,096,706	1,331,025
Community Environment	336,982	0	0	0	89,275	426,257
Economic Development	601,724	2,270,689	0	0	0	2,872,413
Leisure Time Activities	275,681	0	0	0	0	275,681
Capital Outlay	0	0	0	1,419,693	197,142	1,616,835
Debt Service:						
Principal Retirement	525,993	455,000	1,762,660	50,333	596,886	3,390,872
Interest and Fiscal Charges	108,289	282,076	1,261,086	87,918	291,992	2,031,361
Bond Issuance Costs	0	0	0	9,205	0	9,205
<i>Total Expenditures</i>	<u>26,122,301</u>	<u>3,007,765</u>	<u>3,024,701</u>	<u>1,567,149</u>	<u>6,989,865</u>	<u>40,711,781</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>4,157,190</u>	<u>666,664</u>	<u>(1,136,171)</u>	<u>(277,453)</u>	<u>389,843</u>	<u>3,800,073</u>
Other Financing Sources (Uses)						
Inception of Capital Leases	16,716	0	0	0	0	16,716
Bonds Issued	0	0	0	245,000	0	245,000
Notes Issued	300,000	0	0	0	0	300,000
Loans Received	9,697	0	0	278,823	0	288,520
Discount on Debt Issuance	0	0	0	(4,225)	0	(4,225)
Transfers In	50,000	150,000	1,322,198	85,114	960,930	2,568,242
Transfers Out	(1,235,802)	(148,290)	0	(36,001)	(1,048,149)	(2,468,242)
<i>Total Other Financing Sources (Uses)</i>	<u>(859,389)</u>	<u>1,710</u>	<u>1,322,198</u>	<u>568,711</u>	<u>(87,219)</u>	<u>946,011</u>
<i>Net Change in Fund Balances</i>	<u>3,297,801</u>	<u>668,374</u>	<u>186,027</u>	<u>291,258</u>	<u>302,624</u>	<u>4,746,084</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(1,233,775)</u>	<u>18,693,498</u>	<u>454,241</u>	<u>(777,565)</u>	<u>1,970,310</u>	<u>19,106,709</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$2,064,026</u>	<u>\$19,361,872</u>	<u>\$640,268</u>	<u>(\$486,307)</u>	<u>\$2,272,934</u>	<u>\$23,852,793</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, 2010*

Net Change in Fund Balances - Total Governmental Funds \$4,746,084

*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	\$1,627,118	
Current Year Depreciation	<u>(13,267,263)</u>	
Total		(11,640,145)

In the statement of activities, a gain or loss is reported for each disposal of capital assets. (11,921)

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

Delinquent Property Taxes	(67,530)	
Intergovernmental	179,786	
Municipal Income Taxes	215,178	
Special Assessments	760,231	
Payments in Lieu of Taxes	<u>169,456</u>	
Total		1,257,121

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

Bonds Issued	(5,245,000)	
Bond Discount	4,225	
Notes Issued	(300,000)	
Loans Received	(288,520)	
Capital Lease Proceeds	<u>(16,716)</u>	
Total		(5,846,011)

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	3,390,872	
Internal Service Fund	<u>19,796</u>	
Total		3,410,668

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

Accrued Interest	(151,702)	
Amortization of Bond Premium	1,864	
Amortization of Bond Discount	(6,170)	
Amortization of Loss on Refunding	(12,739)	
Amortization of Bond Issuance Costs	<u>(52,291)</u>	
Total		(221,038)

Bond issuance costs are recognized as deferred charges and will be amortized over the life of the bonds on the statement of activities. 126,005

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

Compensated Absences	1,019,108	
Pollution Remediation	(24,653)	
Vacation Benefits	<u>4,956</u>	
Total		999,411

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	(3,306,903)	
Capital Assets, Net	(1,206)	
Compensated Absences	2,443	
Bonds Issued	5,000,000	
Bond Issuance Costs	(116,800)	
Principal Retirement	(19,796)	
Interest Expense	162,974	
Internal Balance	<u>568,512</u>	
Total		<u>2,289,224</u>

Change in Net Assets of Governmental Activities (\$4,890,602)

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$2,570,010	\$2,570,010	\$2,581,689	\$11,679
Municipal Income Taxes	15,749,548	15,749,548	14,712,556	(1,036,992)
Charges for Services	1,010,314	1,010,314	780,948	(229,366)
Licenses and Permits	805,386	806,235	835,719	29,484
Fines and Forfeitures	1,151,500	1,163,381	1,350,010	186,629
Intergovernmental	7,102,896	7,676,496	7,931,295	254,799
Franchise Fees	600,000	600,000	609,502	9,502
Interest	36,179	36,179	15,538	(20,641)
Contributions and Donations	83,241	99,131	570,058	470,927
Miscellaneous	435,844	712,368	724,526	12,158
<i>Total Revenues</i>	<u>29,544,918</u>	<u>30,423,662</u>	<u>30,111,841</u>	<u>(311,821)</u>
Expenditures:				
Current:				
General Government	8,538,587	8,809,702	8,435,770	373,932
Security of Persons and Property	15,062,286	16,034,496	15,890,739	143,757
Public Health	222,858	252,517	248,025	4,492
Community Environment	369,977	341,717	339,667	2,050
Economic Development	337,209	631,204	601,724	29,480
Leisure Time Activities	256,745	314,021	304,853	9,168
Debt Service:				
Principal Retirement	422,834	536,547	525,993	10,554
Interest and Fiscal Charges	109,221	109,221	109,221	0
<i>Total Expenditures</i>	<u>25,319,717</u>	<u>27,029,425</u>	<u>26,455,992</u>	<u>573,433</u>
<i>Excess of Revenues Over Expenditures</i>	<u>4,225,201</u>	<u>3,394,237</u>	<u>3,655,849</u>	<u>261,612</u>
Other Financing Sources (Uses):				
Proceeds of Notes	0	300,000	300,000	0
Advances In	417,193	1,917,193	1,917,193	0
Advances Out	(419,401)	(1,919,401)	(1,713,851)	205,550
Transfers In	124,374	174,374	50,000	(124,374)
Transfers Out	(1,739,188)	(1,258,224)	(1,235,802)	22,422
<i>Total Other Financing Sources (Uses)</i>	<u>(1,617,022)</u>	<u>(786,058)</u>	<u>(682,460)</u>	<u>103,598</u>
<i>Net Change in Fund Balance</i>	2,608,179	2,608,179	2,973,389	365,210
<i>Fund Balance (Deficit) Beginning of Year</i>	(2,527,181)	(2,527,181)	(2,527,181)	0
<i>Prior Year Encumbrances Appropriated</i>	164,610	164,610	164,610	0
<i>Fund Balance End of Year</i>	<u>\$245,608</u>	<u>\$245,608</u>	<u>\$610,818</u>	<u>\$365,210</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Payments in Lieu of Taxes	\$167,000	\$167,000	\$52,330	(\$114,670)
Intergovernmental	9,103,376	10,752,876	5,121,293	(5,631,583)
Interest	7,380	7,380	3,700	(3,680)
Miscellaneous	104,600	104,600	28,460	(76,140)
<i>Total Revenues</i>	<u>9,382,356</u>	<u>11,031,856</u>	<u>5,205,783</u>	<u>(5,826,073)</u>
Expenditures:				
Current:				
Economic Development	10,079,997	11,815,329	5,585,705	6,229,624
Debt Service:				
Principal Retirement	888,170	888,170	455,000	433,170
Interest and Fiscal Charges	282,076	282,076	282,076	0
<i>Total Debt Service</i>	<u>1,170,246</u>	<u>1,170,246</u>	<u>737,076</u>	<u>433,170</u>
<i>Total Expenditures</i>	<u>11,250,243</u>	<u>12,985,575</u>	<u>6,322,781</u>	<u>6,662,794</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,867,887)</u>	<u>(1,953,719)</u>	<u>(1,116,998)</u>	<u>836,721</u>
Other Financing Sources (Uses):				
Transfers In	100,456	236,491	150,000	(86,491)
Transfers Out	(98,290)	(148,290)	(148,290)	0
<i>Total Other Financing Sources (Uses)</i>	<u>2,166</u>	<u>88,201</u>	<u>1,710</u>	<u>(86,491)</u>
<i>Net Change in Fund Balance</i>	<u>(1,865,721)</u>	<u>(1,865,518)</u>	<u>(1,115,288)</u>	<u>750,230</u>
<i>Fund Balance Beginning of Year</i>	2,141,206	2,141,206	2,141,206	0
Prior Year Encumbrances Appropriated	926,162	926,162	926,162	0
<i>Fund Balance End of Year</i>	<u>\$1,201,647</u>	<u>\$1,201,850</u>	<u>\$1,952,080</u>	<u>\$750,230</u>

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2010

	Business-Type Activities - Enterprise Funds			Governmental
	Water Works	Water Pollution Control	Total	Internal Service Funds
Assets				
<i>Current Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$537,799	\$1,445,427	\$1,983,226	\$1,741,719
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	525,043	1,183,562	1,708,605	0
Accounts Receivable	1,884,915	3,333,565	5,218,480	0
Materials and Supplies Inventory	528,503	350,457	878,960	870,947
Interfund Receivable	1,819	206,264	208,083	103,586
Intergovernmental Receivable	24,189	102,068	126,257	0
Prepaid Items	40,701	10,945	51,646	2,308
Loans Receivable	0	52,836	52,836	0
<i>Total Current Assets</i>	<u>3,542,969</u>	<u>6,685,124</u>	<u>10,228,093</u>	<u>2,718,560</u>
<i>Noncurrent Assets</i>				
Loans Receivable	0	329,114	329,114	0
Restricted Assets:				
Cash and Cash Equivalents With Trustee	1,301,227	1,525,748	2,826,975	0
Unamortized Bond Issuance Costs	73,776	4,260	78,036	113,634
Non-Depreciable Capital Assets	2,586,076	31,880,084	34,466,160	0
Depreciable Capital Assets, Net	23,230,484	51,539,244	74,769,728	189,567
<i>Total Noncurrent Assets</i>	<u>27,191,563</u>	<u>85,278,450</u>	<u>112,470,013</u>	<u>303,201</u>
<i>Total Assets</i>	<u>30,734,532</u>	<u>91,963,574</u>	<u>122,698,106</u>	<u>3,021,761</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	229,161	318,712	547,873	61,185
Contracts Payable	99,754	320,182	419,936	0
Accrued Wages and Benefits	120,557	126,429	246,986	22,569
Matured Compensated Absences Payable	216	29,087	29,303	0
Vacation Benefits Payable	211	1,531	1,742	0
Intergovernmental Payable	124,037	141,057	265,094	22,891
Retainage Payable	29,425	0	29,425	0
Accrued Interest Payable	55,951	14,581	70,532	0
Interfund Payable	19,060	11,452	30,512	0
Claims Payable	0	25,280	25,280	369,502
Capital Leases Payable	12,206	62,111	74,317	0
Compensated Absences Payable	38,762	61,569	100,331	25,349
Bonds Payable	772,514	743,101	1,515,615	225,516
OWDA Loans	553,111	2,706,282	3,259,393	0
<i>Total Current Liabilities</i>	<u>2,054,965</u>	<u>4,561,374</u>	<u>6,616,339</u>	<u>727,012</u>
<i>Long-Term Liabilities (Net of Current Portion)</i>				
Capital Leases Payable	3,499	60,330	63,829	0
Compensated Absences Payable	443,236	474,930	918,166	72,781
Bonds Payable	3,848,653	89,274	3,937,927	4,887,143
OWDA Loans	9,382,707	35,157,303	44,540,010	0
<i>Total Long-Term Liabilities</i>	<u>13,678,095</u>	<u>35,781,837</u>	<u>49,459,932</u>	<u>4,959,924</u>
<i>Total Liabilities</i>	<u>15,733,060</u>	<u>40,343,211</u>	<u>56,076,271</u>	<u>5,686,936</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	11,317,646	44,605,187	55,922,833	76,908
Restricted For:				
Debt Service	1,247,862	1,515,668	2,763,530	0
Replacement and Improvement	150,000	150,000	300,000	0
Utility Reserve	375,043	1,033,562	1,408,605	0
Unrestricted (Deficit)	1,910,921	4,315,946	6,226,867	(2,742,083)
<i>Total Net Assets</i>	<u>\$15,001,472</u>	<u>\$51,620,363</u>	<u>66,621,835</u>	<u>(\$2,665,175)</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				
			(421,799)	
		Net assets business-type activities	<u>\$66,200,036</u>	

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, 2010*

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water Works	Water Pollution Control	Total	Internal Service Funds
Operating Revenues				
Charges for Services	\$8,324,068	\$12,558,356	\$20,882,424	\$2,207,641
Miscellaneous	37,256	24,635	61,891	2,204
<i>Total Operating Revenues</i>	<u>8,361,324</u>	<u>12,582,991</u>	<u>20,944,315</u>	<u>2,209,845</u>
Operating Expenses				
Personal Services	3,161,351	3,441,066	6,602,417	485,007
Materials and Supplies	840,893	365,506	1,206,399	886,980
Contractual Services	959,179	1,211,629	2,170,808	2,880
Claims	0	0	0	3,970,253
Basic Utilities	595,407	670,940	1,266,347	0
Other Expense	156,321	271,341	427,662	3,730
Depreciation	789,617	1,887,095	2,676,712	4,924
<i>Total Operating Expenses</i>	<u>6,502,768</u>	<u>7,847,577</u>	<u>14,350,345</u>	<u>5,353,774</u>
<i>Operating Income (Loss)</i>	<u>1,858,556</u>	<u>4,735,414</u>	<u>6,593,970</u>	<u>(3,143,929)</u>
Non-Operating Revenues (Expenses)				
Gain on Sale of Capital Assets	1,795	4,811	6,606	0
Interest	22	44	66	0
Interest and Fiscal Charges	(721,105)	(1,540,266)	(2,261,371)	(162,974)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(719,288)</u>	<u>(1,535,411)</u>	<u>(2,254,699)</u>	<u>(162,974)</u>
<i>Income (Loss) Before Contributions, Extraordinary Item and Transfers</i>	1,139,268	3,200,003	4,339,271	(3,306,903)
Capital Contributions	464,849	4,623,916	5,088,765	0
Extraordinary Item - Insurance Proceeds	0	513,574	513,574	0
Transfers Out	(50,000)	(50,000)	(100,000)	0
<i>Change in Net Assets</i>	1,554,117	8,287,493	9,841,610	(3,306,903)
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	<u>13,447,355</u>	<u>43,332,870</u>		<u>641,728</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$15,001,472</u>	<u>\$51,620,363</u>		<u>(\$2,665,175)</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 (568,512)

Change in net assets business-type activities \$9,273,098

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010

	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	\$7,931,354	\$11,741,906	\$19,673,260	\$0
Cash Received from Transactions with Other Funds	0	0	0	2,223,602
Cash Payments for Goods and Services	(2,528,015)	(3,236,131)	(5,764,146)	(1,021,652)
Cash Payments for Employee Services and Benefits	(3,218,352)	(3,523,067)	(6,741,419)	(544,490)
Cash Payments for Claims	0	0	0	(3,938,477)
Other Operating Revenues	37,256	56,103	93,359	2,204
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>2,222,243</u>	<u>5,038,811</u>	<u>7,261,054</u>	<u>(3,278,813)</u>
Cash Flows from Noncapital Financing Activities				
Advances In	445,103	1,268,748	1,713,851	0
Advances Out	(444,515)	(1,472,678)	(1,917,193)	0
Transfers Out	(50,000)	(50,000)	(100,000)	0
<i>Net Cash Used for Noncapital Financing Activities</i>	<u>(49,412)</u>	<u>(253,930)</u>	<u>(303,342)</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(1,509,410)	(7,066,947)	(8,576,357)	(6,130)
Disposal of Capital Assets	70,525	3,355	73,880	0
Gain on Sale of Capital Assets	1,795	4,811	6,606	0
Bonds Issued	0	0	0	5,000,000
Bond Issuance Costs	0	0	0	(116,800)
OWDA Loans Received	1,271,129	2,180,421	3,451,550	0
Principal Paid on Bonds	(162,250)	(22,291)	(184,541)	(19,796)
Interest Paid on Bonds	(39,966)	(6,488)	(46,454)	(159,808)
Principal Paid on Revenue Bonds	(565,000)	(680,000)	(1,245,000)	0
Interest Paid on Revenue Bonds	(228,291)	(59,020)	(287,311)	0
Principal Paid on OWDA Loans	(467,112)	(2,422,084)	(2,889,196)	0
Interest Paid on OWDA Loans	(437,712)	(1,401,379)	(1,839,091)	0
Principal Paid on Capital Leases	(3,197)	(57,322)	(60,519)	0
Interest Paid on Capital Leases	(1,580)	(9,662)	(11,242)	0
Capital Grant	0	3,990,486	3,990,486	0
Extraordinary Item - Insurance Proceeds	0	513,574	513,574	0
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(2,071,069)</u>	<u>(5,032,546)</u>	<u>(7,103,615)</u>	<u>4,697,466</u>
Cash Flows from Investing Activities				
Interest	22	44	66	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	101,784	(247,621)	(145,837)	1,418,653
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,262,285</u>	<u>4,402,358</u>	<u>6,664,643</u>	<u>323,066</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$2,364,069</u>	<u>\$4,154,737</u>	<u>\$6,518,806</u>	<u>\$1,741,719</u>

(continued)

City of Lorain, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2010

	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)	\$1,858,556	\$4,735,414	\$6,593,970	(\$3,143,929)
<i>Adjustments:</i>				
Depreciation	789,617	1,887,095	2,676,712	4,924
(Increase) Decrease in Assets:				
Accounts Receivable	(392,548)	(816,348)	(1,208,896)	0
Interfund Receivable	(166)	29	(137)	15,961
Intergovernmental Receivable	0	(131)	(131)	0
Materials and Supplies Inventory	(50,004)	(164,785)	(214,789)	(131,819)
Prepaid Items	(2,929)	972	(1,957)	(225)
Loans Receivable	0	31,468	31,468	0
Increase (Decrease) in Liabilities:				
Accounts Payable	9,699	61,040	70,739	(2,522)
Contracts Payable	51,832	(642,178)	(590,346)	0
Accrued Wages and Benefits	28,086	27,634	55,720	8,905
Claims Payable	(1,252)	18,926	17,674	31,776
Vacation Benefits Payable	211	1,531	1,742	0
Compensated Absences Payable	(29,435)	(40,544)	(69,979)	2,443
Interfund Payable	15,233	8,626	23,859	(57,148)
Intergovernmental Payable	(54,657)	(69,938)	(124,595)	(7,179)
<i>Total Adjustments</i>	<u>363,687</u>	<u>303,397</u>	<u>667,084</u>	<u>(134,884)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$2,222,243</u>	<u>\$5,038,811</u>	<u>\$7,261,054</u>	<u>(\$3,278,813)</u>

Noncash Capital Financing Activities

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

During 2010, construction in progress recorded in governmental activities was completed and amounts identified for water and sewer lines were transferred to the Water Works and Water Pollution Control funds in the amount of \$464,849 and \$566,268 respectively. These amounts are included in capital contributions.

See accompanying notes to the basic financial statements

City of Lorain, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2010

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$245,076</u></u>
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Liabilities

Deposits Held and Due to Others	<u><u>\$245,076</u></u>
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See accompanying notes to the basic financial statements

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 Division 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 17, 18, and 19 respectively.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City of Lorain have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2010

type activities and its proprietary funds unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The more significant of the City's accounting policies are described below.

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2010

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

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

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

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

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

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

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

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

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

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

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

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2010

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, 2010, but which were levied to finance year 2011 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgetary Data

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriation resolution is the Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by Council. The legal level of budgetary control is at the object level within each department for all funds. Any budgetary modifications at this level may only be made by resolution of the City Council.

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

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

F. Cash and Cash Equivalents

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

City of Lorain, Ohio
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For The Year Ended December 31, 2010

The general fund made an advance to the police pension fund and fire pension fund to cover deficit cash balances. The police pension and fire pension 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. The City entered into a trust agreement with a commercial bank to meet the requirements of the revenue bonds indenture agreements to service bonded debt as principal and interest come due and to meet reserve requirements. The balances of these accounts are presented on the statement of net assets and balance sheet as "cash and cash equivalents with trustees" and represent deposits or short-term investments in a mutual fund.

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

During 2010, 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 share price, which is the price the investment could be sold for on December 31, 2010.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the General Fund during 2010 amounted to \$8,251 of which the total amount was assigned from other City funds.

G. Inventory

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010, 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, 2010

I. Bond Premiums/ Issuance Costs

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

J. Gain/Loss on Refunding

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

K. Bond Discounts

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

L. Restricted Assets

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

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

M. Capital Assets

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

City of Lorain, Ohio
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For The Year Ended December 31, 2010

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.

N. Interfund Balances

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

O. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Since the City's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net assets rather than as long-term liability.

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

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

P. Accrued Liabilities and Long-Term Obligations

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

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

Q. Fund Balance Reserves

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

R. Net Assets

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

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

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

S. Internal Activity

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

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

T. Operating Revenues and Expenses

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

U. Estimates

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

V. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. In 2010 an extraordinary item is presented in the proprietary funds statement of revenues, expenses, and changes in fund net assets which reflect the insurance proceeds received as a result of an electrical fire at the Black River Wastewater Treatment Plant. The fire occurred on February 9, 2010 at the plant's electric substation which supplies the power to the treatment plant. The result of the fire was the substation's transformer was completely destroyed and the substation rendered inoperative. The substation portion of the treatment plant was subsequently classified as an impaired asset with a carrying value of \$0 as the asset was placed in service in 1955 and fully depreciated. The insurance proceeds of \$513,574 covered the cost of replacing the transformer at the substation, emergency generator rental to facilitate the operation of the treatment plant while repairs were being made, and the cost of demolition and debris removal.

**Note 3 – Restatement of Prior Year's Liabilities and Net Assets
and Changes in Accounting Principles**

A. Restatement of Liabilities and Net Assets

In 2009 an inception of a capital lease for copiers/scanners was recorded in the general fund. It has since been determined that a portion of the lease is a liability of the business-type activities as the related assets were recorded in the water works and water pollution control funds in 2009. Since no payments were made on the lease in 2009 it is only necessary to restate the liability for the inception of the capital lease

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2010

in the governmental and business-type activities. This correction had no effect on the fund financial statements as the inception of the lease was recorded as both a general government expense and other financing source of revenue.

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

	Governmental Activities	Business-Type Activities	
		Water Works	Water Pollution Control
Net Assets, December 31, 2009	\$96,231,012	\$13,466,257	\$43,355,277
Restatement:			
Long Term Liabilities:			
Due Within One Year	6,987	(3,197)	(3,790)
Due In More Than One Year	34,322	(15,705)	(18,617)
Restated Net Assets, December 31, 2009	\$96,272,321	\$13,447,355	\$43,332,870

The principal outstanding at December 31, 2009 for the capital leases has also been restated for both governmental activities and business-type activities in Note 11 – Long Term Obligations.

B. Change in Accounting Principles

For fiscal year 2010 the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, "Accounting and Reporting for Intangible Assets". GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the City's financial statements.

Note 4 – Fund Deficits and Legal Compliance

A. Fund Deficits

Fund balances at December 31, 2010 included the following individual fund balance deficits:

Major Fund:	Deficit
Capital Improvements	\$486,307
<u>Nonmajor Funds:</u>	
Special Revenue Funds:	
Health Services	67,816
Police Pension	228,058
Fire Pension	213,699
Internal Service Fund:	
Hospitalization	3,620,688

City of Lorain, Ohio
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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.

B. Legal Compliance

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

<u>Major Funds:</u>	<u>Final Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
General Fund:			
Engineering Department			
Wages and Benefits	\$525,323	\$527,541	(\$2,218)
Police Department			
Wages and Benefits	7,947,105	7,952,825	(5,720)
Water Pollution Control:			
Personal Services	3,509,900	3,516,592	(6,692)
<u>Nonmajor Fund:</u>			
Indigent Drivers:			
Contractual Services	30,000	44,727	(14,727)

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

The Health Services Fund had original appropriations which were in excess of estimated resources as reported on the Official Certificate of Estimated Resources at March 24, 2010 in the amount of \$198,906. This violation was corrected by year end.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

City of Lorain, Ohio
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3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance

	General	Community Development
GAAP Basis	\$3,297,801	\$668,374
Net Adjustment for Revenue Accruals	(184,366)	381,941
Loan Repayments	0	1,149,413
Advances Out	(1,713,851)	0
Advances In	1,917,193	0
Net Adjustment for Expenditure Accruals	(199,233)	(830,287)
Loan Proceeds	(9,697)	0
Loans Issued	0	(1,632,948)
Debt Interest and Fiscal Charges	(932)	0
Encumbrances	(133,526)	(851,781)
Budget Basis	\$2,973,389	(\$1,115,288)

Note 6 - Deposits and Investments

The City is a statutory City and has adopted an investment policy through City Resolution. The City has elected to follow the provisions of State statute. State statutes classify monies held by the City into three categories.

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

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

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

City of Lorain, Ohio
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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.

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.

City of Lorain, Ohio
Notes to The Basic Financial Statements
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A. Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year-end, \$4,404,094 of the City's bank balance of \$5,404,094 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.

B. Investments

All investments are in an internal investment pool. As of December 31, 2010, the City had \$6,535,000 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 \$141,034 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.

<u>Description</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than 1 Year</u>	<u>Credit Rating</u>
Repurchase Agreements			
Federal Home Loan Bank Bonds	\$6,535,000	\$6,535,000	N/A
Money Market Funds	4,596,243	4,596,243	AAAm
STAR Ohio	141,034	141,034	AAAm
Total Investments	<u>\$11,272,277</u>	<u>\$11,272,277</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.

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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 58 percent of its investments in Repurchase Agreements.

Note 7 – Receivables

Receivables at December 31, 2010, 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 \$791,620. At December 31, 2010, the amount of delinquent special assessments was \$182,548.

The loans receivable at December 31, 2010, 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 \$14,499,973 on the basic financial statements is stated net of estimated uncollectible of \$694,676 with \$955,420 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, 2010 the fund has recorded a loan receivable balance of \$179,510 as a result of this transaction, with \$11,075 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, 2010 the fund has recorded a loan receivable balance of \$381,950 as a result of these transactions, with \$52,836 collectible in one year.

A. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2010 for real and public property taxes

City of Lorain, Ohio
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represents collections of 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2010 taxes.

2010 real property taxes are levied after October 1, 2010 on the assessed value as of January 1, 2010 the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

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

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

Tangible personal property tax revenue received during 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures, as of 2009, is no longer levied and collected. 2010 is the last year for the collection of tangible personal property taxes from telephone companies. Tangible personal property taxes received from telephone companies in 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable at September 20.

The full tax rate for all City operations for the year ended December 31, 2010, was \$4.96 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property:	
Residential/Agriculture	\$677,121,420
Commercial, Industrial/Public Utility	181,040,570
Public Utility Property	<u>58,216,700</u>
Total Valuation	<u><u>\$916,378,690</u></u>

The Lorain County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Lorain. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies, which are measurable as of December 31, 2010 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2010 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified basis the revenue is deferred.

B. Income Taxes

The City levies a municipal income tax of two percent on substantially all salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned

City of Lorain, Ohio
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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.

C. Intergovernmental Receivables

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

Governmental Activities	Amount
Grants	\$4,716,228
Local Government	2,426,609
Gasoline Tax	901,033
Homestead and Rollback	319,680
Estate tax	174,942
Motor Vehicle Tax	26,759
Permissive Tax	22,556
Liquor and Beer Tax	13,984
Other Taxes	2,434
Total Governmental Activities	8,604,225
Business-Type Activities	
Grants	67,162
Utility Charges	34,906
OWDA Loans	24,189
Total Business-Type Activities	126,257
Total	\$8,730,482

City of Lorain, Ohio
Notes to The Basic Financial Statements
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Note 8 - Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance 12/31/2009	Additions	Deletions	Balance 12/31/2010
Governmental Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$9,513,239	\$0	\$0	\$9,513,239
Construction in Progress	12,087,493	1,889,190	(6,941,697)	7,034,986
<i>Total Capital Assets, Not Being Depreciated</i>	<u>21,600,732</u>	<u>1,889,190</u>	<u>(6,941,697)</u>	<u>16,548,225</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	21,705,587	1,095,307	0	22,800,894
Machinery and Equipment	17,501,404	503,175	(35,401)	17,969,178
Furniture and Fixtures	261,423	50,059	0	311,482
Infrastructure:				
Streets and Sidewalks	1,007,018,870	5,031,084	0	1,012,049,954
<i>Total Capital Assets, Being Depreciated</i>	<u>1,046,487,284</u>	<u>6,679,625</u>	<u>(35,401)</u>	<u>1,053,131,508</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(7,023,634)	(445,633)	0	(7,469,267)
Machinery and Equipment	(7,697,956)	(851,529)	23,480	(8,526,005)
Furniture and Fixtures	(64,268)	(14,324)	0	(78,592)
Infrastructure:				
Streets and Sidewalks	(931,642,289)	(11,955,777)	0	(943,598,066)
<i>Total Accumulated Depreciation</i>	<u>(946,428,147)</u>	<u>(13,267,263)</u> *	<u>23,480</u>	<u>(959,671,930)</u>
Total Capital Assets, Being Depreciated, Net	<u>100,059,137</u>	<u>(6,587,638)</u>	<u>(11,921)</u>	<u>93,459,578</u>
Governmental Activities Capital Assets, Net	<u>\$121,659,869</u>	<u>(\$4,698,448)</u>	<u>(\$6,953,618)</u>	<u>\$110,007,803</u>

City of Lorain, Ohio
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For The Year Ended December 31, 2010

	Balance 12/31/2009	Additions	Deletions	Balance 12/31/2010
Business - Type Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$660,071	\$89,240	(\$89,240)	\$660,071
Construction in Progress	29,976,884	7,581,267	(3,752,062)	33,806,089
<i>Total Capital Assets, Not Being Depreciated</i>	<u>30,636,955</u>	<u>7,670,507</u>	<u>(3,841,302)</u>	<u>34,466,160</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	52,427,040	123,990	(132,216)	52,418,814
Machinery and Equipment	21,269,147	877,680	(166,368)	21,980,459
Infrastructure:				
Water Lines	27,459,969	464,849	0	27,924,818
Sewer Lines	56,741,165	4,311,750	0	61,052,915
<i>Total Capital Assets, Being Depreciated</i>	<u>157,897,321</u>	<u>5,778,269</u>	<u>(298,584)</u>	<u>163,377,006</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(26,688,284)	(948,999)	61,691	(27,575,592)
Machinery and Equipment	(17,473,320)	(273,124)	163,013	(17,583,431)
Infrastructure:				
Water Lines	(11,717,453)	(456,110)	0	(12,173,563)
Sewer Lines	(30,276,213)	(998,479)	0	(31,274,692)
<i>Total Accumulated Depreciation</i>	<u>(86,155,270)</u>	<u>(2,676,712)</u>	<u>224,704</u>	<u>(88,607,278)</u>
Total Capital Assets, Being Depreciated, Net	<u>71,742,051</u>	<u>3,101,557</u>	<u>(73,880)</u>	<u>74,769,728</u>
Business - Type Activities Capital Assets, Net	<u>\$102,379,006</u>	<u>\$10,772,064</u>	<u>(\$3,915,182)</u>	<u>\$109,235,888</u>

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2010

* Depreciation expense was charged to governmental functions as follows:

General Government	\$3,223,269
Security of Persons and Property	489,472
Transportation	9,198,482
Public Health	33,706
Community Environment	3,132
Economic Development	75,049
Leisure Time Activities	244,153
Total Depreciation Expense	<u>\$13,267,263</u>

Note 9 - Risk Management

A. Property and Liability

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

<u>Type of Coverage</u>	<u>Limits of Coverage</u>
Property including Auto Physical Damage	\$209,758,000
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.

City of Lorain, Ohio
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B. Workers' Compensation

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

C. Health Insurance Benefits

The City manages the hospital/medical, and prescription drug benefits for its employees on a self-insured basis through the hospitalization self insurance internal service fund. Rates for 2010 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 claims in excess of \$100,000 per employee and an aggregate of \$5,111,264 per year. The \$100,000 specific threshold was exceeded by \$98,851. The City received an invoice credit for the excess. The aggregate was not exceeded.

Vision and dental benefits for its employees are fully insured by Vision Service Plan (VSP) and CompBenefits. It should be noted, by bargaining contract, only the Police and Dispatchers receive dental coverage.

The claims liability of \$369,502 reported in the hospitalization fund at December 31, 2010 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 2009 and 2010 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2009	\$354,438	\$4,459,728	\$4,476,440	\$337,726
2010	337,726	3,970,253	3,938,477	369,502

City of Lorain, Ohio
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Note 10 – Note Debt

A summary of note transactions for the year ended December 31, 2010 follows:

GOVERNMENTAL FUNDS	Balance 12/31/09	Additions	Deletions	Balance 12/31/10
2009, 4.00% Street Improvements	\$2,215,000	\$0	\$2,215,000	\$0
2010, 3.625% Street Improvements-Series A	0	2,045,000	0	2,045,000
2010, 4.75% Street Improvements-Series B	0	235,000	235,000	0
<i>Total Governmental Funds</i>	<u>\$2,215,000</u>	<u>\$2,280,000</u>	<u>\$2,450,000</u>	<u>\$2,045,000</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 22, 2011. The note liability is reflected in the Capital Improvements fund, which received the proceeds. All note proceeds have been fully expended with the exception of \$678,286. The street improvements note will be paid from the capital improvements fund as it is reissued and then from bonds upon the completion of the projects.

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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2010

Note 11 – Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i>General Obligation Bonds:</i>			
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
<i>Special Assessment Bonds with Government Commitment:</i>			
2003 Park and Street Improvements	2.00-5.00	574,500	December 1, 2023
2009 Street Improvements	5.00-7.25	390,000	December 1, 2029
2010 Street Improvements	4.00-5.875	245,000	December 1, 2030
<i>HUD Section 108 Loans:</i>			
Community Development - Series 2002-A (B-92-MC-39-0016)	4.64-7.90	100,000	August 1, 2012
Head Start - Series 2002-A (B-92-MC-39-0016-A)	4.64-7.90	1,100,000	August 1, 2012
Head Start - Series 2000-A (B-99-MC-0016)	7.50-8.00	2,375,000	August 1, 2019
Colorado Industrial Park - Series 2002-A (B-99-MC-0016)	4.40-6.00	2,000,000	August 1, 2021
Land Aquisition - Series 2004-A (B-03-MC-39-0016)	3.50-6.00	2,200,000	August 1, 2024
<i>Ohio Department of Development Urban Redevelopment Loans:</i>			
Riverbend Commerce Park	0.00-3.00	2,300,000	August 1, 2021
<i>Ohio Public Works Commission Loans:</i>			
1997 Local Roadway Rehab (#CI04A)	0.00	18,040	January 1, 2014
1999 Local Roadway Rehab (#CI13C)	0.00	17,409	July 1, 2011
Oak Point Road Improvements (#CI002)	0.00	405,776	January 1, 2021
Longbrook Bridge Replacement (#CI01D)	0.00	250,000	July 1, 2021
California Avenue (#CI31D)	0.00	483,645	January 1, 2022
Jaeger Road (#CI40E)	0.00	259,191	January 1, 2013
2002 Local Roadway Rehab (#CI22F)	0.00	236,844	July 1, 2014
Fulmer/Meister Road Improvements (#CI48G)	0.00	412,449	January 1, 2015
2003 Local Roadway Rehab (#CI22G)	0.00	102,000	January 1, 2015
2004 Local Roadway Rehab (#CI33H)	0.00	123,575	January 1, 2016

City of Lorain, Ohio
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Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i>Ohio Public Works Commission Loans (Continued):</i>			
E. 36th Street Rehab Phase I (#CI29I)	0.00 %	\$463,749	January 1, 2017
2005 Local Roadway Rehab (#CI19I)	0.00	144,591	January 1, 2018
E. 36th Street Rehab Phase II (#CI44J)	0.00	242,147	July 1, 2018
2006 Local Roadway Rehab (#CI09J)	0.00	225,000	January 1, 2019
2007 Local Roadway Rehab (#CI13K)	0.00	133,224	January 1, 2019
2008 Local Roadway Rehab (#CI33L)	0.00	447,645	January 1, 2020
2009 Local Roadway Rehab (#CI48M)	0.00	70,314	January 1, 2020
2008 Local Roadway Rehab (#CI11L)	0.00	44,611	January 1, 2021
2010 Local Roadway Rehab (#CI32N)	0.00	4,782	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
State Route 57 Reconstruction (#SB0505)	3.00	842,492	July 18, 2010
E. 36th Street Rehab Phase II (#SB060011)	3.00	449,506	October 25, 2014
2007 Local Roadway Rehab (#SB080001)	3.00	311,060	October 17, 2025
North Ridge Road Project(#SB090002)	3.00	74,815	January 30, 2019
Local Roadway Rehab and State Route 58 (#SB090007)	3.00	1,115,295	August 26, 2019
<i>Installment Loans:</i>			
Campana Park Baseball Field Construction	0.00	200,000	February 15, 2011
Fire Station Improvements	4.20	50,000	November 30, 2014
Lorain County Engineer - Tower Boulevard	0.00	503,332	April 30, 2019
Fire Department Vehicle	0.00	9,697	January 14, 2013
<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
<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
<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	21,818,864	July 1, 2028
2007 Brownell Avenue Waterline (#4775)	4.47	770,575	January 1, 2028
2009 Black River Tunnel Design (#5453)	3.20	2,777,864	July 1, 2015
2010 Pearl Avenue Water Mains (#5628)	3.84	1,295,318	July 1, 2026

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Changes in bonds and other long-term obligations of the City during 2010 were as follows:

	Principal Outstanding 12/31/09	Additions	Deletions	Principal Outstanding 12/31/10	Due Within One Year
Governmental Activities					
<i>General Obligation Bonds:</i>					
Various Purposes	\$935,000	\$0	\$180,000	\$755,000	\$135,000
Capital Purposes	460,000	0	95,000	365,000	100,000
Accrued Pension Fund Liability	1,500,000	0	70,000	1,430,000	70,000
Safety/Service Action Plan	6,690,000	0	365,000	6,325,000	380,000
Riverfront Urban Renewal Phase II & III	4,350,000	0	120,000	4,230,000	125,000
Park and Street Improvements	929,965	0	50,725	879,240	50,725
Energy Conservation	1,642,347	0	245,459	1,396,888	254,386
Lighthouse Urban Renewal Phase I	1,510,000	0	0	1,510,000	0
2007 Riverfront Urban Renewal Refunding	4,795,000	0	95,000	4,700,000	140,000
Unamortized Discount	(41,041)	0	(2,230)	(38,811)	0
Deferred Loss on Refunding	(242,206)	0	(12,739)	(229,467)	0
2007A Colorado Avenue	470,000	0	20,000	450,000	20,000
2007A US Route 6	700,000	0	40,000	660,000	45,000
2007B Heritage Urban Renewal	1,310,000	0	45,000	1,265,000	50,000
Unamortized Discount	(5,018)	0	(267)	(4,751)	0
2008 Pellet Terminal Improvement	5,350,000	0	155,000	5,195,000	165,000
Unamortized Discount	(68,758)	0	(3,664)	(65,094)	0
2010 Health Claims	0	5,000,000	0	5,000,000	205,000
Unamortized Premium	18,072	0	1,242	16,830	0
<i>Total General Obligation Bonds</i>	<u>30,303,361</u>	<u>5,000,000</u>	<u>1,463,526</u>	<u>33,839,835</u>	<u>1,740,111</u>
<i>Special Assessment Bonds with Government Commitment:</i>					
Park and Street Improvements	445,035	0	24,275	420,760	24,275
Street Improvement	390,000	0	5,000	385,000	10,000
Street Improvement	0	245,000	0	245,000	5,000
Unamortized Discount	0	(4,225)	(9)	(4,216)	0
Unamortized Premium	12,303	0	622	11,681	0
<i>Total Special Assessment Bonds</i>	<u>847,338</u>	<u>240,775</u>	<u>29,888</u>	<u>1,058,225</u>	<u>39,275</u>
<i>HUD Section 108 Loans</i>					
Community Development	1,125,000	0	125,000	1,000,000	125,000
Head Start	30,000	0	10,000	20,000	10,000
Head Start	330,000	0	110,000	220,000	110,000
Colorado Instrustrial Park	1,250,000	0	125,000	1,125,000	125,000
Land Acquisition	1,815,000	0	85,000	1,730,000	90,000
<i>Total HUD Section 108 Loans</i>	<u>4,550,000</u>	<u>0</u>	<u>455,000</u>	<u>4,095,000</u>	<u>460,000</u>
<i>Other Obligations</i>					
ODOD Urban Redevelopment Loans	2,296,943	0	0	2,296,943	49,542
OPWC Loans	2,751,664	111,550	320,089	2,543,125	345,988
ODOT State Infrastructure Bank Loans	2,170,151	167,273	456,846	1,880,578	176,851
Installment Loans	640,498	9,697	109,855	540,340	110,683
Capital Leases	2,107,916	16,716	558,419	1,566,213	581,830
Long Term Note	0	300,000	0	300,000	60,000
Pollution Remediation	821,774	24,653	0	846,427	0
Compensated Absences	7,485,814	892,053	1,911,161	6,466,706	1,059,605
<i>Total Governmental Activities</i>	<u>\$53,975,459</u>	<u>\$6,762,717</u>	<u>\$5,304,784</u>	<u>\$55,433,392</u>	<u>\$4,623,885</u>

City of Lorain, Ohio
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	Principal Outstanding 12/31/09	Additions	Deletions	Principal Outstanding 12/31/10	Due Within One Year
Business-Type Activities					
<i>General Obligation Bonds:</i>					
Various Purpose - Water	\$670,000	\$0	\$155,000	\$515,000	\$165,000
Energy Conservation - Water	48,508	0	7,250	41,258	7,514
Energy Conservation - Sewer	149,145	0	22,291	126,854	23,101
<i>Total General Obligation Bonds</i>	<u>867,653</u>	<u>0</u>	<u>184,541</u>	<u>683,112</u>	<u>195,615</u>
<i>Revenue Bonds:</i>					
Water System Revenue	4,670,000	0	565,000	4,105,000	600,000
Unamortized Discount	(47,723)	0	(7,632)	(40,091)	0
Sewer System Refunding Revenue	1,400,000	0	680,000	720,000	720,000
Unamortized Discount	(3,207)	0	(2,570)	(637)	0
Deferred Loss on Refunding	(69,337)	0	(55,495)	(13,842)	0
<i>Total Revenue Bonds</i>	<u>5,949,733</u>	<u>0</u>	<u>1,179,303</u>	<u>4,770,430</u>	<u>1,320,000</u>
<i>Ohio Water Development</i>					
<i>Authority Loans:</i>					
SE Sewer Intercept	273,976	0	178,728	95,248	95,248
East Erie Waterlines	1,395,151	0	108,358	1,286,793	114,318
E. 28th St./Pearl Ave. Relief Sewer	678,304	0	56,103	622,201	57,748
Colorado Ave./Root Rd. Waterline	311,004	0	20,529	290,475	21,807
Colorado/Root/E. Erie Waterline	1,774,117	0	128,658	1,645,459	134,355
Westside Waterline Replacement	1,655,535	0	111,873	1,543,662	117,124
Tacoma Avenue Relief Sewer	3,003,640	0	236,577	2,767,063	243,271
Idaho Avenue SSO Elimination	6,442,202	0	459,750	5,982,452	476,732
4W Waterline Replacement	3,251,361	0	70,916	3,180,445	74,434
Kay Drive Retention Basin	1,753,716	0	111,195	1,642,521	115,472
Amherst Township Relief Sewer	675,852	0	45,625	630,227	47,380
Pearl Road & Tacoma Pump Station	1,009,775	0	60,911	948,864	63,254
East Central Relief Sewer	3,064,349	0	145,575	2,918,774	152,333
Westside Relief Sewer	20,597,262	8,729	841,684	19,764,307	869,175
Brownell Avenue Waterline	720,444	0	26,778	693,666	27,988
Black River Tunnel Design	606,172	2,171,692	285,936	2,491,928	585,669
Pearl Avenuenue Water Main	0	1,295,318	0	1,295,318	63,085
<i>Total Ohio Water Development</i>					
<i>Authority Loans</i>	<u>47,212,860</u>	<u>3,475,739</u>	<u>2,889,196</u>	<u>47,799,403</u>	<u>3,259,393</u>
Capital Leases	198,665	0	60,519	138,146	74,317
Compensated Absences	1,117,779	102,181	201,463	1,018,497	100,331
<i>Total Business-Type Activities</i>	<u>\$55,346,690</u>	<u>\$3,577,920</u>	<u>\$4,515,022</u>	<u>\$54,409,588</u>	<u>\$4,949,656</u>

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

City of Lorain, Ohio
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For The Year Ended December 31, 2010

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

The bonds were sold at a discount of \$46,857. Proceeds of \$4,715,431 (after underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2000 Riverfront Urban Renewal Phase I bonds. As a result, \$4,440,000 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the basic financial statements. On December 31, 2010, \$3,955,000 of the defeased bonds is outstanding.

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

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

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

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

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

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

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2027	\$350,000

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

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

City of Lorain, Ohio
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For The Year Ended December 31, 2010

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

The City has pledged a portion of future motor vehicle gas tax revenues to repay \$1,747,195 in ODOT State infrastructure bank loans issued from 2006 to 2008, to finance the reconstruction and repair of local roadways. These loans are payable solely from the motor vehicle gas tax revenue in the streets fund and were projected to use approximately 40 percent of the available gas tax revenue over the life of the loans. Total principal and interest remaining on the loans is \$748,704, payable through 2017. Principal and interest payments for the current year were \$487,865 and total gas tax revenues were \$1,230,746.

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

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

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 2010 with the potential for additional costs in the future due to price increases. The City expects no recoveries to reduce the liability for the remediation.

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

The revenue and general obligation bonds for water improvements, OWDA water facility loans, and the capital lease for copiers/scanners will be paid from water user charges. The revenue refunding and 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 seventeen-year sewer system revenue refunding bonds, Series 1995, were issued for \$8,035,000 on October 1, 1995 at an average interest rate of 4.5 percent for the purpose of advance refunding \$9,420,000 of outstanding sewer system mortgage revenue refunding bonds, Series 1988. These bonds were issued at a discount of \$39,679. As of December 31, 2010, \$1,030,000 of the defeased debt was outstanding.

The sewer system revenue refunding, Series 1995, bonds mature annually on April 1. The Series 1995 bonds maturing on or after April 1, 2006 are subject to prior redemption, by and at the sole option of the

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2010

City, either in whole on any date or in part on any interest payment date on or after April 1, 2005, in integral multiples of \$5,000, at the following redemption prices (expressed as percentages of the principal amount redeemed), plus accrued interest to the redemption date shown below:

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

In conjunction with the issuance of the sewer system revenue refunding bonds and the requirements of the indenture agreement, the City entered into a trust agreement with a commercial bank. The trust agreement requires that the City establish various funds for the construction, replacement, and repayment of debt relating to the advance refunding of the City's outstanding sewer system mortgage revenue refunding bonds, Series 1995. The restricted assets balance in the water pollution fund segregates funds held by the trustees in accordance with the trust agreement. Restricted assets relating to the refunding bonds consisted of the following at December 31, 2010:

Restricted assets held by the Trustee	
Revenue Bond Current Debt Service	\$1,525,748
Restricted assets held by the City	
Utility Reserve Fund	1,033,562
Replacement and Improvement Fund	150,000

The sewer system refunding bonds, Series 1995 had a balance at December 31, 2010 of \$719,363 net of the unamortized discount. The refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt of \$856,910. This difference, reported as a deduction from bonds payable, is being charged to interest through fiscal year 2011.

The City has pledged future revenues to repay revenue bonds and OWDA loans in the Water Pollution Control fund. The debt is payable solely from net revenues and is payable through 2028. Net revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the bonds are expected to require less than 69 percent of net revenues and less than 36 percent of total revenues. The total principal and interest remaining to be paid on the bonds and loans is \$49,795,392. Principal and interest payments for the current year were \$4,562,483, net revenues were \$6,622,509, and total revenues were \$12,582,991.

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

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

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For The Year Ended December 31, 2010

In conjunction with the issuance of the water revenue bonds and the requirements of the indenture agreement, the City entered into a trust agreement with a commercial bank. The trust agreement requires that the City establish various funds for the construction, replacement, and repayment of debt relating to the construction and improvement of the water system. The restricted assets balance in the water fund segregates funds held by the trustees in accordance with the trust agreement. Restricted assets relating to the revenue bonds consisted of the following at December 31, 2010:

Restricted assets held by the Trustee	
Revenue Bond Current Debt Service	\$1,301,227
Restricted assets held by the City	
Utility Reserve Fund	375,043
Replacement and Improvement Fund	150,000

The water revenue bonds, Series 1995, had a balance at December 31, 2010 of \$4,064,909 net of the unamortized discount.

The City has pledged future revenues to repay revenue bonds and OWDA loans in the Water Works fund. The debt is payable solely from net revenues and is payable through 2034. Net revenues include all revenues received by the water utility less all operating expenses other than depreciation expense. Annual principal and interest payments on the bonds are expected to require less than 64 percent of net revenues and less than 20 percent of total revenues. The total principal and interest remaining to be paid on the bonds and loans is \$19,302,044. Principal and interest payments for the current year were \$1,698,115, net revenues were \$2,648,173, and total revenues were \$8,361,324.

The City's overall legal debt margin was \$71,871,057 at December 31, 2010. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2010 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
2011	\$1,740,111	\$1,762,348	\$39,275	\$57,573	\$460,000	\$276,334	\$49,542	\$22,969
2012	1,941,881	1,680,170	45,893	56,413	465,000	251,698	201,913	70,595
2013	2,045,270	1,588,350	50,893	54,451	306,000	226,132	208,039	63,959
2014	2,022,577	1,490,448	52,511	52,136	308,000	199,635	214,350	57,121
2015	2,124,347	1,392,899	54,129	49,673	313,000	180,612	220,854	50,076
2016-2020	8,958,315	5,532,284	301,686	207,814	1,525,000	600,620	1,208,935	136,989
2021-2025	10,273,627	2,999,749	296,373	119,930	718,000	157,938	193,310	3,116
2026-2030	4,490,000	624,886	210,000	39,062	0	0	0	0
2031-2035	565,000	38,475	0	0	0	0	0	0
Total	<u>\$34,161,128</u>	<u>\$17,109,609</u>	<u>\$1,050,760</u>	<u>\$637,052</u>	<u>\$4,095,000</u>	<u>\$1,892,969</u>	<u>\$2,296,943</u>	<u>\$404,825</u>

City of Lorain, Ohio
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Years	OPWC	ODOT		Installment Loans		Operating Note		Total	
	Loans	State Infrastructure Bank Loans	Bank Loans	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$345,988	\$176,851	\$20,551	\$110,683	\$1,200	\$60,000	\$21,000	\$2,982,450	\$2,161,975
2012	346,955	260,774	49,171	60,986	898	60,000	16,800	3,383,402	2,125,745
2013	336,226	268,656	41,289	58,608	583	60,000	12,600	3,333,692	1,987,364
2014	322,666	276,776	33,168	58,397	255	60,000	8,400	3,315,277	1,841,163
2015	272,657	186,926	25,534	50,333	0	60,000	4,200	3,282,246	1,702,994
2016-2020	852,545	710,595	45,905	201,333	0	0	0	13,758,409	6,523,612
2021-2025	66,088	0	0	0	0	0	0	11,547,398	3,280,733
2026-2030	0	0	0	0	0	0	0	4,700,000	663,948
2031-2035	0	0	0	0	0	0	0	565,000	38,475
Total	\$2,543,125	\$1,880,578	\$215,618	\$540,340	\$2,936	\$300,000	\$63,000	\$46,867,874	\$20,326,009

Business-Type Activities:

Years	General Obligation			
	Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$195,615	\$36,411	\$1,320,000	\$218,020
2012	202,226	25,757	630,000	165,880
2013	213,837	14,749	665,000	132,210
2014	34,911	3,107	700,000	96,720
2015	36,523	1,589	735,000	59,410
2016-2020	0	0	775,000	20,150
Total	\$683,112	\$81,613	\$4,825,000	\$692,390

Years	OWDA Loans		Total Business-Type Activities	
	Principal	Interest	Principal	Interest
2011	\$1,741,464	\$1,040,648	\$3,257,079	\$1,295,079
2012	1,712,218	971,968	2,544,444	1,163,605
2013	1,780,970	903,217	2,659,807	1,050,176
2014	1,852,590	831,596	2,587,501	931,423
2015	1,927,203	756,983	2,698,726	817,982
2016-2020	10,646,554	2,551,567	11,421,554	2,571,717
2021-2025	2,896,668	880,956	2,896,668	880,956
2025-2030	960,599	303,647	960,599	303,647
2031-2035	729,584	73,229	729,584	73,229
Total	\$24,247,850	\$8,313,811	\$29,755,962	\$9,087,814

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,

City of Lorain, Ohio
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For The Year Ended December 31, 2010

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, 2010</u>
<i>Water Works:</i>	
Pearl Avenue Water Main	\$1,295,318
<i>Water Pollution Control:</i>	
Westside Relief Sewer	19,764,307
Black River Tunnel Design	<u>2,491,928</u>
Total Loans not Finalized	<u><u>\$23,551,553</u></u>

Note 12 - Capital Leases

During 2010, the City entered into a lease for the acquisition of fax/printer/copier/scanner for the engineering department of the City. 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.

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
<i>Capital Assets, Being Depreciated:</i>		
Machinery and Equipment	\$4,453,801	\$503,820
Less Accumulated Depreciation:		
Machinery and Equipment	<u>(1,120,906)</u>	<u>(114,514)</u>
<i>Capital Assets, Net</i>	<u><u>\$3,332,895</u></u>	<u><u>\$389,306</u></u>

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, 2010:

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Notes to The Basic Financial Statements
For The Year Ended December 31, 2010

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2011	\$649,412	\$71,762
2012	640,617	77,387
2013	204,930	10,440
2014	200,637	9,570
2015	1,344	0
Total Minimum Lease Payments	1,696,940	169,159
Less: Amount Representing Interest	(130,727)	(31,013)
Present Value of Minimum Lease Payments	<u>\$1,566,213</u>	<u>\$138,146</u>

Note 13 - Compensated Absences

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

Note 14 - Defined Benefit Pension Plans

A. Ohio Public Employee Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, 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 writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered

City of Lorain, Ohio
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For The Year Ended December 31, 2010

payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The City's 2010 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.87 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 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. 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, 2010, 2009, and 2008 were \$1,221,743, \$1,211,710, and \$989,277, respectively. For 2010, 91.52 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008. Contributions to the Member-Directed Plan for 2010 were \$28,329 made by the City and \$20,235 made by plan members.

B. Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability 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 \$728,679 and \$800,715 for the year ended December 31, 2010, \$744,220 and \$831,534 for the year ended December 31, 2009, and \$795,343 and \$814,490 for the year ended December 31, 2008, respectively. For 2010, 76.80 percent for police and 77.18 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 2009 and 2008.

Note 15 - Post Employment Benefits

A. 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 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 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

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 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

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.

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2010

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$708,050, \$899,140, and \$1,119,561, respectively. For 2010, 91.74 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

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. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium 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, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2010

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 \$385,679 and \$313,401 for the year ended December 31, 2010, \$393,905 and \$325,463 for the year ended December 31, 2009, and \$420,964 and \$318,793 for the year ended December 31, 2008. For 2010, 76.80 percent has been contributed for police and 77.18 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 2009 and 2008.

Note 16 – Contractual Commitments

As of December 31, 2010, the open construction contracts for the water department and the water pollution control department were \$1,011,803 and \$3,716,402 respectively.

The water department open construction contracts include \$559,419 with Fechko Excavating for the construction of the Pearl Avenue water mains, \$249,500 with CT Consultants for engineering services and construction oversight of the 28th Street waterline project and \$178,000 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 \$1,541,796 and Malcolm-Pirnie in the amount of \$520,000 for engineering and construction oversight on the project. For the design of the Black River wastewater storage and conveyance tunnel the City has an open contract in the amount of \$494,296 with Malcolm-Pirnie. For facility improvements to the Philip Q. Maiorana sewage treatment plant the City has an open contract with ABC Piping Co. for \$493,400 and for brownfield assessment an open contract with Malcolm-Pirnie for \$386,000.

The City also had an open construction contract with Smith Paving and Excavating, Inc. for the repair and replacement of local roadways in the amount of \$820,989. In addition the City had an open construction contract with The Shelly Co. for the rehabilitation of Oberlin Avenue for \$356,531 and \$174,155 with Barbicas Construction for the rehabilitation of South Broadway Avenue.

Note 17 – 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. Each participant's degree of control is limited to its representation on the board. During 2010, 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 2010. The City received a grant in the amount of \$472,680 from NOPEC in 2010 for general fund purposes. 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 18 - Related Organization

Lorain Port Authority

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

Note 19 – Shared Risk Pool

Public Entity Risk Consortium (PERC)

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

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2010

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 2010, the City made payments in the amount of \$485,356 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 20 - Interfund Transfers and Balances

A. Transfers

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

A transfer was made from the community development fund to the general fund for the purpose of reimbursement of expenses for an economic development 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 capital improvements fund transferred the remaining excess special assessment bond funds to the special assessment bond retirement fund.

The general sewer fund transferred monies to the capital improvements fund and 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 community development 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, 2010 were as follows:

<u>Transfer To</u>	Transfer From						<u>Totals</u>
	Governmental Activities				Business-Type Activities		
	General	Community Development	Capital Improvements	Nonmajor	Water Works	Water Pollution Control	
<u>Governmental Activities</u>							
General	\$0	\$50,000	\$0	\$0	\$0	\$0	\$50,000
Community Development							
Block Grant	50,000	0	0	0	50,000	50,000	150,000
General Obligation							
Bond Retirement	736,044	98,290	0	487,864	0	0	1,322,198
Capital Improvements	50,334	0	0	34,780	0	0	85,114
Nonmajor Funds	399,424	0	36,001	525,505	0	0	960,930
Total	\$1,235,802	\$148,290	\$36,001	\$1,048,149	\$50,000	\$50,000	\$2,568,242

City of Lorain, Ohio
Notes to The Basic Financial Statements
For The Year Ended December 31, 2010

B. Balances

The interfund balances as of December 31, 2010 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	\$34,988	\$1,620	\$205,869	\$25,980	\$268,457
Community Development	0	0	199	395	528	1,122
Nonmajor	441,757	0	0	0	46,566	488,323
<i>Total Governmental Activities</i>	<u>441,757</u>	<u>34,988</u>	<u>1,819</u>	<u>206,264</u>	<u>73,074</u>	<u>757,902</u>
Business-Type Activities						
Water Works	0	0	0	0	19,060	19,060
Water Pollution Control	0	0	0	0	11,452	11,452
<i>Total Business-Type Activities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,512</u>	<u>30,512</u>
<i>Total</i>	<u>\$441,757</u>	<u>\$34,988</u>	<u>\$1,819</u>	<u>\$206,264</u>	<u>\$103,586</u>	<u>\$788,414</u>

Note 21 - Litigation

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

Note 22 - Subsequent Event

On August 3, 2011 the City issued a \$1,010,000 general obligation combination bond for the purpose of retiring a portion of outstanding bond anticipation notes issued to pay both the property owner's and the City's portion of street improvements within the City.



**Combining and Individual Fund Statements
and Schedules**

Fund Descriptions - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

Streets Fund

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

Permissive License Fund

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

Health Services Fund

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

Litter Control Fund

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

Police Levy Fund

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

Mandatory Drug Fund

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

Police Pension Fund

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

Fire Pension Fund

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

Indigent Drivers Fund

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

Park Land Fund

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

Cemetery Fund

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

(continued)

Fund Descriptions - Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

Law Enforcement Fund

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

Municipal Court Computer Fund

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

Legal Research Fund

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

Municipal Court Security Fund

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

Municipal Court Probation Fund

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

Nonmajor Debt Service Fund

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

Special Assessment Bond Retirement Fund

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

Nonmajor Capital Projects Funds

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

General Sewer Fund

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

Municipal Court Improvements Fund

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

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,960,505	\$1,583	\$343,868	\$2,305,956
Accounts Receivable	0	0	41,015	41,015
Materials and Supplies Inventory	189,720	0	0	189,720
Interfund Receivable	31,410	0	3,578	34,988
Intergovernmental Receivable	1,127,974	0	0	1,127,974
Prepaid Items	12,600	0	182	12,782
Municipal Income Taxes Receivable	320,951	0	0	320,951
Property Taxes Receivable	558,860	0	0	558,860
Special Assessment Receivable	0	829,933	0	829,933
<i>Total Assets</i>	<u>\$4,202,020</u>	<u>\$831,516</u>	<u>\$388,643</u>	<u>\$5,422,179</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$131,153	\$0	\$12,331	\$143,484
Contracts Payable	0	0	7,600	7,600
Accrued Wages and Benefits	128,710	0	2,909	131,619
Matured Compensated Absences Payable	24,844	0	0	24,844
Intergovernmental Payable	125,028	0	3,129	128,157
Interfund Payable	488,323	0	0	488,323
Accrued Interest Payable	7,265	0	1,063	8,328
Deferred Revenue	1,386,957	829,933	0	2,216,890
<i>Total Liabilities</i>	<u>2,292,280</u>	<u>829,933</u>	<u>27,032</u>	<u>3,149,245</u>
Fund Balances				
Reserved for Encumbrances	152,618	0	13,552	166,170
Unreserved, Undesignated				
Special Revenue Funds	1,757,122	0	0	1,757,122
Debt Service Fund	0	1,583	0	1,583
Capital Projects Funds	0	0	348,059	348,059
<i>Total Fund Balances</i>	<u>1,909,740</u>	<u>1,583</u>	<u>361,611</u>	<u>2,272,934</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,202,020</u>	<u>\$831,516</u>	<u>\$388,643</u>	<u>\$5,422,179</u>

City of Lorain, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$511,818	\$0	\$0	\$511,818
Municipal Income Taxes	2,100,072	0	0	2,100,072
Charges for Services	337,755	0	630,259	968,014
Licenses and Permits	301,061	0	0	301,061
Fines and Forfeitures	498,469	0	60,179	558,648
Intergovernmental	2,873,871	0	0	2,873,871
Special Assessments	0	48,019	0	48,019
Interest	0	0	1,106	1,106
Miscellaneous	17,099	0	0	17,099
<i>Total Revenues</i>	<u>6,640,145</u>	<u>48,019</u>	<u>691,544</u>	<u>7,379,708</u>
Expenditures				
Current:				
General Government	237,352	0	0	237,352
Security of Persons and Property	2,167,379	0	0	2,167,379
Transportation	2,313,133	0	0	2,313,133
Public Health	1,096,706	0	0	1,096,706
Community Environment	89,275	0	0	89,275
Capital Outlay	0	0	197,142	197,142
Debt Service:				
Principal Retirement	514,460	29,275	53,151	596,886
Interest and Fiscal Charges	233,035	53,162	5,795	291,992
<i>Total Expenditures</i>	<u>6,651,340</u>	<u>82,437</u>	<u>256,088</u>	<u>6,989,865</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(11,195)</u>	<u>(34,418)</u>	<u>435,456</u>	<u>389,843</u>
Other Financing Sources (Uses)				
Transfers In	924,929	36,001	0	960,930
Transfers Out	(487,864)	0	(560,285)	(1,048,149)
<i>Total Other Financing Sources (Uses)</i>	<u>437,065</u>	<u>36,001</u>	<u>(560,285)</u>	<u>(87,219)</u>
<i>Net Change in Fund Balances</i>	425,870	1,583	(124,829)	302,624
<i>Fund Balances Beginning of Year</i>	<u>1,483,870</u>	<u>0</u>	<u>486,440</u>	<u>1,970,310</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,909,740</u></u>	<u><u>\$1,583</u></u>	<u><u>\$361,611</u></u>	<u><u>\$2,272,934</u></u>

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

	Streets	Permissive License	Health Services	Litter Control	Police Levy
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,179	\$97,528	\$5,279	\$111,699	\$497,324
Materials and Supplies Inventory	131,699	0	8,638	0	49,383
Interfund Receivable	0	0	0	0	0
Intergovernmental Receivable	927,792	22,556	142,626	0	0
Prepaid Items	849	0	4,303	0	3,299
Municipal Income Taxes Receivable	0	0	0	0	320,951
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$1,061,519</u>	<u>\$120,084</u>	<u>\$160,846</u>	<u>\$111,699</u>	<u>\$870,957</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$26,612	\$12,347	\$3,004	\$425	\$72,905
Accrued Wages and Benefits	49,256	0	34,462	0	33,882
Matured Compensated Absences Payable	34	0	24,810	0	0
Intergovernmental Payable	46,859	0	33,609	0	34,707
Interfund Payable	43,207	0	59	0	3,300
Accrued Interest Payable	7,232	0	33	0	0
Deferred Revenue	596,843	0	132,685	0	63,569
<i>Total Liabilities</i>	<u>770,043</u>	<u>12,347</u>	<u>228,662</u>	<u>425</u>	<u>208,363</u>
Fund Balances					
Reserved for Encumbrances	2,381	41,685	413	1,064	99,986
Unreserved, Undesignated (Deficit)	289,095	66,052	(68,229)	110,210	562,608
<i>Total Fund Balances (Deficit)</i>	<u>291,476</u>	<u>107,737</u>	<u>(67,816)</u>	<u>111,274</u>	<u>662,594</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,061,519</u>	<u>\$120,084</u>	<u>\$160,846</u>	<u>\$111,699</u>	<u>\$870,957</u>

Mandatory Drug	Police Pension	Fire Pension	Indigent Drivers	Park Land	Cemetery	Law Enforcement
\$10,172	\$0	\$0	\$90,962	\$14,103	\$2,558	\$860,200
0	0	0	0	0	0	0
0	0	0	3,388	0	0	0
0	17,500	17,500	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	279,430	279,430	0	0	0	0
<u>\$10,172</u>	<u>\$296,930</u>	<u>\$296,930</u>	<u>\$94,350</u>	<u>\$14,103</u>	<u>\$2,558</u>	<u>\$860,200</u>
\$303	\$0	\$0	\$14,322	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	319	0	0	0
0	228,058	213,699	0	0	0	0
0	0	0	0	0	0	0
0	296,930	296,930	0	0	0	0
<u>303</u>	<u>524,988</u>	<u>510,629</u>	<u>14,641</u>	<u>0</u>	<u>0</u>	<u>0</u>
1,200	0	0	0	0	0	0
8,669	(228,058)	(213,699)	79,709	14,103	2,558	860,200
<u>9,869</u>	<u>(228,058)</u>	<u>(213,699)</u>	<u>79,709</u>	<u>14,103</u>	<u>2,558</u>	<u>860,200</u>
<u>\$10,172</u>	<u>\$296,930</u>	<u>\$296,930</u>	<u>\$94,350</u>	<u>\$14,103</u>	<u>\$2,558</u>	<u>\$860,200</u>

(continued)

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2010

	Municipal Court Computer	Legal Research	Municipal Court Security	Municipal Court Probation	Total Nonmajor Special Revenue Funds
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$104,286	\$73,501	\$55,865	\$35,849	\$1,960,505
Materials and Supplies Inventory	0	0	0	0	189,720
Interfund Receivable	4,448	507	12,857	10,210	31,410
Intergovernmental Receivable	0	0	0	0	1,127,974
Prepaid Items	4,149	0	0	0	12,600
Municipal Income Taxes Receivable	0	0	0	0	320,951
Property Taxes Receivable	0	0	0	0	558,860
<i>Total Assets</i>	<u>\$112,883</u>	<u>\$74,008</u>	<u>\$68,722</u>	<u>\$46,059</u>	<u>\$4,202,020</u>
 Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$1,235	\$0	\$0	\$0	\$131,153
Accrued Wages and Benefits	2,703	0	3,640	4,767	128,710
Matured Compensated Absences Payable	0	0	0	0	24,844
Intergovernmental Payable	2,535	0	2,950	4,049	125,028
Interfund Payable	0	0	0	0	488,323
Accrued Interest Payable	0	0	0	0	7,265
Deferred Revenue	0	0	0	0	1,386,957
<i>Total Liabilities</i>	<u>6,473</u>	<u>0</u>	<u>6,590</u>	<u>8,816</u>	<u>2,292,280</u>
 Fund Balances					
Reserved for Encumbrances	1,769	4,120	0	0	152,618
Unreserved, Undesignated (Deficit)	104,641	69,888	62,132	37,243	1,757,122
<i>Total Fund Balances (Deficit)</i>	<u>106,410</u>	<u>74,008</u>	<u>62,132</u>	<u>37,243</u>	<u>1,909,740</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$112,883</u>	<u>\$74,008</u>	<u>\$68,722</u>	<u>\$46,059</u>	<u>\$4,202,020</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, 2010

	Streets	Permissive License	Health Services	Litter Control	Police Levy
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0	2,100,072
Charges for Services	0	0	337,755	0	0
Licenses and Permits	0	0	301,061	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	2,191,996	250,691	335,638	0	13,621
Miscellaneous	1,310	0	0	9,672	6,117
<i>Total Revenues</i>	<u>2,193,306</u>	<u>250,691</u>	<u>974,454</u>	<u>9,672</u>	<u>2,119,810</u>
Expenditures					
Current:					
General Government	0	0	0	0	0
Security of Persons and Property	0	0	0	0	1,350,399
Transportation	2,127,440	185,693	0	0	0
Public Health	0	0	1,096,706	0	0
Community Environment	0	0	0	89,275	0
Debt Service:					
Principal Retirement	255,456	0	9,004	0	180,000
Interest and Fiscal Charges	39,779	0	2,064	0	111,395
<i>Total Expenditures</i>	<u>2,422,675</u>	<u>185,693</u>	<u>1,107,774</u>	<u>89,275</u>	<u>1,641,794</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(229,369)</u>	<u>64,998</u>	<u>(133,320)</u>	<u>(79,603)</u>	<u>478,016</u>
Other Financing Sources (Uses)					
Transfers In	778,845	0	146,084	0	0
Transfers Out	(487,864)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>290,981</u>	<u>0</u>	<u>146,084</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	61,612	64,998	12,764	(79,603)	478,016
Fund Balances (Deficit)					
<i>Beginning of Year</i>	<u>229,864</u>	<u>42,739</u>	<u>(80,580)</u>	<u>190,877</u>	<u>184,578</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$291,476</u>	<u>\$107,737</u>	<u>(\$67,816)</u>	<u>\$111,274</u>	<u>\$662,594</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, 2010

	Mandatory Drug	Police Pension	Fire Pension	Indigent Drivers	Park Land
Revenues					
Property Taxes	\$0	\$255,909	\$255,909	\$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	6,161	0	0	29,160	0
Intergovernmental	0	40,965	40,960	0	0
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>6,161</u>	<u>296,874</u>	<u>296,869</u>	<u>29,160</u>	<u>0</u>
Expenditures					
Current:					
General Government	0	0	0	53,945	0
Security of Persons and Property	5,665	276,718	198,160	0	0
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	27,929	51,868	0	0
<i>Total Expenditures</i>	<u>5,665</u>	<u>329,147</u>	<u>295,528</u>	<u>53,945</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>496</u>	<u>(32,273)</u>	<u>1,341</u>	<u>(24,785)</u>	<u>0</u>
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	496	(32,273)	1,341	(24,785)	0
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>9,373</u>	<u>(195,785)</u>	<u>(215,040)</u>	<u>104,494</u>	<u>14,103</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$9,869</u></u>	<u><u>(\$228,058)</u></u>	<u><u>(\$213,699)</u></u>	<u><u>\$79,709</u></u>	<u><u>\$14,103</u></u>

Cemetery	Law Enforcement	Municipal Court Computer	Legal Research	Municipal Court Security	Municipal Court Probation	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$511,818
0	0	0	0	0	0	2,100,072
0	0	0	0	0	0	337,755
0	0	0	0	0	0	301,061
0	138,900	46,977	5,698	132,170	139,403	498,469
0	0	0	0	0	0	2,873,871
0	0	0	0	0	0	17,099
0	138,900	46,977	5,698	132,170	139,403	6,640,145
0	0	101,805	5,093	76,509	0	237,352
0	231,125	0	0	0	105,312	2,167,379
0	0	0	0	0	0	2,313,133
0	0	0	0	0	0	1,096,706
0	0	0	0	0	0	89,275
0	0	0	0	0	0	514,460
0	0	0	0	0	0	233,035
0	231,125	101,805	5,093	76,509	105,312	6,651,340
0	(92,225)	(54,828)	605	55,661	34,091	(11,195)
0	0	0	0	0	0	924,929
0	0	0	0	0	0	(487,864)
0	0	0	0	0	0	437,065
0	(92,225)	(54,828)	605	55,661	34,091	425,870
2,558	952,425	161,238	73,403	6,471	3,152	1,483,870
<u>\$2,558</u>	<u>\$860,200</u>	<u>\$106,410</u>	<u>\$74,008</u>	<u>\$62,132</u>	<u>\$37,243</u>	<u>\$1,909,740</u>

City of Lorain, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2010

	General Sewer	Municipal Court Improvements	Total Nonmajor Capital Projects Funds
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$294,113	\$49,755	\$343,868
Accounts Receivable	41,015	0	41,015
Interfund Receivable	0	3,578	3,578
Prepaid Items	0	182	182
<i>Total Assets</i>	<u>\$335,128</u>	<u>\$53,515</u>	<u>\$388,643</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$11,498	\$833	\$12,331
Accrued Wages and Benefits	0	2,909	2,909
Contracts Payable	7,600	0	7,600
Intergovernmental Payable	0	3,129	3,129
Accrued Interest Payable	1,063	0	1,063
<i>Total Liabilities</i>	<u>20,161</u>	<u>6,871</u>	<u>27,032</u>
Fund Balances			
Reserved for Encumbrances	11,008	2,544	13,552
Unreserved, Undesignated	303,959	44,100	348,059
<i>Total Fund Balances</i>	<u>314,967</u>	<u>46,644</u>	<u>361,611</u>
 <i>Total Liabilities and Fund Balances</i>	 <u>\$335,128</u>	 <u>\$53,515</u>	 <u>\$388,643</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, 2010

	General Sewer	Municipal Court Improvements	Total Nonmajor Capital Projects Funds
Revenues			
Charges for Services	\$630,259	\$0	\$630,259
Fines and Forfeitures	0	60,179	60,179
Interest	0	1,106	1,106
<i>Total Revenues</i>	<u>630,259</u>	<u>61,285</u>	<u>691,544</u>
Expenditures			
Capital Outlay	133,318	63,824	197,142
Debt Service:			
Principal Retirement	53,151	0	53,151
Interest and Fiscal Charges	5,795	0	5,795
<i>Total Expenditures</i>	<u>192,264</u>	<u>63,824</u>	<u>256,088</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	437,995	(2,539)	435,456
Other Financing Uses			
Transfers Out	(560,285)	0	(560,285)
<i>Net Change in Fund Balances</i>	(122,290)	(2,539)	(124,829)
<i>Fund Balances Beginning of Year</i>	<u>437,257</u>	<u>49,183</u>	<u>486,440</u>
<i>Fund Balances End of Year</i>	<u>\$314,967</u>	<u>\$46,644</u>	<u>\$361,611</u>

Fund Descriptions – Internal Service Funds

Internal Service Funds

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

Garage Fund

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

Hospitalization Fund

This fund accounts for the hospital/medical, 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, 2010

	<u>Garage</u>	<u>Hospitalization</u>	<u>Total Internal Service Funds</u>
Assets			
<i>Current Assets</i>			
Equity in Pooled Cash and Cash Equivalents	\$97,528	\$1,644,191	\$1,741,719
Materials and Supplies Inventory	870,947	0	870,947
Interfund Receivable	103,586	0	103,586
Prepaid Items	2,308	0	2,308
<i>Total Current Assets</i>	<u>1,074,369</u>	<u>1,644,191</u>	<u>2,718,560</u>
<i>Noncurrent Assets</i>			
Unamortized Bond Issuance Costs	0	113,634	113,634
Depreciable Capital Assets, Net	189,567	0	189,567
<i>Total Noncurrent Assets</i>	<u>189,567</u>	<u>113,634</u>	<u>303,201</u>
<i>Total Assets</i>	<u>1,263,936</u>	<u>1,757,825</u>	<u>3,021,761</u>
Liabilities			
<i>Current Liabilities</i>			
Accounts Payable	61,185	0	61,185
Accrued Wages and Benefits	21,371	1,198	22,569
Intergovernmental Payable	22,062	829	22,891
Claims Payable	0	369,502	369,502
Compensated Absences Payable	25,349	0	25,349
Bonds Payable	20,516	205,000	225,516
<i>Total Current Liabilities</i>	<u>150,483</u>	<u>576,529</u>	<u>727,012</u>
<i>Long-Term Liabilities (Net of Current Portion)</i>			
Compensated Absences Payable	65,797	6,984	72,781
Bonds Payable	92,143	4,795,000	4,887,143
<i>Total Long-Term Liabilities</i>	<u>157,940</u>	<u>4,801,984</u>	<u>4,959,924</u>
<i>Total Liabilities</i>	<u>308,423</u>	<u>5,378,513</u>	<u>5,686,936</u>
Net Assets			
Invested in capital assets, net of related debt	76,908	0	76,908
Unrestricted (Deficit)	878,605	(3,620,688)	(2,742,083)
<i>Total Net Assets (Deficit)</i>	<u>\$955,513</u>	<u>(\$3,620,688)</u>	<u>(\$2,665,175)</u>

City of Lorain, Ohio
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2010

	<u>Garage</u>	<u>Hospitalization</u>	<u>Total Internal Service Funds</u>
Operating Revenues			
Charges for Services	\$1,659,861	\$547,780	\$2,207,641
Miscellaneous	0	2,204	2,204
<i>Total Operating Revenues</i>	<u>1,659,861</u>	<u>549,984</u>	<u>2,209,845</u>
Operating Expenses			
Personal Services	464,318	20,689	485,007
Materials and Supplies	886,980	0	886,980
Contractual Services	2,880	0	2,880
Claims	0	3,970,253	3,970,253
Other Operating Expenses	3,730	0	3,730
Depreciation	4,924	0	4,924
<i>Total Operating Expenses</i>	<u>1,362,832</u>	<u>3,990,942</u>	<u>5,353,774</u>
<i>Operating Income (Loss)</i>	297,029	(3,440,958)	(3,143,929)
Non-Operating Expenses			
Interest and Fiscal Charges	(5,762)	(157,212)	(162,974)
<i>Change in Net Assets</i>	291,267	(3,598,170)	(3,306,903)
<i>Net Assets (Deficit) Beginning of Year</i>	<u>664,246</u>	<u>(22,518)</u>	<u>641,728</u>
<i>Net Assets (Deficit) End of Year</i>	<u><u>\$955,513</u></u>	<u><u>(\$3,620,688)</u></u>	<u><u>(\$2,665,175)</u></u>

City of Lorain, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2010

	<u>Garage</u>	<u>Hospitalization</u>	<u>Total Internal Service Funds</u>
Increase in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Transactions with Other Funds	\$1,675,822	\$547,780	\$2,223,602
Cash Payments for Goods and Services	(1,021,652)	0	(1,021,652)
Cash Payments for Employee Services and Benefits	(524,954)	(19,536)	(544,490)
Cash Payments for Claims	0	(3,938,477)	(3,938,477)
Other Operating Revenues	0	2,204	2,204
<i>Net Cash Provided By (Used for) Operating Activities</i>	<u>129,216</u>	<u>(3,408,029)</u>	<u>(3,278,813)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(6,130)	0	(6,130)
Proceeds of Bonds	0	5,000,000	5,000,000
Bond Issuance Costs	0	(116,800)	(116,800)
Principal Paid on Bonds	(19,796)	0	(19,796)
Interest Paid on Bonds	(5,762)	(154,046)	(159,808)
<i>Net Cash Provided By (Used for) Capital and Related Financing Activities</i>	<u>(31,688)</u>	<u>4,729,154</u>	<u>4,697,466</u>
Net Increase in Cash and Cash Equivalents	97,528	1,321,125	1,418,653
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>0</u>	<u>323,066</u>	<u>323,066</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$97,528</u>	<u>\$1,644,191</u>	<u>\$1,741,719</u>

(continued)

City of Lorain, Ohio
Combining Statement of Cash Flows
Internal Service Funds (continued)
For the Year Ended December 31, 2010

	Garage	Hospitalization	Total Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	\$297,029	(\$3,440,958)	(\$3,143,929)
<i>Adjustments:</i>			
Depreciation	4,924	0	4,924
<i>(Increase) Decrease in Assets:</i>			
Interfund Receivable	15,961	0	15,961
Materials and Supplies Inventory	(131,819)	0	(131,819)
Prepaid Items	(225)	0	(225)
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	(2,522)	0	(2,522)
Accrued Wages and Benefits	8,263	642	8,905
Claims Payable	0	31,776	31,776
Interfund Payable	(57,148)	0	(57,148)
Compensated Absences Payable	1,753	690	2,443
Intergovernmental Payable	(7,000)	(179)	(7,179)
<i>Total Adjustments</i>	(167,813)	32,929	(134,884)
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$129,216	(\$3,408,029)	(\$3,278,813)

Fund Descriptions - Agency Funds

Fiduciary Funds

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

Agency Funds

Street Excavation Fund

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

Allotment Improvement Fund

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

Deposits Held Fund

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

Contracts Trust Fund

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

Vital Statistics Fund

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

Flexible Spending Fund

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

County User Fee Fund

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

State Highway Patrol Fund

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

City of Lorain, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2010

	Beginning Balance 12/31/09	Additions	Deductions	Ending Balance 12/31/10
<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	\$37,255	\$6,847	\$2,040	\$42,062
Liabilities				
Deposits Held and Due to Others	\$37,255	\$6,847	\$2,040	\$42,062
 <i>Deposits Held</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$177,819	\$107,831	\$140,938	\$144,712
Liabilities				
Deposits Held and Due to Others	\$177,819	\$107,831	\$140,938	\$144,712
 <i>Contracts Trust</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$8,929	\$1,160	\$1,518	\$8,571
Liabilities				
Deposits Held and Due to Others	\$8,929	\$1,160	\$1,518	\$8,571
 <i>Vital Statistics</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$24,594	\$100,649	\$100,756	\$24,487
Liabilities				
Deposits Held and Due to Others	\$24,594	\$100,649	\$100,756	\$24,487

(continued)

City of Lorain, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds (continued)
For the Year Ended December 31, 2010

	Beginning Balance 12/31/09	Additions	Deductions	Ending Balance 12/31/10
<i>Flexible Spending</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$6,367	\$140,303	\$144,022	\$2,648
Liabilities				
Deposits Held and Due to Others	\$6,367	\$140,303	\$144,022	\$2,648
<i>County User Fee</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$59	\$57,313	\$49,546	\$7,826
Liabilities				
Deposits Held and Due to Others	\$59	\$57,313	\$49,546	\$7,826
<i>State Highway Patrol</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$26,301	\$23,341	\$2,960
Liabilities				
Deposits Held and Due to Others	\$0	\$26,301	\$23,341	\$2,960
<i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$266,833	\$440,404	\$462,161	\$245,076
Liabilities				
Deposits Held and Due to Others	\$266,833	\$440,404	\$462,161	\$245,076

**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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Property Taxes	\$2,570,010	\$2,570,010	\$2,581,689	\$11,679
Municipal Income Taxes	15,749,548	15,749,548	14,712,556	(1,036,992)
Charges for Services	1,010,314	1,010,314	780,948	(229,366)
Licenses and Permits	805,386	806,235	835,719	29,484
Fines and Forfeitures	1,151,500	1,163,381	1,350,010	186,629
Intergovernmental	7,102,896	7,676,496	7,931,295	254,799
Franchise Fees	600,000	600,000	609,502	9,502
Interest	36,179	36,179	15,538	(20,641)
Contributions and Donations	83,241	99,131	570,058	470,927
Miscellaneous	435,844	712,368	724,526	12,158
<i>Total Revenues</i>	<u>29,544,918</u>	<u>30,423,662</u>	<u>30,111,841</u>	<u>(311,821)</u>
Expenditures:				
Current:				
General Government				
Civil Service:				
Wages and Benefits	96,770	102,538	102,520	18
Contractual Services	9,000	6,881	6,461	420
Materials and Supplies	300	43	43	0
Other	2,500	1,198	1,147	51
<i>Total Civil Service</i>	<u>108,570</u>	<u>110,660</u>	<u>110,171</u>	<u>489</u>
Council:				
Wages and Benefits	242,531	239,370	239,255	115
Contractual Services	4,500	4,400	4,400	0
Materials and Supplies	200	352	202	150
Capital Outlay	150	150	150	0
Other	6,725	307,815	22,354	285,461
<i>Total Council</i>	<u>254,106</u>	<u>552,087</u>	<u>266,361</u>	<u>285,726</u>
Mayor:				
Wages and Benefits	163,530	171,952	171,560	392
Materials and Supplies	250	453	453	0
<i>Total Mayor</i>	<u>163,780</u>	<u>172,405</u>	<u>172,013</u>	<u>392</u>
Auditor:				
Wages and Benefits	444,742	420,389	420,388	1
Contractual Services	73,361	73,107	70,107	3,000
Materials and Supplies	38,265	35,608	35,608	0
Other	1,260	1,227	1,206	21
<i>Total Auditor</i>	<u>\$557,628</u>	<u>\$530,331</u>	<u>\$527,309</u>	<u>\$3,022</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Treasurer:				
Wages and Benefits	\$420,477	\$360,904	\$360,865	\$39
Contractual Services	35,501	54,248	51,774	2,474
Materials and Supplies	1,500	1,500	1,295	205
Other	26,960	26,058	24,838	1,220
<i>Total Treasurer</i>	<u>484,438</u>	<u>442,710</u>	<u>438,772</u>	<u>3,938</u>
Law Director:				
Wages and Benefits	653,289	618,223	618,143	80
Contractual Services	9,200	6,217	6,217	0
Materials and Supplies	12,100	5,494	4,893	601
Other	2,860	2,498	2,203	295
<i>Total Law Director</i>	<u>677,449</u>	<u>632,432</u>	<u>631,456</u>	<u>976</u>
Judges:				
Wages and Benefits	514,148	503,524	494,320	9,204
Contractual Services	21,330	15,327	13,703	1,624
Materials and Supplies	5,000	5,810	5,283	527
Other	3,725	4,358	3,963	395
<i>Total Judges</i>	<u>544,203</u>	<u>529,019</u>	<u>517,269</u>	<u>11,750</u>
Clerk of Courts:				
Wages and Benefits	688,918	640,696	640,587	109
Contractual Services	13,407	11,847	11,846	1
Materials and Supplies	68,019	67,530	67,438	92
Other	8,200	9,080	8,968	112
<i>Total Clerk of Courts</i>	<u>778,544</u>	<u>729,153</u>	<u>728,839</u>	<u>314</u>
Electrical:				
Wages and Benefits	352,239	359,759	359,677	82
Contractual Services	28,600	30,906	29,562	1,344
Materials and Supplies	24,350	13,855	12,724	1,131
Other	550	300	100	200
<i>Total Electrical</i>	<u>\$405,739</u>	<u>\$404,820</u>	<u>\$402,063</u>	<u>\$2,757</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Safety/Service:				
Wages and Benefits	\$339,975	\$341,589	\$341,588	\$1
Contractual Services	2,728,751	3,032,319	3,006,782	25,537
Materials and Supplies	49,100	60,448	41,436	19,012
Other	324,596	257,871	257,689	182
<i>Total Safety/Service</i>	<u>3,442,422</u>	<u>3,692,227</u>	<u>3,647,495</u>	<u>44,732</u>
Engineering:				
Wages and Benefits	611,144	525,323	527,541	(2,218)
Contractual Services	12,227	12,227	9,493	2,734
Materials and Supplies	22,000	10,678	8,880	1,798
Other	2,100	1,950	1,748	202
<i>Total Engineering</i>	<u>647,471</u>	<u>550,178</u>	<u>547,662</u>	<u>2,516</u>
Data Processing:				
Wages and Benefits	185,956	179,830	179,625	205
Contractual Services	244,643	269,057	251,944	17,113
Materials and Supplies	12,238	9,029	9,027	2
Capital Outlay	30,000	4,421	4,421	0
Other	1,400	1,343	1,343	0
<i>Total Data Processing</i>	<u>474,237</u>	<u>463,680</u>	<u>446,360</u>	<u>17,320</u>
<i>Total General Government</i>	<u>8,538,587</u>	<u>8,809,702</u>	<u>8,435,770</u>	<u>373,932</u>
Security of Persons and Property				
Police Department:				
Wages and Benefits	7,844,493	7,947,105	7,952,825	(5,720)
Contractual Services	210,786	222,444	219,326	3,118
Materials and Supplies	425,838	500,208	479,489	20,719
Capital Outlay	0	634,153	524,100	110,053
<i>Total Police Department</i>	<u>8,481,117</u>	<u>9,303,910</u>	<u>9,175,740</u>	<u>128,170</u>
Fire Department				
Wages and Benefits	6,252,814	6,355,911	6,344,318	11,593
Contractual Services	186,716	227,088	226,836	252
Materials and Supplies	117,990	122,438	120,876	1,562
Capital Outlay	12,000	12,000	12,000	0
Other	11,649	13,149	10,969	2,180
<i>Total Fire Department</i>	<u>6,581,169</u>	<u>6,730,586</u>	<u>6,714,999</u>	<u>15,587</u>
<i>Total Security of Persons and Property</i>	<u>\$15,062,286</u>	<u>\$16,034,496</u>	<u>\$15,890,739</u>	<u>\$143,757</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Health				
Cemetery:				
Wages and Benefits	\$177,636	\$207,208	\$207,077	\$131
Contractual Services	9,200	11,649	9,166	2,483
Materials and Supplies	31,500	29,645	27,768	1,877
<i>Total Cemetery</i>	<u>218,336</u>	<u>248,502</u>	<u>244,011</u>	<u>4,491</u>
Dog Warden:				
Wages and Benefits	4,522	3,702	3,701	1
Materials and Supplies	0	313	313	0
<i>Total Dog Warden</i>	<u>4,522</u>	<u>4,015</u>	<u>4,014</u>	<u>1</u>
<i>Total Public Health</i>	<u>222,858</u>	<u>252,517</u>	<u>248,025</u>	<u>4,492</u>
Community Environment				
Building Inspection:				
Wages and Benefits	331,977	312,838	312,500	338
Contractual Services	20,000	14,953	13,968	985
Materials and Supplies	14,000	11,967	11,410	557
Other	4,000	1,959	1,789	170
<i>Total Community Environment</i>	<u>369,977</u>	<u>341,717</u>	<u>339,667</u>	<u>2,050</u>
Economic Development				
St. Joseph Community Center				
Contractual Services	329,734	624,510	595,030	29,480
Materials and Supplies	6,150	5,651	5,651	0
Other	1,325	1,043	1,043	0
<i>Total Economic Development</i>	<u>337,209</u>	<u>631,204</u>	<u>601,724</u>	<u>29,480</u>
Leisure Time Activities				
Parks Department:				
Wages and Benefits	154,012	115,375	115,374	1
Contractual Services	35,263	80,123	78,373	1,750
Materials and Supplies	66,663	115,991	108,575	7,416
Other	807	2,532	2,531	1
<i>Total Leisure Time Activities</i>	<u>256,745</u>	<u>314,021</u>	<u>304,853</u>	<u>9,168</u>
Debt Service:				
Principal Retirement	422,834	536,547	525,993	10,554
Interest and Fiscal Charges	109,221	109,221	109,221	0
<i>Total Debt Service</i>	<u>532,055</u>	<u>645,768</u>	<u>635,214</u>	<u>10,554</u>
<i>Total Expenditures</i>	<u>\$25,319,717</u>	<u>\$27,029,425</u>	<u>\$26,455,992</u>	<u>\$573,433</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Excess of Revenues Over Expenditures</i>	\$4,225,201	\$3,394,237	\$3,655,849	\$261,612
Other Financing Sources (Uses):				
Proceeds of Notes	0	300,000	300,000	0
Advances In	417,193	1,917,193	1,917,193	0
Advances Out	(419,401)	(1,919,401)	(1,713,851)	205,550
Transfers In	124,374	174,374	50,000	(124,374)
Transfers Out	(1,739,188)	(1,258,224)	(1,235,802)	22,422
<i>Total Other Financing Sources (Uses)</i>	(1,617,022)	(786,058)	(682,460)	103,598
<i>Net Change in Fund Balance</i>	2,608,179	2,608,179	2,973,389	365,210
<i>Fund Balance (Deficit) Beginning of Year</i>	(2,527,181)	(2,527,181)	(2,527,181)	0
Prior Year Encumbrances Appropriated	164,610	164,610	164,610	0
<i>Fund Balance End of Year</i>	<u>\$245,608</u>	<u>\$245,608</u>	<u>\$610,818</u>	<u>\$365,210</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Payments in Lieu of Taxes	\$167,000	\$167,000	\$52,330	(\$114,670)
Intergovernmental	9,103,376	10,752,876	5,121,293	(5,631,583)
Interest	7,380	7,380	3,700	(3,680)
Miscellaneous	104,600	104,600	28,460	(76,140)
<i>Total Revenues</i>	<u>9,382,356</u>	<u>11,031,856</u>	<u>5,205,783</u>	<u>(5,826,073)</u>
Expenditures:				
Current:				
Economic Development				
Wages and Benefits	1,747,791	1,848,226	1,435,098	413,128
Contractual Services	3,357,818	3,674,718	1,579,308	2,095,410
Materials and Supplies	153,851	153,851	67,781	86,070
Capital Outlay	1,740,761	1,927,158	1,228,995	698,163
Other	3,079,776	4,211,376	1,274,523	2,936,853
<i>Total Economic Development</i>	<u>10,079,997</u>	<u>11,815,329</u>	<u>5,585,705</u>	<u>6,229,624</u>
Debt Service:				
Principal Retirement	888,170	888,170	455,000	433,170
Interest and Fiscal Charges	282,076	282,076	282,076	0
<i>Total Debt Service</i>	<u>1,170,246</u>	<u>1,170,246</u>	<u>737,076</u>	<u>433,170</u>
<i>Total Expenditures</i>	<u>11,250,243</u>	<u>12,985,575</u>	<u>6,322,781</u>	<u>6,662,794</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,867,887)</u>	<u>(1,953,719)</u>	<u>(1,116,998)</u>	<u>836,721</u>
Other Financing Sources (Uses):				
Transfers In	100,456	236,491	150,000	(86,491)
Transfers Out	(98,290)	(148,290)	(148,290)	0
<i>Total Other Financing Sources (Uses)</i>	<u>2,166</u>	<u>88,201</u>	<u>1,710</u>	<u>(86,491)</u>
<i>Net Change in Fund Balance</i>	<u>(1,865,721)</u>	<u>(1,865,518)</u>	<u>(1,115,288)</u>	<u>750,230</u>
<i>Fund Balance Beginning of Year</i>	<u>2,141,206</u>	<u>2,141,206</u>	<u>2,141,206</u>	<u>0</u>
Prior Year Encumbrances Appropriated	926,162	926,162	926,162	0
<i>Fund Balance End of Year</i>	<u>\$1,201,647</u>	<u>\$1,201,850</u>	<u>\$1,952,080</u>	<u>\$750,230</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$1,009,064	\$1,009,064	\$853,031	(\$156,033)
Payments in Lieu of Taxes	515,000	515,000	525,132	10,132
Intergovernmental	224,940	224,940	175,434	(49,506)
Interest	5,000	5,000	295	(4,705)
Miscellaneous	464,819	464,819	457,078	(7,741)
<i>Total Revenues</i>	<u>2,218,823</u>	<u>2,218,823</u>	<u>2,010,970</u>	<u>(207,853)</u>
Expenditures:				
Current:				
General Government				
Other	1,000	1,000	955	45
Debt Service:				
Principal Retirement	1,862,553	1,762,662	1,762,660	2
Interest and Fiscal Charges	1,272,095	1,261,088	1,261,086	2
<i>Total Debt Service</i>	<u>3,134,648</u>	<u>3,023,750</u>	<u>3,023,746</u>	<u>4</u>
<i>Total Expenditures</i>	<u>3,135,648</u>	<u>3,024,750</u>	<u>3,024,701</u>	<u>49</u>
<i>Excess of Revenues Under Expenditures</i>	(916,825)	(805,927)	(1,013,731)	(207,804)
Other Financing Sources:				
Transfers In	1,226,236	1,111,323	1,322,198	210,875
<i>Net Change in Fund Balance</i>	309,411	305,396	308,467	3,071
<i>Fund Balance Beginning of Year</i>	<u>331,801</u>	<u>331,801</u>	<u>331,801</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$641,212</u></u>	<u><u>\$637,197</u></u>	<u><u>\$640,268</u></u>	<u><u>\$3,071</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Payments in Lieu of Taxes	\$0	\$0	\$156,881	\$156,881
Intergovernmental	3,124,917	3,124,917	1,073,091	(2,051,826)
Special Assessments	40,000	44,000	4,089	(39,911)
Miscellaneous	132,694	159,036	194,305	35,269
<i>Total Revenues</i>	<u>3,297,611</u>	<u>3,327,953</u>	<u>1,428,366</u>	<u>(1,899,587)</u>
Expenditures:				
Current:				
Capital Outlay				
Contractual Services	4,451,515	4,446,601	1,334,347	3,112,254
Capital Outlay	868,004	770,949	414,367	356,582
<i>Total Capital Outlay</i>	<u>5,319,519</u>	<u>5,217,550</u>	<u>1,748,714</u>	<u>3,468,836</u>
Debt Service:				
Principal Retirement	50,333	2,500,333	2,500,333	0
Interest and Fiscal Charges	88,600	91,639	91,639	0
Bond Issuance Costs	0	9,775	9,205	570
<i>Total Debt Service</i>	<u>138,933</u>	<u>2,601,747</u>	<u>2,601,177</u>	<u>570</u>
<i>Total Expenditures</i>	<u>5,458,452</u>	<u>7,819,297</u>	<u>4,349,891</u>	<u>3,469,406</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,160,841)</u>	<u>(4,491,344)</u>	<u>(2,921,525)</u>	<u>1,569,819</u>
Other Financing Sources (Uses):				
Bonds Issued	0	245,000	245,000	0
Notes Issued	0	2,280,000	2,280,000	0
Discount on Bonds Issued	0	(4,225)	(4,225)	0
ODOT-SIB Loans Received	167,273	167,273	167,273	0
OPWC Loans Received	111,551	111,551	111,550	(1)
Transfers In	679,783	569,968	85,114	(484,854)
Transfers Out	0	(36,001)	(36,001)	0
<i>Total Other Financing Sources (Uses)</i>	<u>958,607</u>	<u>3,333,566</u>	<u>2,848,711</u>	<u>(484,855)</u>
<i>Net Change in Fund Balance</i>	<u>(1,202,234)</u>	<u>(1,157,778)</u>	<u>(72,814)</u>	<u>1,084,964</u>
<i>Fund Balance Beginning of Year</i>	970,333	970,333	970,333	0
Prior Year Encumbrances Appropriated	459,117	459,117	459,117	0
<i>Fund Balance End of Year</i>	<u>\$227,216</u>	<u>\$271,672</u>	<u>\$1,356,636</u>	<u>\$1,084,964</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$7,368,180	\$7,366,630	\$7,934,743	\$568,113
OWDA Loans Received	0	1,841,788	1,271,129	(570,659)
Interest	1,000	1,000	22	(978)
Sale of Capital Assets	1,795	1,795	1,795	0
Miscellaneous	30,005	30,113	37,256	7,143
<i>Total Revenues</i>	<u>7,400,980</u>	<u>9,241,326</u>	<u>9,244,945</u>	<u>3,619</u>
Expenses:				
Personal Services	3,095,998	3,218,698	3,213,774	4,924
Contractual Services	252,996	1,241,469	1,176,605	64,864
Materials and Supplies	769,698	945,910	906,073	39,837
Basic Utilities	631,000	646,100	628,311	17,789
Capital Outlay	452,762	1,549,473	1,429,873	119,600
Other Expense	144,348	162,186	154,952	7,234
Debt Service:				
Principal Retirement	1,197,543	1,197,560	1,197,559	1
Interest and Fiscal Charges	707,569	707,552	707,549	3
<i>Total Expenses</i>	<u>7,251,914</u>	<u>9,668,948</u>	<u>9,414,696</u>	<u>254,252</u>
<i>Excess of Revenues Over (Under) Expenses Before Advances and Transfers</i>	149,066	(427,622)	(169,751)	257,871
Advances In	446,723	446,723	445,103	(1,620)
Advances Out	(444,515)	(444,515)	(444,515)	0
Transfers Out	(50,000)	(53,666)	(50,000)	3,666
<i>Net Change in Fund Equity</i>	101,274	(479,080)	(219,163)	259,917
<i>Fund Equity Beginning of Year</i>	2,102,141	2,102,141	2,102,141	0
Prior Year Encumbrances Appropriated	101,114	101,114	101,114	0
<i>Fund Equity End of Year</i>	<u>\$2,304,529</u>	<u>\$1,724,175</u>	<u>\$1,984,092</u>	<u>\$259,917</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$11,087,350	\$11,208,100	\$11,743,630	\$535,530
OWDA Loans Received	3,457,230	3,457,230	2,180,421	(1,276,809)
Intergovernmental	6,300,000	6,300,000	3,990,486	(2,309,514)
Interest	1,500	1,500	44	(1,456)
Sale of Capital Assets	4,811	4,811	4,811	0
Extraordinary Item - Insurance Proceeds	0	600,000	513,574	(86,426)
Miscellaneous	47,569	47,569	56,103	8,534
<i>Total Revenues</i>	<u>20,898,460</u>	<u>21,619,210</u>	<u>18,489,069</u>	<u>(3,130,141)</u>
Expenses:				
Personal Services	3,511,748	3,509,900	3,516,592	(6,692)
Contractual Services	2,866,841	2,952,849	1,259,010	1,693,839
Materials and Supplies	420,420	617,070	542,676	74,394
Basic Utilities	740,000	652,900	627,990	24,910
Capital Outlay	8,968,361	10,220,201	8,292,998	1,927,203
Other Operating Expense	261,297	279,007	222,374	56,633
Debt Service:				
Principal Retirement	3,184,887	3,181,697	3,181,697	0
Interest and Fiscal Charges	1,477,100	1,476,551	1,476,549	2
<i>Total Expenses</i>	<u>21,430,654</u>	<u>22,890,175</u>	<u>19,119,886</u>	<u>3,770,289</u>
<i>Excess of Revenues Under Expenses Before Advances and Transfers</i>	(532,194)	(1,270,965)	(630,817)	640,148
Advances In	1,268,748	1,472,678	1,268,748	(203,930)
Advances Out	(1,268,748)	(1,472,678)	(1,472,678)	0
Transfers Out	(50,000)	(101,987)	(50,000)	51,987
<i>Net Change in Fund Equity</i>	(582,194)	(1,372,952)	(884,747)	488,205
<i>Fund Equity Beginning of Year</i>	3,072,744	3,072,744	3,072,744	0
Prior Year Encumbrances Appropriated	1,230,695	1,230,695	1,230,695	0
<i>Fund Equity End of Year</i>	<u>\$3,721,245</u>	<u>\$2,930,487</u>	<u>\$3,418,692</u>	<u>\$488,205</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$2,218,000	\$2,218,000	\$2,196,009	(\$21,991)
Miscellaneous	500	1,810	1,310	(500)
<i>Total Revenues</i>	<u>2,218,500</u>	<u>2,219,810</u>	<u>2,197,319</u>	<u>(22,491)</u>
Expenditures:				
Current:				
Transportation				
Wages and Benefits	1,304,598	1,304,598	1,223,264	81,334
Contractual Services	39,500	39,500	18,822	20,678
Materials and Supplies	918,011	988,011	923,508	64,503
Capital Outlay	0	1,310	1,310	0
Other	28,069	28,069	25,246	2,823
<i>Total Transportation</i>	<u>2,290,178</u>	<u>2,361,488</u>	<u>2,192,150</u>	<u>169,338</u>
Debt Service:				
Principal Retirement	255,456	255,456	255,456	0
Interest and Fiscal Charges	42,592	42,592	42,591	1
<i>Total Debt Service</i>	<u>298,048</u>	<u>298,048</u>	<u>298,047</u>	<u>1</u>
<i>Total Expenditures</i>	<u>2,588,226</u>	<u>2,659,536</u>	<u>2,490,197</u>	<u>169,339</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(369,726)</u>	<u>(439,726)</u>	<u>(292,878)</u>	<u>146,848</u>
Other Financing Sources (Uses):				
Transfers In	812,056	926,080	778,845	(147,235)
Transfers Out	(443,841)	(487,865)	(487,864)	1
<i>Total Other Financing Sources (Uses)</i>	<u>368,215</u>	<u>438,215</u>	<u>290,981</u>	<u>(147,234)</u>
<i>Net Change in Fund Balance</i>	<u>(1,511)</u>	<u>(1,511)</u>	<u>(1,897)</u>	<u>(386)</u>
<i>Fund Balance Beginning of Year</i>	386	386	386	0
Prior Year Encumbrances Appropriated	<u>1,511</u>	<u>1,511</u>	<u>1,511</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$386</u></u>	<u><u>\$386</u></u>	<u><u>\$0</u></u>	<u><u>(\$386)</u></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, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$250,000	\$250,000	\$267,389	\$17,389
Expenditures:				
Current:				
Transportation				
Materials and Supplies	<u>251,241</u>	<u>251,241</u>	<u>222,826</u>	<u>28,415</u>
<i>Net Change in Fund Balance</i>	(1,241)	(1,241)	44,563	45,804
<i>Fund Balance Beginning of Year</i>	1,744	1,744	1,744	0
Prior Year Encumbrances Appropriated	<u>1,741</u>	<u>1,741</u>	<u>1,741</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,244</u></u>	<u><u>\$2,244</u></u>	<u><u>\$48,048</u></u>	<u><u>\$45,804</u></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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Charges for Services	\$376,460	\$376,460	\$341,582	(\$34,878)
Licenses and Permits	329,370	329,370	301,061	(28,309)
Intergovernmental	356,051	356,051	320,925	(35,126)
<i>Total Revenues</i>	<u>1,061,881</u>	<u>1,061,881</u>	<u>963,568</u>	<u>(98,313)</u>
Expenditures:				
Current:				
Public Health				
Wages and Benefits	1,105,612	934,269	858,016	76,253
Contractual Services	191,060	182,520	178,002	4,518
Materials and Supplies	34,950	17,890	12,985	4,905
Other	69,736	66,236	51,222	15,014
<i>Total Public Health</i>	<u>1,401,358</u>	<u>1,200,915</u>	<u>1,100,225</u>	<u>100,690</u>
Debt Service:				
Principal Retirement	9,005	9,005	9,004	1
Interest and Fiscal Charges	2,086	2,086	2,085	1
<i>Total Debt Service</i>	<u>11,091</u>	<u>11,091</u>	<u>11,089</u>	<u>2</u>
<i>Total Expenditures</i>	<u>1,412,449</u>	<u>1,212,006</u>	<u>1,111,314</u>	<u>100,692</u>
<i>Excess of Revenues Under Expenditures</i>	(350,568)	(150,125)	(147,746)	2,379
Other Financing Sources:				
Transfers In	150,000	150,000	146,084	(3,916)
<i>Net Change in Fund Balance</i>	(200,568)	(125)	(1,662)	(1,537)
<i>Fund Balance Beginning of Year</i>	1,537	1,537	1,537	0
Prior Year Encumbrances Appropriated	125	125	125	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$198,906)</u>	<u>\$1,537</u>	<u>\$0</u>	<u>(\$1,537)</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$100,000	\$100,000	\$0	(\$100,000)
Miscellaneous	9,672	9,672	9,672	0
<i>Total Revenues</i>	<u>109,672</u>	<u>109,672</u>	<u>9,672</u>	<u>(100,000)</u>
Expenditures:				
Current:				
Community Environment				
Capital Outlay	2,653	167,692	92,567	75,125
Other	30,676	30,772	30,772	0
<i>Total Expenditures</i>	<u>33,329</u>	<u>198,464</u>	<u>123,339</u>	<u>75,125</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	76,343	(88,792)	(113,667)	(24,875)
Other Financing Uses:				
Transfers Out	(135,188)	(135,188)	0	135,188
<i>Net Change in Fund Balance</i>	(58,845)	(223,980)	(113,667)	110,313
<i>Fund Balance Beginning of Year</i>	190,973	190,973	190,973	0
Prior Year Encumbrances Appropriated	33,329	33,329	33,329	0
<i>Fund Balance End of Year</i>	<u>\$165,457</u>	<u>\$322</u>	<u>\$110,635</u>	<u>\$110,313</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal Income Taxes	\$2,221,364	\$2,221,364	\$2,069,154	(\$152,210)
Intergovernmental	0	13,622	13,621	(1)
Miscellaneous	500	9,325	6,117	(3,208)
<i>Total Revenues</i>	<u>2,221,864</u>	<u>2,244,311</u>	<u>2,088,892</u>	<u>(155,419)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	1,153,259	1,071,049	699,888	371,161
Contractual Services	87,685	87,685	69,494	18,191
Materials and Supplies	127,553	173,613	157,597	16,016
Capital Outlay	53,629	410,188	408,652	1,536
Other	65,521	97,559	76,592	20,967
<i>Total Security of Persons and Property</i>	<u>1,487,647</u>	<u>1,840,094</u>	<u>1,412,223</u>	<u>427,871</u>
Debt Service:				
Principal Retirement	180,000	180,000	180,000	0
Interest and Fiscal Charges	111,396	111,396	111,395	1
<i>Total Debt Service</i>	<u>291,396</u>	<u>291,396</u>	<u>291,395</u>	<u>1</u>
<i>Total Expenditures</i>	<u>1,779,043</u>	<u>2,131,490</u>	<u>1,703,618</u>	<u>427,872</u>
<i>Net Change in Fund Balance</i>	442,821	112,821	385,274	272,453
<i>Fund Balance (Deficit) Beginning of Year</i>	(59,819)	(59,819)	(59,819)	0
Prior Year Encumbrances Appropriated	48,176	48,176	48,176	0
<i>Fund Balance End of Year</i>	<u>\$431,178</u>	<u>\$101,178</u>	<u>\$373,631</u>	<u>\$272,453</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Fines and Forfeitures	\$10,000	\$10,000	\$6,161	(\$3,839)
Expenditures:				
Current:				
Security of Persons and Property				
Other	8,000	8,000	7,359	641
<i>Net Change in Fund Balance</i>	2,000	2,000	(1,198)	(3,198)
<i>Fund Balance Beginning of Year</i>	10,170	10,170	10,170	0
<i>Fund Balance End of Year</i>	<u>\$12,170</u>	<u>\$12,170</u>	<u>\$8,972</u>	<u>(\$3,198)</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$288,037	\$288,037	\$255,909	(\$32,128)
Intergovernmental	22,788	22,788	40,974	18,186
<i>Total Revenues</i>	<u>310,825</u>	<u>310,825</u>	<u>296,883</u>	<u>(13,942)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	234,405	234,405	234,405	0
Debt Service:				
Principal Retirement	24,500	24,500	24,500	0
Interest and Fiscal Charges	27,929	27,929	27,929	0
<i>Total Debt Service</i>	<u>52,429</u>	<u>52,429</u>	<u>52,429</u>	<u>0</u>
<i>Total Expenditures</i>	<u>286,834</u>	<u>286,834</u>	<u>286,834</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	23,991	23,991	10,049	(13,942)
<i>Fund Balance Beginning of Year</i>	<u>20,455</u>	<u>20,455</u>	<u>20,455</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$44,446</u>	<u>\$44,446</u>	<u>\$30,504</u>	<u>(\$13,942)</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$288,037	\$288,037	\$255,909	(\$32,128)
Intergovernmental	17,178	17,178	40,974	23,796
<i>Total Revenues</i>	<u>305,215</u>	<u>305,215</u>	<u>296,883</u>	<u>(8,332)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	192,000	192,000	166,624	25,376
Debt Service:				
Principal Retirement	45,500	45,500	45,500	0
Interest and Fiscal Charges	51,868	51,868	51,868	0
<i>Total Debt Service</i>	<u>97,368</u>	<u>97,368</u>	<u>97,368</u>	<u>0</u>
<i>Total Expenditures</i>	<u>289,368</u>	<u>289,368</u>	<u>263,992</u>	<u>25,376</u>
<i>Net Change in Fund Balance</i>	15,847	15,847	32,891	17,044
<i>Fund Balance Beginning of Year</i>	<u>7,627</u>	<u>7,627</u>	<u>7,627</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$23,474</u></u>	<u><u>\$23,474</u></u>	<u><u>\$40,518</u></u>	<u><u>\$17,044</u></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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$15,000	\$15,000	\$27,184	\$12,184
Expenditures:				
Current:				
General Government				
Contractual Services	25,000	30,000	44,727	(14,727)
<i>Net Change in Fund Balance</i>	(10,000)	(15,000)	(17,543)	(2,543)
<i>Fund Balance Beginning of Year</i>	108,505	108,505	108,505	0
<i>Fund Balance End of Year</i>	<u>\$98,505</u>	<u>\$93,505</u>	<u>\$90,962</u>	<u>(\$2,543)</u>

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$10,000	\$10,000	\$0	(\$10,000)
Expenditures:				
Current:				
Leisure Time Activities				
Contractual Services	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, 2010*

	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>	<u>\$2,558</u>	<u>\$2,558</u>	<u>\$2,558</u>	<u>\$0</u>

City of Lorain, Ohio
*Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Fines and Forfeitures	\$400,000	\$400,000	\$138,900	(\$261,100)
Expenditures:				
Current:				
Security of Persons and Property				
Other	400,000	400,000	233,314	166,686
<i>Net Change in Fund Balance</i>	0	0	(94,414)	(94,414)
<i>Fund Balance Beginning of Year</i>	954,614	954,614	954,614	0
<i>Fund Balance End of Year</i>	<u>\$954,614</u>	<u>\$954,614</u>	<u>\$860,200</u>	<u>(\$94,414)</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Fines and Forfeitures	\$80,000	\$80,000	\$43,551	(\$36,449)
Expenditures:				
Current:				
General Government				
Wages and Benefits	60,293	66,293	65,991	302
Contractual Services	9,360	9,360	5,290	4,070
Materials and Supplies	3,567	3,567	2,792	775
Capital Outlay	42,595	42,595	32,328	10,267
Other	7,000	7,000	0	7,000
<i>Total Expenditures</i>	<u>122,815</u>	<u>128,815</u>	<u>106,401</u>	<u>22,414</u>
<i>Net Change in Fund Balance</i>	(42,815)	(48,815)	(62,850)	(14,035)
<i>Fund Balance Beginning of Year</i>	164,000	164,000	164,000	0
Prior Year Encumbrances Appropriated	<u>267</u>	<u>267</u>	<u>267</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$121,452</u></u>	<u><u>\$115,452</u></u>	<u><u>\$101,417</u></u>	<u><u>(\$14,035)</u></u>

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$2,500	\$2,500	\$5,365	\$2,865
Expenditures:				
Current:				
General Government				
Materials and Supplies	0	2,000	120	1,880
Capital Outlay	0	10,000	9,093	907
Other	10,000	10,000	0	10,000
<i>Total Expenditures</i>	10,000	22,000	9,213	12,787
<i>Net Change in Fund Balance</i>	(7,500)	(19,500)	(3,848)	15,652
<i>Fund Balance Beginning of Year</i>	73,229	73,229	73,229	0
<i>Fund Balance End of Year</i>	\$65,729	\$53,729	\$69,381	\$15,652

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$125,000	\$125,000	\$125,507	\$507
Expenditures:				
Current:				
General Government				
Wages and Benefits	78,769	78,769	74,066	4,703
Capital Outlay	3,500	3,500	0	3,500
<i>Total Expenditures</i>	<u>82,269</u>	<u>82,269</u>	<u>74,066</u>	<u>8,203</u>
<i>Net Change in Fund Balance</i>	42,731	42,731	51,441	8,710
<i>Fund Balance Beginning of Year</i>	<u>4,344</u>	<u>4,344</u>	<u>4,344</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$47,075</u></u>	<u><u>\$47,075</u></u>	<u><u>\$55,785</u></u>	<u><u>\$8,710</u></u>

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$130,000	\$130,000	\$136,795	\$6,795
Expenditures:				
Current:				
Security of Persons and Property				
Wages and Benefits	104,610	104,610	101,059	3,551
<i>Net Change in Fund Balance</i>	25,390	25,390	35,736	10,346
<i>Fund Balance Beginning of Year</i>	198	198	198	0
<i>Fund Balance End of Year</i>	<u>\$25,588</u>	<u>\$25,588</u>	<u>\$35,934</u>	<u>\$10,346</u>

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special Assessments	\$69,642	\$69,642	\$48,019	(\$21,623)
Expenditures:				
Current:				
General Government				
Other	200	200	0	200
Debt Service:				
Principal Retirement	29,275	29,275	29,275	0
Interest and Fiscal Charges	53,163	53,163	53,162	1
<i>Total Debt Service</i>	<u>82,438</u>	<u>82,438</u>	<u>82,437</u>	<u>1</u>
<i>Total Expenditures</i>	<u>82,638</u>	<u>82,638</u>	<u>82,437</u>	<u>201</u>
<i>Excess of Revenues Under Expenditures</i>	(12,996)	(12,996)	(34,418)	(21,422)
Other Financing Sources:				
Transfers In	13,000	13,000	36,001	23,001
<i>Net Change in Fund Balance</i>	4	4	1,583	1,579
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$4</u>	<u>\$4</u>	<u>\$1,583</u>	<u>\$1,579</u>

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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$475,000	\$475,000	\$626,006	\$151,006
Expenditures:				
Current:				
Capital Outlay				
Contractual Services	110,000	110,000	102,400	7,600
Capital Outlay	102,790	102,790	37,116	65,674
Other	5,000	5,000	0	5,000
<i>Total Capital Outlay</i>	<u>217,790</u>	<u>217,790</u>	<u>139,516</u>	<u>78,274</u>
Debt Service:				
Principal Retirement	53,151	53,151	53,151	0
Interest and Fiscal Charges	6,509	6,509	6,508	1
<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>277,450</u>	<u>277,450</u>	<u>199,175</u>	<u>78,275</u>
<i>Excess of Revenues Over Expenditures</i>	197,550	197,550	426,831	229,281
Other Financing Uses:				
Transfers Out	(219,780)	(560,285)	(560,285)	0
<i>Net Change in Fund Balance</i>	(22,230)	(362,735)	(133,454)	229,281
<i>Fund Balance Beginning of Year</i>	396,733	396,733	396,733	0
Prior Year Encumbrances Appropriated	2,790	2,790	2,790	0
<i>Fund Balance End of Year</i>	<u>\$377,293</u>	<u>\$36,788</u>	<u>\$266,069</u>	<u>\$229,281</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$54,000	\$54,000	\$60,944	\$6,944
Interest	0	0	1,106	1,106
<i>Total Revenues</i>	<u>54,000</u>	<u>54,000</u>	<u>62,050</u>	<u>8,050</u>
Expenditures:				
Current:				
Capital Outlay				
Wages and Benefits	87,329	87,329	76,816	10,513
Contractual Services	7,264	7,264	7,007	257
Capital Outlay	36,783	36,783	23,525	13,258
Other	0	2,500	2,034	466
<i>Total Expenditures</i>	<u>131,376</u>	<u>133,876</u>	<u>109,382</u>	<u>24,494</u>
<i>Net Change in Fund Balance</i>	(77,376)	(79,876)	(47,332)	32,544
<i>Fund Balance Beginning of Year</i>	86,243	86,243	86,243	0
Prior Year Encumbrances Appropriated	<u>7,834</u>	<u>7,834</u>	<u>7,834</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$16,701</u></u>	<u><u>\$14,201</u></u>	<u><u>\$46,745</u></u>	<u><u>\$32,544</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$1,700,000	\$1,737,900	\$1,675,822	(\$62,078)
Expenses:				
Current:				
Personal Services	572,557	525,877	522,864	3,013
Contractual Services	1,800	1,800	797	1,003
Materials and Supplies	930,631	1,013,531	984,482	29,049
Capital Outlay	6,130	6,130	6,130	0
Other	4,773	6,453	3,730	2,723
Debt Service:				
Principal Retirement	19,796	19,796	19,796	0
Interest and Fiscal Charges	5,762	5,762	5,762	0
<i>Total Expenses</i>	<u>1,541,449</u>	<u>1,579,349</u>	<u>1,543,561</u>	<u>35,788</u>
<i>Net Change in Fund Equity</i>	158,551	158,551	132,261	(26,290)
<i>Fund Equity (Deficit) Beginning of Year</i>	(73,638)	(73,638)	(73,638)	0
Prior Year Encumbrances Appropriated	<u>16,297</u>	<u>16,297</u>	<u>16,297</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$101,210</u></u>	<u><u>\$101,210</u></u>	<u><u>\$74,920</u></u>	<u><u>(\$26,290)</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$4,787,170	\$587,170	\$547,780	(\$39,390)
Bonds Issued	0	5,000,000	5,000,000	0
Miscellaneous	10,000	10,000	2,204	(7,796)
<i>Total Revenues</i>	<u>4,797,170</u>	<u>5,597,170</u>	<u>5,549,984</u>	<u>(47,186)</u>
Expenses:				
Current:				
Personal Services	20,421	20,421	19,491	930
Claims	4,833,776	4,833,776	3,968,216	865,560
Debt Service:				
Interest and Fiscal Charges	0	154,050	154,046	4
Bond Issuance Costs	0	119,850	116,800	3,050
<i>Total Expenses</i>	<u>4,854,197</u>	<u>5,128,097</u>	<u>4,258,553</u>	<u>869,544</u>
<i>Net Change in Fund Equity</i>	(57,027)	469,073	1,291,431	822,358
<i>Fund Equity Beginning of Year</i>	313,028	313,028	313,028	0
Prior Year Encumbrances Appropriated	10,006	10,006	10,006	0
<i>Fund Equity End of Year</i>	<u>\$266,007</u>	<u>\$792,107</u>	<u>\$1,614,465</u>	<u>\$822,358</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-S36
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.

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$68,630,911	\$77,419,157	\$85,270,139	\$97,026,059
Restricted for:				
Capital Projects	1,748,331	747,170	2,184,529	1,235,939
Debt Service	1,976,270	999,595	929,267	833,898
Community Development	15,791,001	21,696,627	18,492,807	19,225,551
Police Levy	442,445	0	0	1,090,098
Streets	535,193	0	0	1,022,586
Law Enforcement	623,939	0	920,481	852,094
Municipal Court Computer	0	0	0	0
Capital Leases	0	0	0	991,591
Other Purposes	417,581	694,098	234,737	753,219
Unrestricted (Deficit)	<u>1,216,048</u>	<u>(5,284,326)</u>	<u>(3,002,825)</u>	<u>(1,775,323)</u>
<i>Total Governmental Activities Net Assets</i>	<u>91,381,719</u>	<u>96,272,321</u>	<u>105,029,135</u>	<u>121,255,712</u>
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	55,922,833	48,300,584	46,112,133	42,339,183
Restricted for:				
Debt Service	2,763,530	2,707,499	2,647,896	2,662,538
Replacement and Improvement	300,000	300,000	300,000	300,000
Utility Reserve	1,408,605	1,354,532	1,394,584	1,305,744
Unrestricted	<u>5,805,068</u>	<u>4,264,323</u>	<u>4,015,416</u>	<u>4,389,634</u>
<i>Total Business-Type Activities Net Assets</i>	<u>66,200,036</u>	<u>56,926,938</u>	<u>54,470,029</u>	<u>50,997,099</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	124,553,744	125,719,741	131,382,277	139,365,242
Restricted	26,006,895	28,499,521	27,104,301	30,273,258
Unrestricted (Deficit)	<u>7,021,116</u>	<u>(1,020,003)</u>	<u>1,012,591</u>	<u>2,614,311</u>
<i>Total Primary Government Net Assets</i>	<u>\$157,581,755</u>	<u>\$153,199,259</u>	<u>\$159,499,169</u>	<u>\$172,252,811</u>

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

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$112,337,952	\$124,391,028	\$138,745,022	\$150,062,168
1,377,196	1,414,714	4,745,648	10,820,008
778,135	468,373	713,569	603,071
21,519,172	25,355,904	26,814,060	21,419,946
1,416,719	1,307,190	1,092,777	736,023
1,126,833	0	0	0
641,234	566,094	644,543	682,726
0	372,059	362,490	385,292
0	0	0	0
1,273,910	2,560,789	1,169,003	1,261,914
(2,382,357)	(3,124,749)	(5,195,260)	(8,307,276)
<u>138,088,794</u>	<u>153,311,402</u>	<u>169,091,852</u>	<u>177,663,872</u>
38,814,751	37,679,295	36,496,435	35,322,403
2,621,486	2,572,039	2,485,022	2,454,458
300,000	300,000	300,000	300,000
334,744	1,305,744	1,468,618	1,364,750
5,065,097	3,742,237	2,453,020	2,856,795
<u>47,136,078</u>	<u>45,599,315</u>	<u>43,203,095</u>	<u>42,298,406</u>
151,152,703	171,228,705	175,241,457	185,384,571
31,389,429	36,222,906	39,795,730	37,573,730
2,682,740	(8,540,894)	(2,742,240)	(2,996,023)
<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 Eight Years
(accrual basis of accounting)

Program Revenues	2010	2009	2008	2007
Governmental Activities:				
Charges for Services and Assessments:				
General Government	\$3,534,873	\$1,768,208	\$1,833,887	\$1,573,146
Security of Persons and Property	723,048	692,478	468,592	732,371
Transportation	177,084	77,203	37,877	42,063
Public Health	812,519	1,471,921	1,456,947	1,410,674
Community Environment	726,154	657,190	610,078	651,875
Economic Development	49,099	11,823	22,507	151,841
Leisure Time Activities	36,090	35,005	84,057	80,801
Subtotal Charges for Services	<u>6,058,867</u>	<u>4,713,828</u>	<u>4,513,945</u>	<u>4,642,771</u>
Operating Grants and Contributions:				
General Government	666,852	225,533	182,823	176,343
Security of Persons and Property	591,520	315,920	332,873	244,034
Transportation	2,443,696	2,438,807	2,527,797	2,604,665
Public Health	468,323	389,116	387,009	489,943
Community Environment	0	226,690	235,190	401,690
Economic Development	3,705,378	6,430,895	2,196,557	(91,116)
Leisure Time Activities	65,175	0	0	0
Subtotal Operating Grants and Contributions	<u>7,940,944</u>	<u>10,026,961</u>	<u>5,862,249</u>	<u>3,825,559</u>
Capital Grants and Contributions:				
Security of Persons and Property	583,343	0	0	0
Transportation	1,633,299	1,757,274	1,478,968	752,315
Public Health	0	0	0	159,690
Economic Development	0	0	0	0
Subtotal Capital Grants and Contributions	<u>2,216,642</u>	<u>1,757,274</u>	<u>1,478,968</u>	<u>912,005</u>
<i>Total Governmental Activities Program Revenues</i>	<u>16,216,453</u>	<u>16,498,063</u>	<u>11,855,162</u>	<u>9,380,335</u>
Business-Type Activities:				
Charges for Services:				
Water Works	8,324,068	7,813,777	8,250,437	7,925,938
Water Pollution Control	12,558,356	12,046,880	11,223,392	10,895,096
Capital Grants and Contributions:				
Water Pollution Control	4,057,648	0	700,813	0
<i>Total Business-Type Activities Program Revenues</i>	<u>24,940,072</u>	<u>19,860,657</u>	<u>20,174,642</u>	<u>18,821,034</u>
<i>Total Primary Government Program Revenues</i>	<u>\$41,156,525</u>	<u>\$36,358,720</u>	<u>\$32,029,804</u>	<u>\$28,201,369</u>

2006	2005	2004	2003
\$1,870,561	\$2,161,128	\$2,707,135	\$864,905
527,665	385,001	383,545	1,730,009
31,289	0	0	0
1,540,597	808,413	760,541	972,093
925,482	730,199	784,024	48,534
103,089	0	0	0
37,760	27,048	27,514	105,093
<u>5,036,443</u>	<u>4,111,789</u>	<u>4,662,759</u>	<u>3,720,634</u>
0	25,028	27,153	25,028
351,582	58,354	214,611	101,702
2,504,273	2,516,671	2,352,792	2,106,496
404,635	492,717	442,083	473,448
224,690	211,784	140,000	159,999
2,751,887	2,908,573	6,195,473	3,736,482
0	0	0	0
<u>6,237,067</u>	<u>6,213,127</u>	<u>9,372,112</u>	<u>6,603,155</u>
0	0	0	0
1,741,684	935,158	1,717,034	4,035,632
0	0	0	0
0	0	0	500,000
<u>1,741,684</u>	<u>935,158</u>	<u>1,717,034</u>	<u>4,535,632</u>
<u>13,015,194</u>	<u>11,260,074</u>	<u>15,751,905</u>	<u>14,859,421</u>
8,145,916	8,528,739	8,306,689	8,211,209
10,210,893	9,221,532	8,287,136	7,708,227
225,000	0	0	0
<u>18,581,809</u>	<u>17,750,271</u>	<u>16,593,825</u>	<u>15,919,436</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 Eight Years
(accrual basis of accounting)

Expenses	2010	2009	2008	2007
Governmental Activities:				
General Government	\$11,620,641	\$12,043,738	\$12,788,107	\$12,812,199
Security of Persons and Property	18,236,104	19,793,984	22,346,039	19,390,489
Transportation	12,699,874	12,665,797	13,855,345	14,435,681
Public Health	1,352,681	1,786,441	2,021,791	1,995,300
Community Environment	461,164	654,143	636,040	1,104,662
Economic Development	3,020,976	2,222,946	4,623,187	2,926,740
Leisure Time Activities	513,928	1,090,661	1,582,512	501,112
Intergovernmental	0	0	0	0
Interest and Fiscal Charges	2,252,399	2,139,598	2,114,164	1,950,140
<i>Total Governmental Activities Expenses</i>	<u>50,157,767</u>	<u>52,397,308</u>	<u>59,967,185</u>	<u>55,116,323</u>
Business-Type Activities:				
Water Works	7,551,751	7,579,138	7,594,813	7,614,864
Water Pollution Control	9,628,477	9,856,268	9,167,502	9,149,590
<i>Total Business-Type Activities Expenses</i>	<u>17,180,228</u>	<u>17,435,406</u>	<u>16,762,315</u>	<u>16,764,454</u>
<i>Total Primary Government Expenses</i>	<u>67,337,995</u>	<u>69,832,714</u>	<u>76,729,500</u>	<u>71,880,777</u>
Net (Expense)/Revenue				
Governmental Activities	(33,941,314)	(35,899,245)	(48,112,023)	(45,735,988)
Business-Type Activities	7,759,844	2,425,251	3,412,327	2,056,580
<i>Total Primary Government Net Expense</i>	<u>(26,181,470)</u>	<u>(33,473,994)</u>	<u>(44,699,696)</u>	<u>(43,679,408)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Property Taxes Levied For:				
General Purposes	2,538,308	2,679,184	2,773,576	3,124,027
Police Pension	251,381	138,349	257,898	310,780
Fire Pension	251,381	179,102	257,898	342,860
Debt Service	837,938	1,151,160	998,299	984,638
Municipal Income Taxes Levied For:				
General Purposes	15,118,368	13,701,298	15,938,664	16,308,518
Police Levy	2,126,884	1,934,387	2,234,626	2,296,810
Payments in Lieu of Taxes	903,799	916,189	524,641	276,499
Grants and Entitlements not Restricted to Specific Programs	6,069,092	5,221,222	7,371,329	6,083,171
Franchise Fees	606,987	602,430	690,859	255,821
Investment Earnings	22,265	53,381	377,061	811,699
Miscellaneous	1,255,426	524,420	460,595	435,314
Transfers	(931,117)	0	0	(2,327,231)
<i>Total Governmental Activities</i>	<u>\$29,050,712</u>	<u>\$27,101,122</u>	<u>\$31,885,446</u>	<u>\$28,902,906</u>

2006	2005	2004	2003
\$12,267,533	\$13,003,383	\$11,596,965	\$18,594,382
18,573,582	19,197,977	17,624,224	20,151,907
14,679,897	14,881,296	15,196,365	6,704,576
2,018,981	2,030,073	1,799,704	1,985,041
696,834	964,323	671,404	770,420
7,417,102	3,736,841	2,538,197	825,936
1,188,751	1,266,922	1,139,638	1,311,140
0	0	0	18,420
2,028,001	1,893,394	1,831,945	1,817,193
58,870,681	56,974,209	52,398,442	52,179,015
7,537,738	7,161,733	7,019,598	7,701,592
9,667,949	8,294,509	8,740,898	9,694,280
17,205,687	15,456,242	15,760,496	17,395,872
76,076,368	72,430,451	68,158,938	69,574,887
(45,855,487)	(45,714,135)	(36,646,537)	(37,319,594)
1,376,122	2,294,029	833,329	(1,476,436)
(44,479,365)	(43,420,106)	(35,813,208)	(38,796,030)
2,368,671	2,595,040	2,598,358	2,594,840
270,002	291,931	260,833	239,884
270,001	279,497	260,833	239,884
876,357	866,125	861,309	799,822
16,809,771	17,087,103	15,163,796	14,211,737
2,367,849	2,484,300	2,488,604	2,346,822
214,280	174,536	92,639	12,661
5,719,663	5,250,113	5,549,380	5,341,015
252,481	263,481	233,946	236,806
690,650	274,833	217,102	162,478
793,154	366,726	347,717	814,192
0	0	0	0
\$30,632,879	\$29,933,685	\$28,074,517	\$27,000,141

(continued)

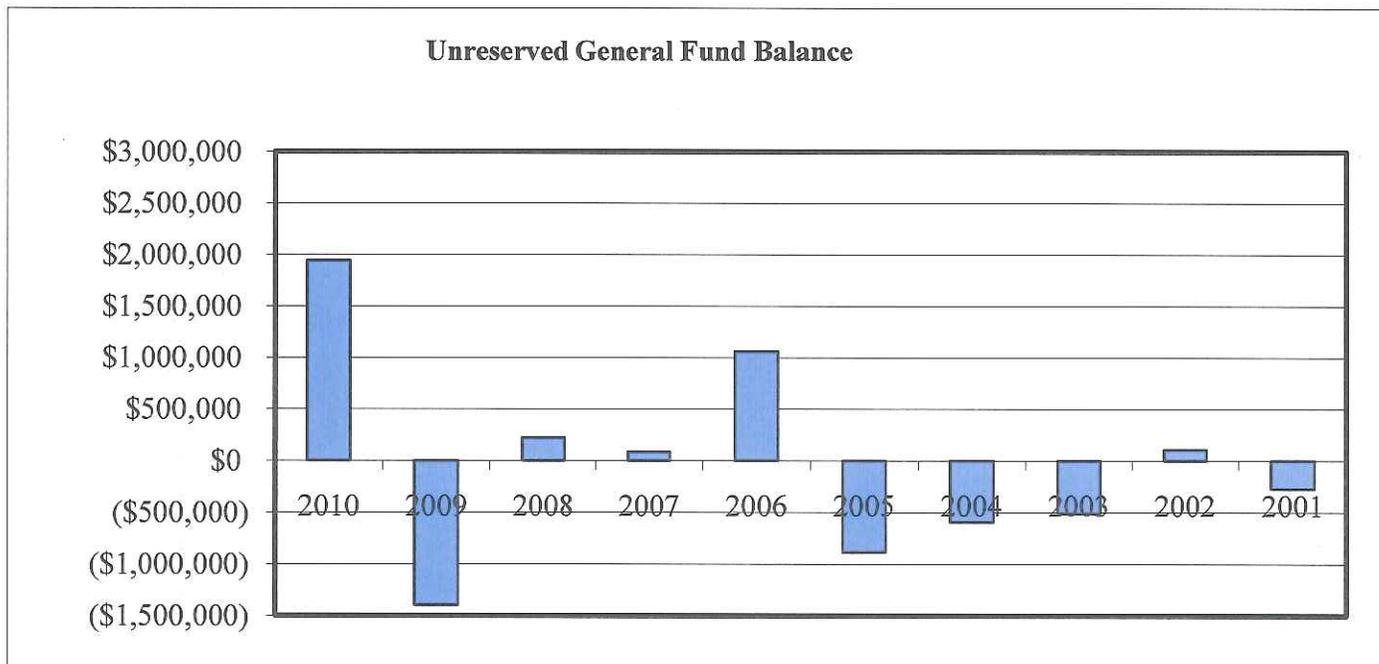
City of Lorain, Ohio
Changes in Net Assets (continued)
Last Eight Years
(accrual basis of accounting)

	2010	2009	2008	2007
Business-Type Activities:				
Investment Earnings	\$66	\$1,158	\$39,053	\$110,225
Gain on Sale of Capital Assets	6,606	0	0	0
Miscellaneous	61,891	71,804	21,555	60,374
Extraordinary Items	513,574	0	0	(693,389)
Transfers	931,117	0	0	2,327,231
<i>Total Business-Type Activities</i>	<u>1,513,254</u>	<u>72,962</u>	<u>60,608</u>	<u>1,804,441</u>
<i>Total Primary Government</i>	<u>30,563,966</u>	<u>27,174,084</u>	<u>31,946,054</u>	<u>30,707,347</u>
Change in Net Assets				
Governmental Activities	(4,890,602)	(8,798,123)	(16,226,577)	(16,833,082)
Business-Type Activities	9,273,098	2,498,213	3,472,935	3,861,021
<i>Total Primary Government Change in Net Assets</i>	<u><u>\$4,382,496</u></u>	<u><u>(\$6,299,910)</u></u>	<u><u>(\$12,753,642)</u></u>	<u><u>(\$12,972,061)</u></u>

2006	2005	2004	2003
\$104,026	\$56,689	\$9,621	\$88,836
0	0	0	0
56,615	45,502	61,739	58,743
0	0	0	0
0	0	0	0
160,641	102,191	71,360	147,579
30,793,520	30,035,876	28,145,877	27,147,720
(15,222,608)	(15,780,450)	(8,572,020)	(10,319,453)
1,536,763	2,396,220	904,689	(1,328,857)
<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)

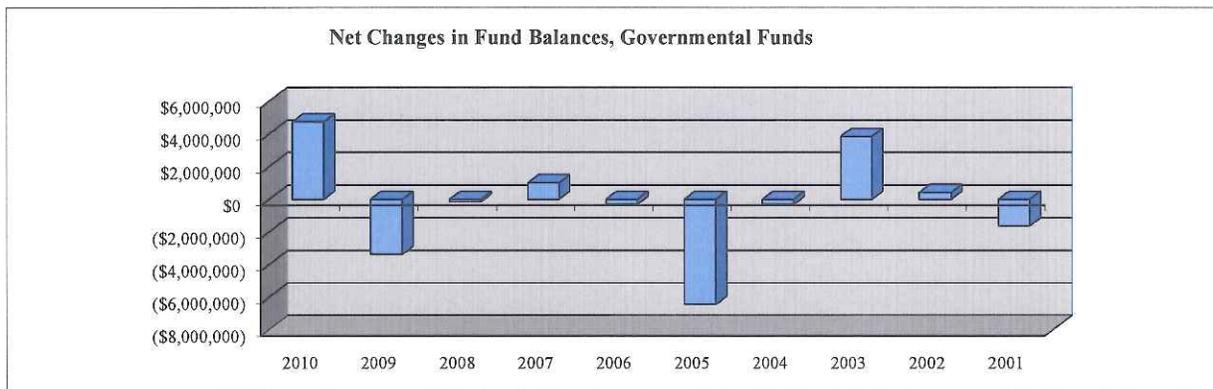
	2010	2009	2008	2007
General Fund				
Reserved	\$148,358	\$164,743	\$246,789	\$687,255
Designated for Capital Acquisitions	0	0	0	525,000
Unreserved	1,915,668	(1,398,518)	222,753	88,414
<i>Total General Fund</i>	<u>2,064,026</u>	<u>(1,233,775)</u>	<u>469,542</u>	<u>1,300,669</u>
All Other Governmental Funds				
Reserved	17,327,450	16,892,525	15,034,853	17,348,267
Undesignated (Deficit), Reported in:				
Special Revenue funds	4,195,310	3,886,549	6,407,782	6,493,381
Debt Service funds	641,851	454,241	330,314	219,762
Capital Projects funds	(375,844)	(892,831)	242,263	(2,733,331)
<i>Total All Other Governmental Funds</i>	<u>21,788,767</u>	<u>20,340,484</u>	<u>22,015,212</u>	<u>21,328,079</u>
<i>Total Governmental Funds</i>	<u><u>\$23,852,793</u></u>	<u><u>\$19,106,709</u></u>	<u><u>\$22,484,754</u></u>	<u><u>\$22,628,748</u></u>



2006	2005	2004	2003	2002	2001
\$168,006	\$659,816	\$80,690	\$102,553	\$187,373	\$133,037
0	600,000	0	0	0	0
1,061,018	(884,514)	(591,250)	(512,337)	109,712	(270,151)
1,229,024	375,302	(510,560)	(409,784)	297,085	(137,114)
17,895,624	21,566,305	21,184,019	18,108,163	15,316,367	15,951,299
7,034,810	4,454,830	5,247,036	4,311,495	4,011,279	6,045,194
188,401	(4,879,317)	213,668	124,402	35,518	232,339
(2,337,652)	2,802,085	4,631,159	8,948,048	7,569,861	4,724,622
22,781,183	23,943,903	31,275,882	31,492,108	26,933,025	26,953,454
\$24,010,207	\$24,319,205	\$30,765,322	\$31,082,324	\$27,230,110	\$26,816,340

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

	2010	2009	2008	2007	2006
Revenues					
Property Taxes	\$3,946,538	\$4,085,257	\$4,218,010	\$4,547,743	\$4,022,546
Payments in Lieu of Taxes	734,343	688,593	524,641	276,499	214,280
Municipal Income Taxes	17,030,074	15,688,501	18,161,503	18,637,946	19,181,559
Charges for Services	1,745,691	1,780,212	1,533,956	1,411,545	1,623,511
Licenses and Permits <i>(includes fines 2002 and prior)</i>	1,136,780	1,047,477	1,015,843	1,188,733	1,431,398
Fines and Forfeitures	1,934,753	1,824,570	1,813,678	1,781,036	1,627,837
Intergovernmental	15,476,834	15,798,768	13,929,093	13,432,851	15,915,009
Franchise Fees	606,987	602,430	690,859	255,821	252,481
Special Assessments	52,108	66,625	71,717	71,842	82,614
Interest	22,265	53,381	377,061	811,699	690,650
Contributions and Donations	570,058	0	0	0	0
Miscellaneous	1,255,423	514,802	449,983	425,077	790,843
Total Revenues	44,511,854	42,150,616	42,786,344	42,840,792	45,832,728
Expenditures					
Current:					
General Government	8,394,131	8,592,192	9,751,483	8,817,909	7,783,356
Security of Persons and Property	18,050,868	19,171,278	21,024,167	19,449,378	19,158,303
Transportation	2,313,133	2,620,162	3,431,181	3,284,017	2,770,818
Public Health	1,331,025	1,709,057	2,050,837	1,992,874	2,007,742
Community Environment	426,257	633,603	639,207	1,095,395	792,667
Economic Development	2,872,413	2,680,510	3,830,250	2,882,602	7,386,562
Leisure Time Activities	275,681	922,661	1,269,838	1,178,575	1,002,442
Intergovernmental	0	0	0	0	0
Capital Outlay	1,616,835	6,394,806	3,938,553	3,227,967	5,037,231
Debt Service:					
Principal Retirement	3,390,872	2,920,967	2,979,133	2,427,744	2,297,103
Interest and Fiscal Charges	2,031,361	2,153,744	1,970,367	1,879,931	2,010,962
Bond Issuance Costs	9,205	24,943	136,664	326,044	82,219
Total Expenditures	40,711,781	47,823,923	51,021,680	46,562,436	50,329,405
Excess of Revenues Over (Under) Expenditures	3,800,073	(5,673,307)	(8,235,336)	(3,721,644)	(4,496,677)
Other Financing Sources (Uses)					
Capital Lease Proceeds	16,716	266,033	23,995	1,425,000	0
Sale of Fixed Assets	0	0	0	0	20,128
Bonds Issued	245,000	390,000	5,440,000	2,595,000	1,510,000
Refunding Bonds Issued	0	0	0	4,970,000	0
Notes Issued	300,000	0	0	0	0
Loans Received	288,520	1,626,699	2,700,683	507,572	2,652,923
Premium on Debt Issuance	0	12,530	0	1,072	4,628
Discount on Debt Issuance	(4,225)	0	(73,336)	(52,476)	0
Payment to Refunded Bond Escrow Agent	0	0	0	(4,715,431)	0
Transfers In	2,568,242	2,664,088	2,188,546	2,697,744	1,749,236
Transfers Out	(2,468,242)	(2,664,088)	(2,188,546)	(2,697,744)	(1,749,236)
Total Other Financing Sources (Uses)	946,011	2,295,262	8,091,342	4,730,737	4,187,679
Net Change in Fund Balances	\$4,746,084	(\$3,378,045)	(\$143,994)	\$1,009,093	(\$308,998)
Debt Service as a Percentage of Noncapital Expenditures	13.9%	12.4%	11.2%	11.4%	10.2%



2005	2004	2003	2002	2001
\$4,002,419	\$3,957,055	\$3,659,130	\$3,163,844	\$3,284,047
174,536	92,639	12,661	0	0
19,546,306	17,680,283	16,553,650	16,510,556	16,784,765
1,419,251	1,343,239	1,247,753	1,119,774	956,437
1,098,063	1,167,853	785,860	3,123,925	2,378,314
1,438,755	1,619,879	1,658,464	0	0
13,260,054	16,814,124	12,104,895	12,079,479	19,313,513
263,481	233,946	236,806	230,473	208,316
73,280	122,704	174,799	324,659	158,630
274,833	217,102	162,478	201,577	395,523
0	0	0	0	0
359,769	338,478	814,192	956,052	771,020
<u>41,910,747</u>	<u>43,587,302</u>	<u>37,410,688</u>	<u>37,710,339</u>	<u>44,250,565</u>
10,178,686	7,472,394	6,772,792	6,812,397	6,675,722
18,735,767	18,334,999	16,750,969	17,422,517	18,345,606
3,002,534	2,261,567	2,578,166	1,902,093	2,552,311
2,058,113	1,872,129	1,711,340	1,590,199	1,723,442
869,283	715,893	653,685	612,126	719,872
3,606,065	2,606,100	24,835	6,887,067	5,171,564
1,037,882	1,009,957	1,090,889	934,524	1,562,013
0	0	18,420	0	0
4,918,114	8,707,726	5,376,919	9,240,850	6,323,085
11,027,373	5,672,618	8,105,592	3,037,428	3,172,538
1,950,882	1,753,457	1,811,630	1,531,863	1,320,476
0	0	475,530	0	0
<u>57,384,699</u>	<u>50,406,840</u>	<u>45,370,767</u>	<u>49,971,064</u>	<u>47,566,629</u>
<u>(15,473,952)</u>	<u>(6,819,538)</u>	<u>(7,960,079)</u>	<u>(12,260,725)</u>	<u>(3,316,064)</u>
1,849,994	0	0	182,910	125,096
0	0	0	0	558
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	1,550,000
130,178	2,352,536	603,346	2,247,999	0
0	0	18,947	18,586	0
0	0	0	0	0
0	0	0	0	0
1,995,288	1,853,219	2,719,525	2,557,146	2,270,090
<u>(1,995,288)</u>	<u>(1,853,219)</u>	<u>(2,719,525)</u>	<u>(2,557,146)</u>	<u>(2,270,090)</u>
<u>9,027,835</u>	<u>6,502,536</u>	<u>11,812,293</u>	<u>12,674,495</u>	<u>1,675,654</u>
<u>(\$6,446,117)</u>	<u>(\$317,002)</u>	<u>\$3,852,214</u>	<u>\$413,770</u>	<u>(\$1,640,410)</u>
25.8%	18.6%	25.4%	12.6%	12.2%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated True Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU			Assessed Value
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
2001	557,481,320	156,616,820	2,040,280,400	41,909,630	47,624,580

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

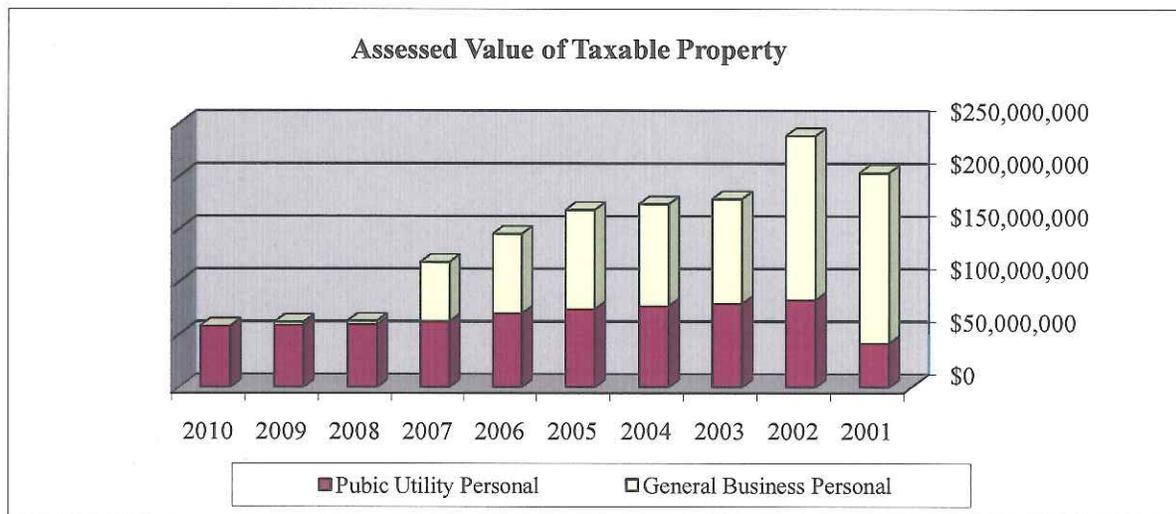
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General 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 in 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	\$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
161,585,020	702,543,565	917,592,790	2,790,448,545	32.88	4.96



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

	2010	2009	2008	2007
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	\$29.390339	\$29.277396	\$26.620358	\$26.401790
Commerical/Industrial and Public Utility Real	48.479933	49.652864	49.065013	49.460471
General Business and Public Utility Personal	60.080000	60.030000	59.680000	59.410000
Amherst Exempted School District				
Residential/Agricultural Real	32.826844	32.792363	31.747243	24.664626
Commerical/Industrial and Public Utility Real	36.103873	35.888926	35.665123	28.879896
General Business and Public Utility Personal	67.850000	67.830000	67.680000	60.560000
Vermilion City School District				
Residential/Agricultural Real	30.758985	30.724270	29.877602	31.010390
Commerical/Industrial and Public Utility Real	54.038610	54.041340	52.644888	53.885384
General Business and Public Utility Personal	68.170000	68.170000	67.670000	68.800000
Clearview City School District				
Residential/Agricultural Real	38.658571	37.404938	35.298400	35.062174
Commerical/Industrial and Public Utility Real	38.269377	37.089070	35.665762	35.385118
General Business and Public Utility Personal	54.760000	53.530000	52.510000	52.290000
Firelands Local School District				
Residential/Agricultural Real	24.994414	25.029806	24.392658	24.550690
Commerical/Industrial and Public Utility Real	24.270663	24.270006	24.602755	24.696224
Elyria City School District				
Residential/Agricultural Real	39.314928	34.014735	31.736220	31.509357
Commerical/Industrial and Public Utility Real	45.620258	39.945772	38.753910	38.253750
General Business and Public Utility Personal	69.580000	64.320000	63.500000	63.300000
Lorain County				
Residential/Agricultural Real	12.214265	11.534565	10.937983	10.961756
Commerical/Industrial and Public Utility Real	12.389031	11.971785	11.843570	11.906101
General Business and Public Utility Personal	13.690000	13.390000	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.

(1) Information prior to 2002 is not available.

2006	2005	2004	2003	2002
\$3.3600	\$3.3600	\$3.3600	\$3.3600	\$3.3600
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
<u>\$4.9600</u>	<u>\$4.9600</u>	<u>\$4.9600</u>	<u>\$4.9600</u>	<u>\$4.9600</u>

\$26.294987	\$28.904986	\$28.986588	\$29.418314	\$31.716636
48.869978	51.125934	50.102276	50.206799	52.027793
59.410000	59.610000	59.610000	59.960000	59.960000

24.849649	26.921603	26.982197	27.180335	27.407719
29.412375	32.090072	32.488818	32.668111	32.491424
60.660000	60.980000	60.980000	61.050000	59.880000

30.400024	25.550044	25.607768	25.550035	27.787240
50.761422	49.070040	45.305123	44.665976	46.069561
68.300000	63.450000	63.450000	63.450000	64.100000

28.837199	29.132649	29.854798	29.611787	30.481588
28.884064	29.153153	30.021832	29.800013	30.847937
46.090000	46.340000	47.340000	47.100000	47.850000

24.210033	24.690030	24.690006	24.820006	28.290016
24.210027	27.476008	27.556536	27.853060	32.396895

27.570005	29.977001	26.237827	26.501241	27.423155
34.092496	36.500243	32.767017	33.199831	34.402062
59.400000	60.230000	56.480000	56.730000	56.810000

10.926994	12.174480	10.759740	10.121297	10.549476
11.818414	12.779647	12.030494	11.667702	11.992323
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>
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
2001	3,569,077	3,345,912	93.7	116,101

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>
\$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
3,462,013	97.0	251,934	7.1

City of Lorain, Ohio
Principal Real Property Taxpayers
2010 and 2001

Taxpayer	2010		
	Real Property Assessed Valuation	Rank	Percentage of Total Real Property Assessed Valuation
Firstenergy Generation	\$32,401,860	1	3.78%
Ohio Edison	18,131,740	2	2.11
American Transmission	6,338,450	3	0.74
Industrias CH, S.A. de C.V. (REP)	3,846,370	4	0.45
Cleveland Clinic	3,802,650	5	0.44
Columbia Gas of Ohio	3,497,640	6	0.41
Lowe's Home Centers Inc.	2,515,240	7	0.29
Anchor Lodge	2,397,790	8	0.28
IRG Lorain LLC	2,332,270	9	0.27
Football Holdings LLC	2,271,430	10	0.26
	<u>\$77,535,440</u>		<u>9.03%</u>
Total Real Property Assessed Valuation	<u>\$858,161,990</u>		

	2001		
	Real Property Assessed Valuation	Rank	Percentage of Total Real Property Assessed Valuation
Ohio Edison	\$44,410,280	1	6.22%
Ford Motor Company	17,516,680	2	2.45
Republic Technologies	12,963,350	3	1.82
Century Telephone Company	10,686,990	4	1.50
Columbia Gas of Ohio, Inc.	7,663,450	5	1.07
Society National Bank	3,701,420	6	0.52
Lorain Tubular	3,020,040	7	0.42
Community Health Partners	2,888,000	8	0.40
Marconi Communications	2,271,650	9	0.32
Spitzer Great Lakes, LTD	1,760,040	10	0.25
	<u>\$106,881,900</u>		<u>14.97%</u>
Total Real Property Assessed Valuation	<u>\$714,098,140</u>		

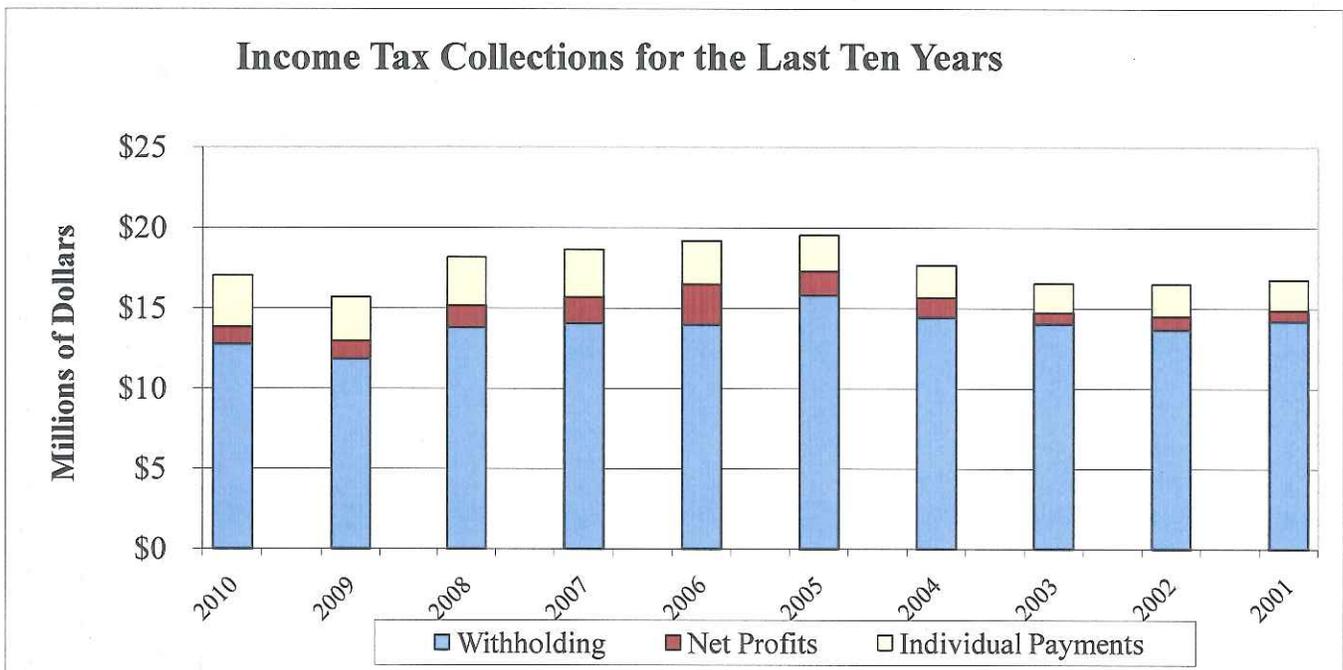
Source: County Auditor

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
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
2001	1.75	16,784,765	14,193,981	84.56	684,904	4.08	1,905,880	11.35

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%.



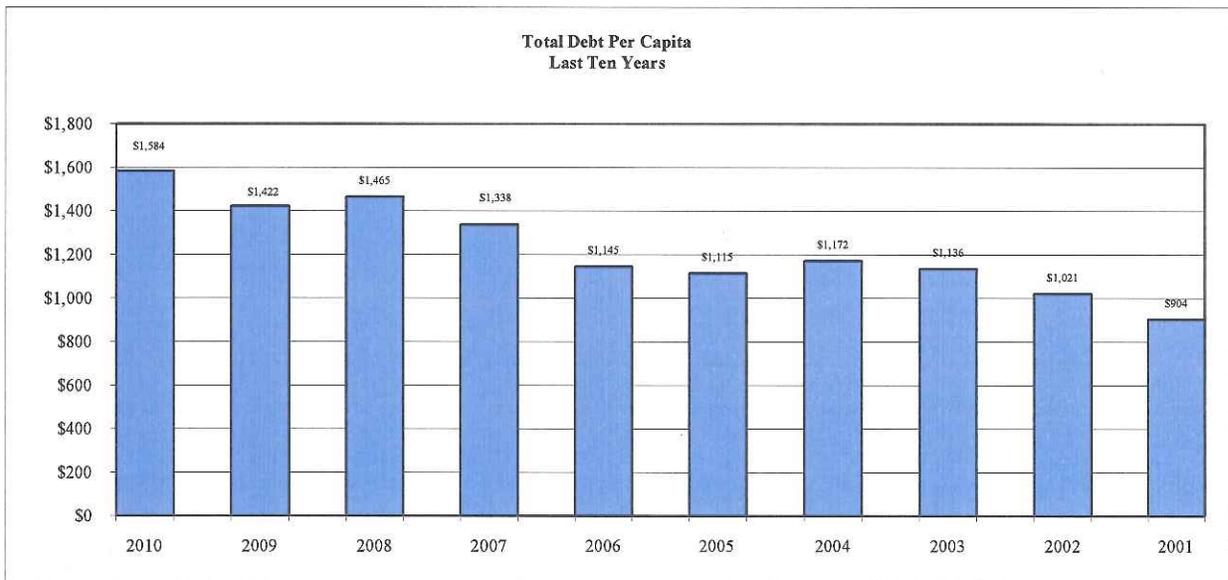
City of Lorain, Ohio
Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years

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
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
2001	13,518,855	693,145	1,193,584	750,112	1,550,000	3,570,000	0	0

Note: Population and Personal Income data are presented on page S34.

Business-Type Activities

Installment Loans	General Obligation Bonds	Mortgage Revenue Bonds	Capital Leases	OWDA Loans	Total Debt	Percentage of Personal Income	Per Capita
\$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
0	2,540,000	13,992,398	0	24,258,376	62,066,470	5.53	904



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
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
2001	68,652	(a)	2,790,448,545	13,518,855	0.48	196.92

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, 2010

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Lorain			
General Obligation Bonds	\$33,839,835	100.00 %	\$33,839,835
Special Assessment Bonds	1,058,225	100.00	1,058,225
OPWC Loans	2,543,125	100.00	2,543,125
Capital Leases	1,566,213	100.00	1,566,213
HUD Loans	4,095,000	100.00	4,095,000
Public Improvement Installment Loans	540,340	100.00	540,340
ODOD Urban Redevelopment Loans	2,296,943	100.00	2,296,943
Long term Note	300,000	100.00	300,000
ODOT State Infrastructure Loans	1,880,578	100.00	1,880,578
<i>Total Direct Debt</i>	<u>48,120,259</u>		<u>48,120,259</u>
Overlapping			
Lorain City School District			
General Obligation Bonds	34,966,815	100.00%	34,966,815
Amherst Exempted School District			
General Obligation Bonds	19,908,606	30.28%	6,028,326
Vermilion City School District			
General Obligation Bonds	7,697,439		
Capital Leases	40,139	10.67%	825,600
Clearview City School District			
General Obligation Bonds	4,625,000		
Capital Leases	79,569	35.03%	1,648,011
Firelands Local School District			
General Obligation Bonds	-		
Capital Leases	38,750	1.84%	714
Elyria City School District			
General Obligation Bonds	45,321,756		
Capital Leases	5,290,100	0.24%	121,468
County			
General Obligation Bonds	30,005,000	17.57%	5,271,879
<i>Total Overlapping Debt</i>	<u>147,973,174</u>		<u>48,862,810</u>
Total	<u><u>\$196,093,433</u></u>		<u><u>\$96,983,069</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

	2010	2009	2008	2007
General Bonded Debt Outstanding:				
General Obligation Bonds	\$34,161,128	\$30,642,312	\$32,071,189	\$28,030,011
Special Assessment Bonds	1,050,760	835,035	467,691	567,014
Enterprise Fund General Obligation Bonds	683,112	867,653	1,041,120	1,207,975
Enterprise Fund Revenue Bonds	4,825,000	6,070,000	7,260,000	8,390,000
Bond Anticipation Notes	2,345,000	2,215,000	2,019,000	5,385,000
OPWC Loans	2,543,125	2,751,664	2,818,314	2,088,849
Real Estate Acquisition Loan	0	0	0	0
Public Improvement Installment Loans	540,340	640,498	193,716	250,000
Total Gross Indebtedness	46,148,465	44,022,162	45,871,030	45,918,849
Percentage of Current Assessed				
Property Value	5.04%	4.77%	4.71%	4.41%
Assessed Property Value	\$916,378,690	\$922,216,546	\$973,780,380	\$1,040,922,000
Total Debt Per Capita	\$720	\$627	\$654	\$650
Population	64,097	70,239	70,124	70,592
Less Exempt Debt:				
General Obligation Bonds - Energy Conservation	(1,396,888)	(1,642,347)	(1,878,880)	(2,102,025)
General Obligation Bonds - Urban Renewal	(11,705,000)	(11,965,000)	(12,165,000)	(12,225,000)
General Obligation Bonds - Pension	(1,430,000)	(1,500,000)	(1,565,000)	(1,625,000)
Special Assessment Bonds	(1,050,760)	(835,035)	(467,691)	(567,014)
Bond Anticipation Notes - Special Assessment Portion	(709,000)	(908,525)	(1,214,439)	(297,439)
Enterprise Fund General Obligation Bonds	(683,112)	(867,653)	(1,041,120)	(1,207,975)
Enterprise Fund Revenue Bonds	(4,825,000)	(6,070,000)	(7,260,000)	(8,390,000)
Total Net Debt Applicable to Debt Limit	24,348,705	20,233,602	20,278,900	19,504,396
Overall Legal Debt Limit				
10 1/2% of Assessed Valuation	96,219,762	96,832,737	102,246,940	109,296,810
Legal Debt Margin Within 10 1/2% Limitations	\$71,871,057	\$76,599,135	\$81,968,040	\$89,792,414
Legal Debt Margin as a Percentage of the Debt Limit	74.69%	79.10%	80.17%	82.15%
Unvoted Debt Limitation				
5 1/2% of Assessed Valuation	\$50,400,828	\$50,721,910	\$53,557,921	\$57,250,710
Net Unvoted Indebtedness Authorized by Council	45,816,664	43,690,361	45,540,591	45,698,909
Less Exempt Debt:				
General Obligation Bonds - Energy Conservation	(1,396,888)	(1,642,347)	(1,878,880)	(2,102,025)
General Obligation Bonds - Urban Renewal	(11,705,000)	(11,965,000)	(12,165,000)	(12,225,000)
General Obligation Bonds - Pension	(1,430,000)	(1,500,000)	(1,565,000)	(1,625,000)
Special Assessment Bonds	(1,050,760)	(835,035)	(467,691)	(567,014)
Bond Anticipation Notes - Special Assessment Portion	(709,000)	(908,525)	(1,214,439)	(297,439)
Enterprise Fund General Obligation Bonds	(683,112)	(867,653)	(1,041,120)	(1,207,975)
Enterprise Fund Revenue Bonds	(4,825,000)	(6,070,000)	(7,260,000)	(8,390,000)
Net Debt Within 5 1/2% Limitations	24,016,904	19,901,801	19,948,461	19,284,456
Unvoted Legal Debt Margin Within 5 1/2% Limitations	\$26,383,924	\$30,820,109	\$33,609,460	\$37,966,254
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	52.35%	60.76%	62.75%	66.32%

Source: City Financial Records

2006	2005	2004	2003	2002	2001
\$26,201,525	\$25,981,800	\$24,734,873	\$25,967,169	\$21,419,262	\$13,518,855
664,719	762,423	860,127	1,012,831	565,738	693,145
1,363,756	1,510,777	1,550,000	1,885,000	2,215,000	2,540,000
9,465,000	10,398,234	11,363,032	12,282,802	13,152,600	13,992,398
5,900,000	5,495,000	4,150,000	3,625,000	4,809,000	1,850,000
2,159,087	1,873,525	1,904,310	1,855,801	1,350,995	1,193,584
0	0	0	17,787	63,505	108,792
0	0	0	0	0	0
<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>	<u>33,896,774</u>
4.34%	4.69%	4.55%	4.81%	4.53%	3.69%
\$1,053,456,928	\$980,705,772	\$979,203,076	\$969,147,530	\$961,389,440	\$917,592,790
\$675	\$670	\$649	\$679	\$635	\$494
67,820	68,652	68,652	68,652	68,652	68,652
(2,316,244)	(2,499,223)	0	0	0	0
(10,420,000)	(9,020,000)	(9,125,000)	(9,225,000)	(4,850,000)	(4,850,000)
(1,685,000)	(1,740,000)	(1,795,000)	(1,845,000)	(1,895,000)	(1,945,000)
(664,719)	(762,423)	(860,127)	(1,012,831)	(565,738)	(693,145)
(297,439)	(271,665)	0	0	(571,830)	(571,830)
(1,363,756)	(1,510,777)	(1,550,000)	(1,885,000)	(2,215,000)	(2,540,000)
<u>(9,147,462)</u>	<u>(10,106,765)</u>	<u>(11,465,000)</u>	<u>(12,282,802)</u>	<u>(13,152,600)</u>	<u>(13,992,398)</u>
19,859,467	20,110,906	19,767,215	20,395,757	20,325,932	9,304,401
<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>96,347,243</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>	<u>\$87,042,842</u>
82.05%	80.47%	80.77%	79.96%	79.86%	90.34%
\$57,940,131	\$53,938,817	\$53,856,169	\$53,303,114	\$52,876,419	\$50,467,603
45,565,686	46,313,228	44,695,638	46,683,596	43,456,331	33,896,774
(2,316,244)	(2,499,223)	0	0	0	0
(10,420,000)	(9,020,000)	(9,125,000)	(9,225,000)	(4,850,000)	(4,850,000)
(1,685,000)	(1,740,000)	(1,795,000)	(1,845,000)	(1,895,000)	(1,945,000)
(664,719)	(762,423)	(860,127)	(1,012,831)	(565,738)	(693,145)
(297,439)	(271,665)	0	0	(571,830)	(571,830)
(1,363,756)	(1,510,777)	(1,550,000)	(1,885,000)	(2,215,000)	(2,540,000)
<u>(9,147,462)</u>	<u>(10,106,765)</u>	<u>(11,465,000)</u>	<u>(12,282,802)</u>	<u>(13,152,600)</u>	<u>(13,992,398)</u>
<u>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>9,304,401</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>	<u>\$41,163,202</u>
66.05%	62.17%	63.05%	61.67%	61.79%	81.56%

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net Available Revenue:				
Gross Revenues	\$8,361,324	\$7,848,394	\$8,271,992	\$7,966,168
Less: Operating Expenses (1)	<u>5,713,151</u>	<u>6,045,523</u>	<u>6,065,246</u>	<u>5,963,954</u>
Net Available Revenue	<u><u>2,648,173</u></u>	<u><u>1,802,871</u></u>	<u><u>2,206,746</u></u>	<u><u>2,002,214</u></u>
Debt Service - Revenue Bonds:				
Principal	565,000	540,000	510,000	485,000
Interest	228,291	257,028	283,810	308,691
Revenue Bond Coverage	<u>3.34</u>	<u>2.26</u>	<u>2.78</u>	<u>2.52</u>
Debt Service OWDA Loans:				
Principal	467,112	445,100	424,661	381,205
Interest	437,712	459,289	480,599	464,934
OWDA Coverage	<u>2.93</u>	<u>1.99</u>	<u>2.44</u>	<u>2.37</u>
Total Debt Service:				
Principal	1,032,112	985,100	934,661	866,205
Interest	666,003	716,317	764,409	773,625
Total Coverage	<u>1.56</u>	<u>1.06</u>	<u>1.30</u>	<u>1.22</u>

Source: City Auditor

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

2006	2005	2004	2003	2002	2001
\$8,191,235	\$8,555,713	\$8,342,495	\$8,249,924	\$7,958,375	\$7,493,865
5,829,936	5,590,805	5,407,940	6,165,744	5,679,672	4,122,439
<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>	<u>3,371,426</u>
465,000	440,000	420,000	400,000	385,000	365,000
331,971	353,698	365,739	393,397	411,245	428,053
<u>2.96</u>	<u>3.74</u>	<u>3.73</u>	<u>2.63</u>	<u>2.86</u>	<u>4.25</u>
357,855	347,012	618,077	558,391	501,990	450,053
483,902	502,049	449,519	393,056	423,719	406,864
<u>2.81</u>	<u>3.49</u>	<u>2.75</u>	<u>2.19</u>	<u>2.46</u>	<u>3.93</u>
822,855	787,012	1,038,077	958,391	886,990	815,053
815,873	855,747	815,258	786,453	834,964	834,917
<u>1.44</u>	<u>1.80</u>	<u>1.58</u>	<u>1.19</u>	<u>1.32</u>	<u>2.04</u>

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net Available Revenue:				
Gross Revenues	\$12,582,991	\$12,084,067	\$11,223,392	\$10,915,240
Less: Operating Expenses (1)	<u>5,960,482</u>	<u>6,429,051</u>	<u>6,074,308</u>	<u>6,342,194</u>
Net Available Revenue	<u><u>6,622,509</u></u>	<u><u>5,655,016</u></u>	<u><u>5,149,084</u></u>	<u><u>4,573,046</u></u>
Debt Service - Revenue Bonds:				
Principal	680,000	650,000	620,000	590,000
Interest	59,020	95,270	129,250	161,020
Revenue Bond Coverage	<u>8.96</u>	<u>7.59</u>	<u>6.87</u>	<u>6.09</u>
Debt Service OWDA Loans:				
Principal	2,422,084	2,060,004	1,595,247	1,089,047
Interest	1,401,379	1,428,335	1,136,529	726,942
OWDA Coverage	<u>1.73</u>	<u>1.62</u>	<u>1.88</u>	<u>2.52</u>
Total Debt Service:				
Principal	3,102,084	2,710,004	2,215,247	1,679,047
Interest	1,460,399	1,523,605	1,265,779	887,962
Total Coverage	<u>1.45</u>	<u>1.34</u>	<u>1.48</u>	<u>1.78</u>

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

Source: City Auditor

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$10,222,189	\$9,240,060	\$8,313,069	\$7,728,255	\$7,673,262	\$7,963,116
<u>7,093,067</u>	<u>5,753,128</u>	<u>6,224,953</u>	<u>7,399,650</u>	<u>6,057,938</u>	<u>6,381,124</u>
<u><u>3,129,122</u></u>	<u><u>3,486,932</u></u>	<u><u>2,088,116</u></u>	<u><u>328,605</u></u>	<u><u>1,615,324</u></u>	<u><u>1,581,992</u></u>
560,000	535,000	510,000	480,000	465,000	440,000
190,640	218,295	244,165	268,180	290,547	311,675
<u>4.17</u>	<u>4.63</u>	<u>2.77</u>	<u>0.44</u>	<u>2.14</u>	<u>2.10</u>
791,991	973,131	826,682	735,466	708,476	497,339
678,730	724,605	608,693	587,486	614,475	449,202
<u>2.13</u>	<u>2.05</u>	<u>1.45</u>	<u>0.25</u>	<u>1.22</u>	<u>1.67</u>
1,351,991	1,508,131	1,336,682	1,215,466	1,173,476	937,339
869,370	942,900	852,858	855,666	905,022	760,877
<u>1.41</u>	<u>1.42</u>	<u>0.95</u>	<u>0.16</u>	<u>0.78</u>	<u>0.93</u>

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net Available Revenue:			
Gasoline Tax Revenue	<u>\$1,230,746</u>	<u>\$1,243,353</u>	<u>\$1,282,853</u>
Debt Service - ODOT State			
Infrastructure Bank (SIB) Loans			
Principal	456,846	327,370	272,511
Interest	<u>31,019</u>	<u>18,986</u>	<u>23,246</u>
Total Debt Service	<u>487,865</u>	<u>346,356</u>	<u>295,757</u>
ODOT SIB Loan Coverage	<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
- State Route 57 Reconstruction - Loan #SB0505
- E. 36th Street Phase II Rehabilitation - Loan #SB060011
- Local Roadway Rehabilitation (Round 21) - Loan #SB080001

Source: City Auditor

(1) Information prior to 2008 not applicable

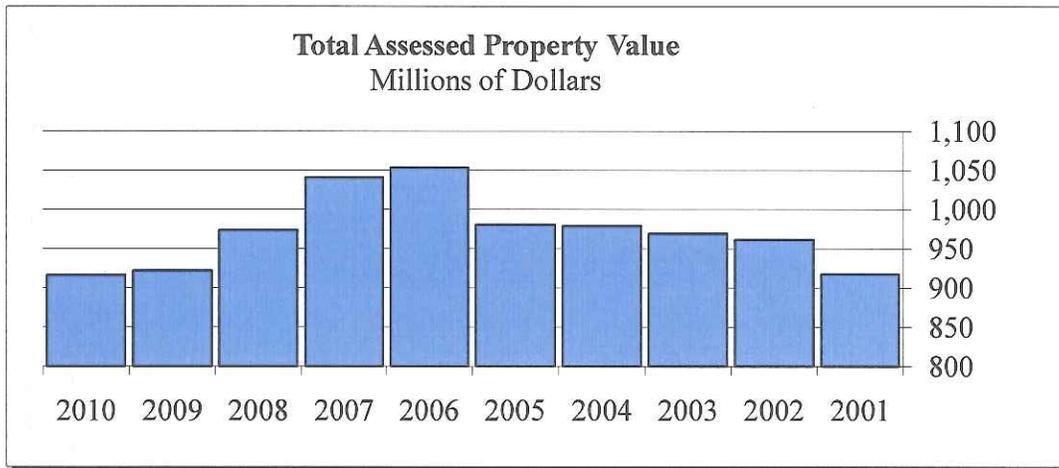
City of Lorain, Ohio
Principal Employers
2010 and 2001

Employer	2010	
	Employees	% of Total Employment
Mercy (formerly Community Health Partners)	1,640	5.60 %
Lorain City School District	880	3.00
Lorain Tubular	600	2.05
Industrias CH, S.A. de C.V (REP)	490	1.67
City of Lorain	455	1.55
CAMACO	300	1.03
Grace Management Services	299	1.02
Wal-Mart	296	1.01
Lake Point Health Center	289	0.99
The Nord Center	286	0.97
	5,535	18.89 %
Total Employment Within the City	29,304	
	2001	
	Employees	% of Total Employment
Community Health Partners	2,178	7.40
Ford Motor Company-Lorain Assembly	1,730	5.88
Republic Technologies Int'l	1,585	5.39
Lorain City School District	1,200	4.08
City of Lorain	550	1.87
Lorain Tubular	500	1.70
P.C. Campana, Inc.	390	1.33
Marconi Communications	380	1.29
Lorain County Community Action	290	0.99
Lorain National Bank	257	0.87
	9,060	30.80 %
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)
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
2001	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

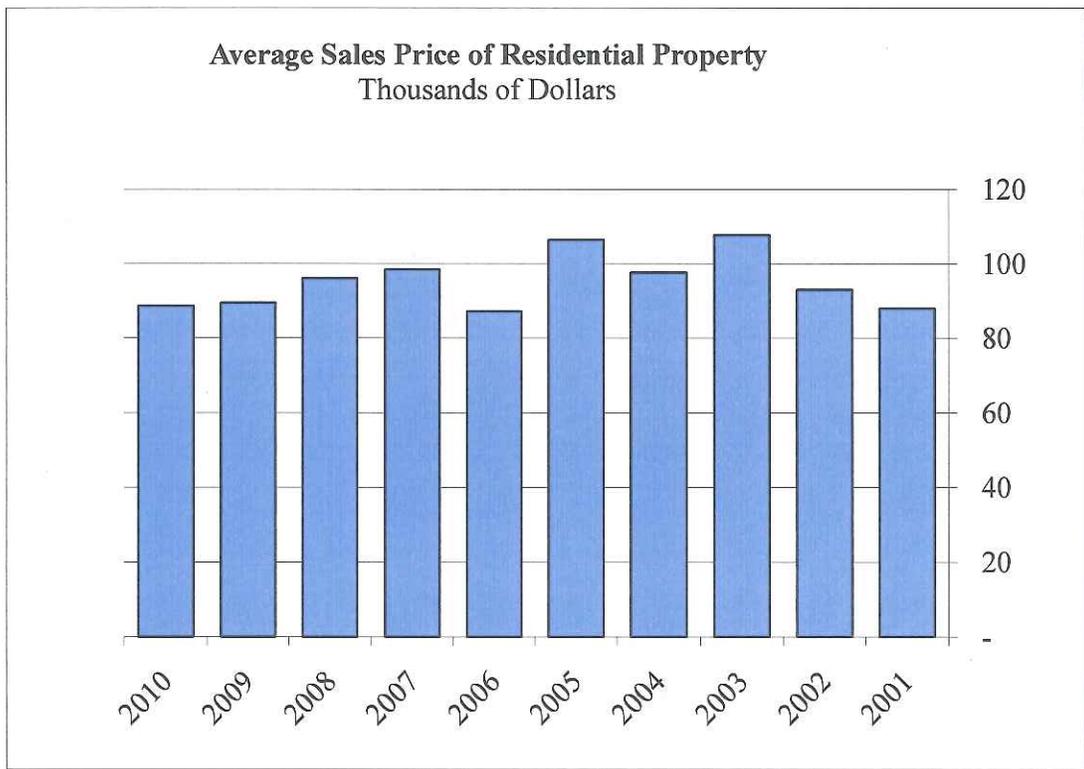
(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"

(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
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
9.9	10,813	5.8	87,951	917,592,790



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

<u>Function/Program</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>	<u>2001</u>
General Government										
Auditor	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	9.00	9.00
Civil Service	4.00	4.00	4.00	4.00	1.00	1.00	1.00	1.00	1.00	1.00
Clerk of Courts	15.00	17.00	17.00	16.00	15.00	19.00	13.00	14.00	15.00	19.00
Council	13.00	14.00	14.00	14.00	15.00	14.00	13.00	15.00	15.00	15.00
Electrical	6.00	7.00	7.00	8.00	7.00	8.00	6.00	7.00	6.00	6.00
Engineering	9.00	11.00	12.00	12.00	10.00	10.00	10.00	11.00	10.00	10.00
Income Tax/Treasurer	7.00	10.00	10.00	9.00	9.00	8.00	8.00	8.00	10.00	8.00
Judges	11.75	13.00	13.00	14.00	14.00	16.00	13.00	12.00	16.00	13.00
Law Department	11.00	13.00	13.00	11.00	12.00	13.00	10.00	11.00	12.00	11.00
Muni Court Computer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Muni Court Security/Improvement	1.25	1.00	5.00	5.00	4.00	0.00	0.00	0.00	0.00	0.00
Muni Court Probation	2.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00
Mayor	3.00	2.00	2.00	2.50	2.50	2.50	2.50	2.50	2.50	3.00
MIS/Data Processing	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00
Safety/Service Director	6.22	6.77	8.45	6.30	6.85	7.30	6.04	7.75	8.75	10.25
Security of Persons and Property										
Police	99.00	100.00	99.00	105.00	105.00	101.00	83.00	94.00	106.00	109.50
Police - Corrections	4.00	6.00	6.00	0.00	0.00	2.00	9.00	11.00	12.00	13.50
Police - Dispatchers/Office/Other	21.00	22.00	23.00	22.00	22.00	22.00	19.00	21.00	22.00	25.00
Fire	78.00	80.00	80.00	79.00	82.00	84.00	83.00	86.00	85.00	92.00
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	19.34	22.00	24.00	24.00	23.00	23.00	19.00	21.00	22.00	26.00
Public Health										
Cemetery	5.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Dog Warden	0.00	1.00	1.00	1.00	0.00	1.00	1.00	1.00	1.00	1.00
Health Department	18.00	20.00	23.00	19.00	25.00	23.00	22.00	22.00	21.00	24.00
Community Environment										
Building Inspection	5.00	6.00	9.00	8.00	10.00	10.00	8.00	8.00	8.00	9.00
Economic Development										
Community Development	21.00	22.00	22.00	21.00	22.00	19.00	19.71	22.00	22.00	22.00
Leisure Time Activities										
Parks & Recreation	0.33	7.00	10.00	9.00	9.00	6.00	4.00	10.00	6.00	14.00
Basic Utility Services										
Water	52.54	62.93	57.58	55.42	56.64	59.42	56.20	64.20	71.20	73.20
Water Pollution Control	65.27	64.00	66.67	60.48	66.71	66.48	69.25	73.25	76.25	76.25
Internal Services										
Garage	9.00	9.00	9.00	9.00	11.00	13.00	10.00	9.00	7.00	9.00
Hospitalization	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Totals:	499	538	552	531	545	544	500	546	572	606

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. Please note this number includes those full-time employees, that worked the majority of the year, then retired or terminated. In 2010 that number was 42.

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

Function/program	2010	2009	2008	2007
General Government (3)				
Purchase Orders Issued	2,772	2,874	3,628	3,591
Security of Persons and Property				
Police (4) (a)				
Total Arrests	3,421	3,784	4,115	4,043
Offenses (major offenses such as murder and rape)	61	76	36	24
Offenses (major offenses such as robbery and agg. assault)	291	322	150	295
Offenses (major offenses such as vehicle theft)	146	169	46	145
DUI Arrests	182	237	159	166
Prisoners	3,293	4,139	2,427	0
Motor Vehicle Accidents	1,428	1,145	1,531	1,646
Calls for Service	56,908	59,891	50,583	59,070
Fire (5)				
Emergency responses	1,853	1,659	1,676	1,620
Fire Safety Inspections/Re-Inspections	906	810	1,110	627
Fire Protection Systems Inspected	71	64	40	46
Building/Fire Protection Plan Review	60	35	70	30
Transportation (6)				
Road Maintenance (man hours)*	11,821	21,028	26,783	28,868
Asphalt (hot/cold) used in road maintenance (tons)	757	1,282	1,824	1,423
Concrete used in road maintenance (yards)	1,099	2,529	561	2,684
Number of Trees Removed	52	64	41	62
Truckloads of leaves picked-up	165	150	132	743
Cubic Yards of leaf humus delivered/sold	243	502	486	307
Cubic Yards of wood chips delivered/sold	n/a	135	125	241
Tons of snow melting salt purchased	5,762	3,671	4,898	10,081
Public Health				
Help Me Grow Visits (0-3 years of age) (2)	1,596	2,232	3,886	2,797
Adult Immunizations (2)	160	5,280	1,180	1,032
Children Immunizations (2)	768	2,329	2,569	2,651
Child Health Clinics (0-21 years) (2)	245	376	433	440
HIV testing (2)	526	545	425	561
Number of Births (2)	1,005	1,016	1,105	1,112
Number of Deaths (2)	869	892	875	896

* Estimated n/a = not available

(a) Methodology changed

(1) City of Lorain Building Department

(2) City of Lorain Health Department

(3) City of Lorain Auditor's Office

(4) City of Lorain Police Department

(5) City of Lorain Fire Department

(6) City of Lorain Street Department

(7) City of Lorain Recreation Dept.

(8) City of Lorain Utilities Department

(9) City of Lorain Mayor's Office

(10) City of Lorain Community Development Department

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

(continued)

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

Function/program	2010	2009	2008	2007
Public Health (continued)				
Number of Environmental Inspections (2)	1,930	2,047	2,884	3,287
City of Lorain's Recycling Activity-in tons (10)	1,078	899	1,113	1,224
Cemetery Internments (9)	130	105	130	149
Cemetery Spaces/Lots purchased (9)	\$54,375	\$66,625	\$72,440	\$63,075
Internment Fess/Misc. Fees (9)	\$104,250	\$117,575	\$114,175	\$106,875
Community Environment (1)				
Construction Permits Issued	4,024	4,359	4,146	4,406
Estimated Value of Construction	\$51,911,330	\$56,464,393	\$31,317,509	\$40,752,431
Number of Planning Commission docket items	48	43	48	21
Economic Development (10)				
Number of Loans - Home In-Fill	0	3	0	6
Number of Loans - Home Rehab	5	5	7	3
Number of Loans - Business	5	0	1	4
Number of Loans/Projects - 108	1	2	0	1
Number of Loans/Projects - CDBG	0	0	1	1
Number of Loans/Projects - EDA Title IX	2	3	0	3
Number of Loans/Projects - Rental Rehab	2	1	0	1
Number of Loans/Projects - UDAG	1	0	0	0
Economic Development Projects approved (square feet)	252,000	429,000	1,200	154,538
Leisure Time Activities (7)				
No. of People attending Summer Rec Programs	n/a	0	270	206
Attendance at Santa land	n/a	3,032	2,756	2,482
Water/Water Pollution Control				
Water/Sewer Bills mailed (8)	292,296	289,409	295,357	296,971
Number of Loans -Emergency Loan Program (10)	0	0	3	6

* Estimated n/a = not available

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

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

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

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

Function/program	2010	2009	2008	2007
General Government				
Engineering Vehicles (2)	8	8	8	8
Mayor Vehicles (10)	0	0	0	1
Security of Persons and Property				
Police (5)				
Stations	2	2	2	2
Vehicles	104	113	113	113
Fire (6)				
Stations	4	4	4	4
Vehicles	20	20	20	23
Transportation				
Streets (miles) (7)	285	285	285	285
Number of Traffic lights (2)	488	488	488	410
Vehicles (7)	78	78	78	71
Community Environment				
Inspection Vehicles (1)	7	8	8	9
Economic Development				
Community Development Vehicles (4)	7	8	10	8
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)	278	278	278	277
Water lines (miles)	310	294	294	293
Vehicles	138	90	82	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

2006	2005	2004	2003	2002	2001
8	7	6	6	6	6
1	1	1	1	1	1
4	3	3	4	2	2
111	101	92	92	112	n/a
4	4	4	4	4	4
28	26	27	28	28	27
285	285	281	279	279	265
518	528	528	528	528	522
52	38	44	45	45	43
9	7	7	6	6	6
7	8	7	7	7	7
56	57	57	57	57	57
3	3	3	3	3	3
18	22	n/a	n/a	n/a	26
277	280	280	280	271	267
293	310	310	310	299	297
85	86	90	90	90	90

